

# Main Tendencies of Youth Unemployment and the Regulation Mechanisms for Decreasing Its Rate in Georgia

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**Abstract**—The modern world faces huge challenges. Globalization changed the socio-economic conditions of many countries. The current processes in the global environment have a different impact on countries with different cultures. However, an alleviation of poverty and improvement of living conditions is still the basic challenge for the majority of countries, because much of the population still lives under the official threshold of poverty. It is very important to stimulate youth employment. In order to prepare young people for the labour market, it is essential to provide them with the appropriate professional skills and knowledge. It is necessary to plan efficient activities for decreasing an unemployment rate and for developing the perfect mechanisms for regulation of a labour market. Such planning requires thorough study and analysis of existing reality, as well as development of corresponding mechanisms. Statistical analysis of unemployment is one of the main platforms for regulation of the labour market key mechanisms. The corresponding statistical methods should be used in the study process. Such methods are observation, gathering, grouping, and calculation of the generalized indicators. Unemployment is one of the most severe socioeconomic problems in Georgia. According to the past as well as the current statistics, unemployment rates always have been the most problematic issue to resolve for policy makers. Analytical works towards the above-mentioned problem will be the basis for the next sustainable steps to solve the main problem. The results of the study showed that the choice of young people is not often due to their inclinations, their interests and the labour market demand. That is why the wrong professional orientation of young people in most cases leads to their unemployment. At the same time, it was shown that there are a number of professions in the labour market with a high demand because of the deficit the appropriate specialties. To achieve healthy competitiveness in youth employment, it is necessary to formulate regional employment programs with taking into account the regional infrastructure specifications.

**Keywords**—Unemployment. analysis, methods, tendencies, regulation mechanisms.

## I. INTRODUCTION

THE problem of unemployment is one of the acutest problems in Georgia and as the results of different statistical, conjunctive or social surveys evidence, often ranks first among the most important social-economic or political problems the country and Georgian people face.

Following the interests in improving labour market efficiency, the topicality of the issue is even clearer if considering the necessity for implementing the balanced

policy of the national labour market by the state taking into account national specificity and global trends [3].

Unfortunately in terms of globalization, the main reason for poverty in Georgia remains unemployment and low income rates in society [8]. In an economic respect, as a result of unemployment, we gain the costs of so-called unused production opportunities lost because of unused labour, i.e. production possible to gain provided the unemployed were employed. In terms of unemployment, factors of economic instability, such as reduced total demand, savings and investment demand, reduced total supply; production fall, etc., show up. Thus, in terms of unemployment, the economic potential of the country is impossible to use in full and the national wealth is impossible to increase to the maximum possible level. Economic growth rates, sector economy characteristics, technological progress and innovation development, productivity and its dynamics have an essential impact on the natural level of unemployment [9]. Social aspects of unemployment are no less important. In the developed countries, the state is the first to undertake providing the labour-bodied population of the country with the subsistence minimum. Unemployment leads to an increased number of crimes, suicides and divorces. The studies evidence that 1% increase in unemployment leads to a 7-8% increase in the number of crimes. Generally, unemployment amplifies the social stress and political instability in a country. Consequently, unemployment is one of the most important and urgent problems affecting not only the unemployed population of the country, but also general state interests. This, on its turn, puts the priority and necessity for realizing some active policy by the state on the agenda [1]. Thorough statistical analysis of unemployment is the basis for accomplishing permanent monitoring of unemployment and undertaking relevant correction measures. In addition, the study of unemployment in respect of the country in general, as well as in regional, gender, age and urban and rural respects, has a great practical importance to develop the right policy of employment, as one of the major factors to overcome poverty. The goal of the study is to analyze the modern picture of unemployment in Georgia based on the calculation of the statistical data. In development of the article, generally accepted qualitative and quantitative data analysis methods of the economic science were employed, among them, statistical data processing, data grouping, inductive-deductive data analysis methods. The scientific study employs surveying, observation, as well as comparative, analytical, and graphical methods, which are

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used by the author to compare and analyze facts and assess solutions to specific issues [1].

The study demonstrated that in terms of chronic, mass unemployment, there is a deficit of a professional qualified labour force. In addition, low level of training of workers and specialists has a certain impact on the labour market conjuncture. These deficiencies prove that the modern education system is not totally oriented on the labour market requirements. The quality of professional retraining is poor [4]. The basic reasons for poverty are unemployment and low level of incomes of the population. Therefore, support of the population's employment is very significant for a solution of social problems and for acceleration of the economic development of any country.

In terms of unfavourable demographics, the high level of unemployment and poor economic activity, insufficient employment and labour compensation, accordingly is clearly seen and particularly, among women. There is a strong flow of the workforce, mostly young people, including high-qualified labour, to foreign countries. In addition, it should be noted that the flows of professionals from abroad into Georgia are quite significant [2].

## II. PURPOSE

Unemployment is the main problem for the modern Georgian society. As statistical and social inquiries suggest, unemployment is a severe socioeconomic problem in Georgia and it is the most important political issue for the country. Thorough analysis of unemployment is the precondition for permanent monitoring of unemployment-related processes and realization of the measures for rescuing the situation [1].

## III. METHOD

It is necessary to efficiently analyze statistics of unemployment for developing the perfect mechanisms for regulation of a labour market.

In development of the article, generally accepted qualitative and quantitative data analysis methods of the economic science were employed, among them, statistical data processing, data grouping, and inductive-deductive data analysis methods. The scientific study employs surveying, observation, as well as comparative, analytical, and graphical methods, which are used by the author to compare and analyze facts and assess solutions to specific issues.

## IV. MAIN RESULTS

Unemployment is the most actual socioeconomic issue in Georgia and different studies confirm this thesis. The unemployment rate is high in cities, as well as in villages, but according to official statistics, the percent of unemployment is 11.8%.

It may be surprising, but a rate of unemployment decreases as indicators of employment also decrease. According to official statistics, unemployment rate is 11.8% and a decrement is 22% compared to 2012.

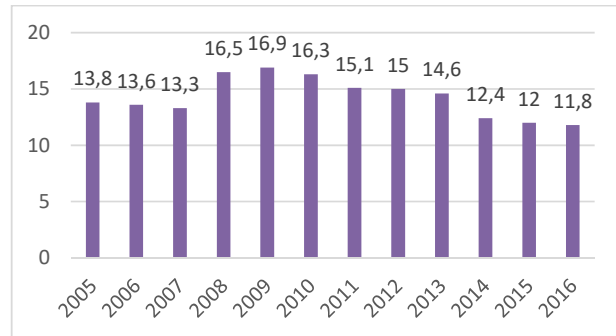


Fig. 1 Unemployment rate in percentages for 2005-2016 [11]

The government has been permanently conducting different reforms during the last 10 years. However, many negative events have impacted on different processes in the labour market of Georgia, as well as in almost every post-Soviet country. Often passive political programs have been financed. These processes led to an increase in unemployment, and part-time employment, etc. The state apparatus often did not spend enough financial resources to implement efficient programs that would be beneficial from the long-term perspective.

Unemployment of youth is the actual issue in Georgia too. In addition, the model of centralized distribution of graduates of higher and specialized education institutions does not exist anymore. Besides, there is no labour mechanism for regulation of the relationship between the professional education system and enterprises. Therefore, specialists are trained chaotically and without consideration of the demands of the labour market. The majority of graduates join the group of unemployed and search for jobs with the help of relatives and friends.

We mentioned the mentality of society, socioeconomic factors and traditions that have a huge impact on the labour market and aggravate the problem of unemployment. The majority of youth in Georgia obtains a higher education and learns certain professions that are abundant in the labour market. Therefore, there is stiff competition in certain fields, but many professions are highly demanded and there is a deficiency of these professions within the labour market. As we see, there is a chaotic situation and only the labour market cannot regulate it. We must use optimal symbiosis of state regulation and mechanisms of self-regulation of the labour market to overcome the crisis. If we consider unemployment in the context of age, it can be assessed the situation in Georgia is not good.

As it was expected, the high rate of unemployment is mostly revealed in young age groups. The unemployment rate is 11.2% in the age group 40-44 years, 30% - in the age group 20-24 years and 21.6% - in the age group 25-29 years.

The attitudes of youth towards the labour activity have changed during the last 10 years. The majority of youth wants to be employed from the early stage. The main motive of employment is a high income. However, the main goal of labour activity, i.e. a "good life" is often incompatible with the selected means to achieve this goal. As a study suggests, the

majority of graduates of general education schools continue to study in state or private universities without consideration of the essence and complexity of their future profession. There is a big network of higher education institutions in Georgia, but young specialists are trained without any justification and preliminary calculations. Therefore, there is a huge discrepancy between the positions of specialists and acquired professions. Also, there is growing another tendency. Most young people make plans to go abroad to develop new skills and to receive an education in foreign languages. They indicated the reason for their immigration as low level of career prospects. One fourth of their number is motivated by the desire to improve their material conditions and to have employment in a foreign state [6].

If we consider the dynamics of the indicators of education, the number of students increases in state and private higher education institutions.

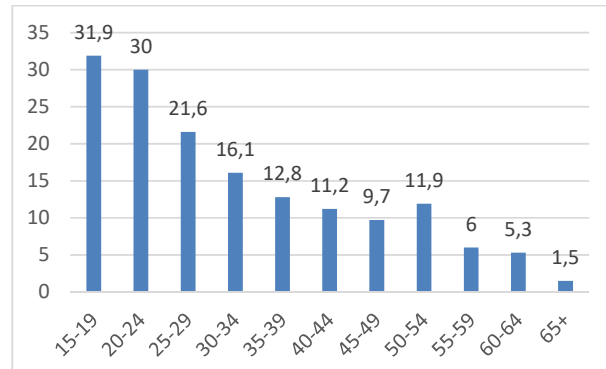


Fig. 2 Unemployment rate in percentages in the scope of age in 2016 [11]

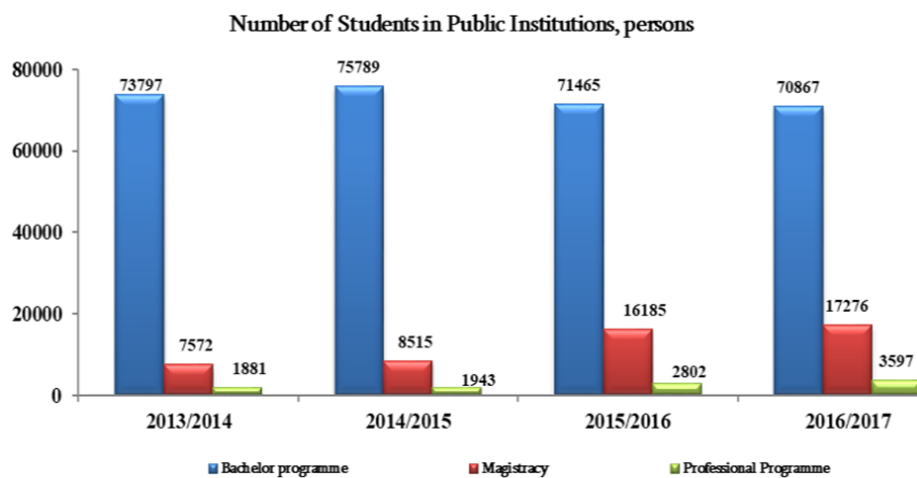


Fig. 3 Number of students in Public Institutions (thousands) [11]

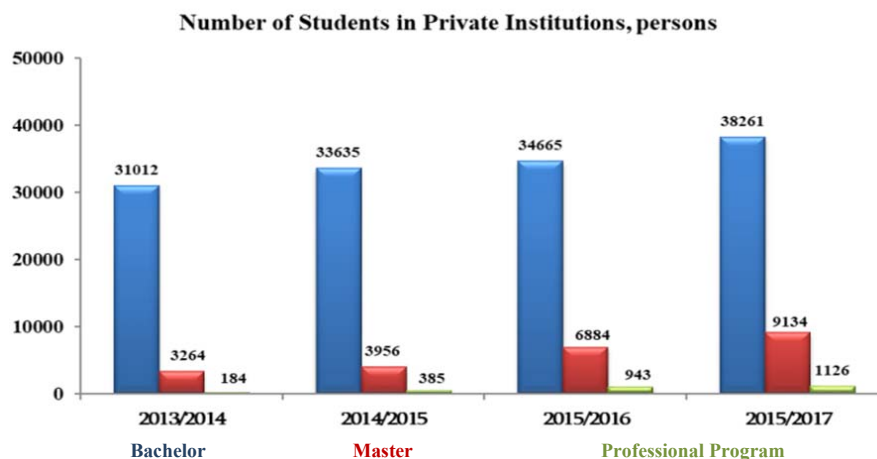


Fig. 4 Number of students in Private Institutions (thousands) [11]

The number of students of undertaking a masters' degree especially increases, and if we consider the trends of

employment, expectations of unemployment is more realistic [9].

It is necessary to carry out different and efficient activities to increase the level of employment and decrease the number of jobless people. Particularly, it is necessary to establish an institutional system that will develop and guarantee implementation of macroeconomic mechanisms of employment at the current stage. It is also necessary to define reasons of unemployment and systematize the different aspects of corresponding employment policy. The registration system of unemployment should not be only formal. Optimization of this system is necessary to train labour force and raise its qualification. Currently, professional education (stimulated by government) is at the embryonic stage. Probably the mindset of a society and attitude towards professional education will change and it will improve the situation in the labour market.

The study also suggests that incorrect professional orientation often becomes the reason for unemployment. The correct professional orientation may play important role in regulation of employment. In the recent years, only specialists of higher education have been prepared in our country and it has become one more reason for unemployment. The system of professional technical institutions was demolished. However, as Fig. 4 shows, number of students of professional institutions is 1.9 times higher in 2016-2017 compared to 2013-2014.



Fig. 5 Number of students of state higher education institutions, person [11]

It is also remarkable that students of professional institutions could not pass the unified national exams and their decision about exams structure is based just on their own interests and attitudes. It has a negative impact on the quality of professional education.

It is necessary to activate social factors that have positive impact on an employment rate to guarantee the social stability of the labour market and decrease the unemployment rate. The social factors that increase the employment rate are considered a stimulating force for macroeconomic regulation. For this purpose, it is necessary to optimize state expenses [7].

Certain factors prevent the employment of youth and hinder activities of state agencies of employment. Some segments of youth do not get special education and their competitiveness is low in the labour market because they lack the necessary skills and experience. An education system is oriented to train specialists without consideration of the demands of the labour market. The prestige of general and professional technical

education is very low.

The techniques of prediction of specialist's preparation should be implemented in practice to realistically calculate and prepare young people for different professions and qualifications. The calculations should be compatible with the demands of the labour force in different fields of national entrepreneurship.

We must take into account that efficient policy of employment includes diverse activities. Nowadays, inefficient employment of the Georgian population is a main obstacle for socio-economic development, regulation of trade agreement and formation of a civilized labour market of the country. This means not only a decrease in the unemployment rate but also, supports the normal reproduction and development of professional qualification of the labour force [8]. All these activities must support an activation of social factors that increase the rate of employment. In this case, opportunities to attract financial resources will grow and social stability will be guaranteed.

It is necessary to establish a special research centre to support the employment of young specialists. The basic goals of its activities must be analysis of the labour market, education services, labour certificates of graduates and opportunities of employment of specialists, as well as development of regulation rules. This centre must supply information to specialists, entrants and students as well as sign long-term contracts with employers, cooperate with psychologists and sociologists, and organize short-term trainings and seminars. All these activities will support youth to reveal individual skills, qualifications and personal characteristics.

Development of organizational and economic activities (with the joint effort of corresponding agencies) is especially important for solving the problems of unemployment of young specialists. Such activities guarantee professional adaptation and employment of youth in every type of entrepreneurship [5].

Our country's higher education institutions must implement a marketing technology for the labour market. It implies selection of students with strict criterions, as well as development of a unified cycle of students' preparation and specialists' employment. It is also necessary to monitor the employment of graduates [10].

Regional programs of employment should be developed in accordance with infrastructure and geographic data of different regions of Georgia. Such programs will improve the situation in the field of employment of youth and increase their competitiveness. In the scope of these programs, specifications of labour of different groups of society (including youth) should be analyzed and their demands should be taken into account. The first steps of labour activities are especially important for youth. Such programs will decrease migration and youth will stay in the regions. Therefore, the demographic picture (or situation) will improve.

Regional programs of employment will allow strengthening and developing the professional skills of youth, using their

labour potential and creating new types of regions. Such programs should be based on real conditions of every region and on analysis of problems of youth employment. The main goals of the program should be preparation of more competitive youth for the labour market, creation of corresponding conditions for adaptation, development of activities that support youth and mitigate the results of structural transformation of economy. Besides, different categories of youth and their labour potential should be used more extensively. Youth should get social and psychological support. They must be socially protected and their entrepreneurship initiatives must be supported.

The basic principles of development and implementation of the program should be: legal justification of planned activities; employment of youth in accordance with specifications of cities and villages; openness and transparency for every interested party. The given program will enable us to improve creativity of youth, integrate them into entrepreneurship and support development of their personal characteristics and professional skills. Therefore, more young people will be employed and a favourable environment will be established for development of small and medium business.

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