

# Labour market perspectives for the university graduates in Georgia

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**Abstract:** *Georgia represents a post-Soviet country with serious issues at the labour market. Many young university graduates in the country are struggling to secure a decent job that would make the ends meet for themselves and their families. This paper focuses on the two following issues: What are the main challenges, on which the current Georgian higher educational institutions respond while creating educational programs and defining the number of students, and what share has the labour market among them? What problems are seen by the employers regarding the competences of post-graduates of higher educational institutions?*

*The paper tackles the job market perspectives and job creation in a post-Communist country in transition represented by Georgia and therefore provides an interesting analysis of the current shortcomings and suggests ways for improvement.*

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**Keywords:** *labour market, university graduates, job market, employment, Georgia*

**JEL Classifications:** I21, F16, F66, J82

## Introduction

Georgia is a typical post-Communist transition economy in which high education is perceived as not sufficient (and often redundant) condition for finding and obtaining a decent job (Amsler and Shadymanova, 2016). Thence, labour market perspectives of young university graduates in Georgia are not too bright. Therefore, demand for high education is conditioned more by socio-cultural and psychological factors: university education is perceived as essential premise for personal development, social capital enlargement and socialization (Habibov and Cheung, 2016). As a result, in Georgia higher education market demands is not interconnected to the employment perspective, which gives rise to core problems. Exactly the low chance of employment inspires the low

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motivation of high professional competences - which is complicated, extended and expensive process, while the demand of labour market is small-scale and spontaneous, thus does not guarantee the relevant type of employment.

This short paper uses the data from the survey with over 1000 Georgian respondents (all recent high-school leavers seeking to enter the university) in order to tackle the issues of the challenges that Georgian higher education is currently facing. Moreover, it attempts to answer the questions regarding the motivation of employers for seeking for young graduates and making them useful in their businesses.

We analyse the problems of Georgia, a typical post-Soviet country, that faces many structural problems with its system of higher education, and suggest some measure and policy implications that might help to solve at least some of its issues.

## **Literature overview**

In conditions of mass economic problems and lack of job places, after getting higher education, the probability of getting direct financial benefit is very low, but – readiness for getting higher education – is very high, the hypothesis appears that there are other factors that contribute to create the motivations related to getting higher education. The paradoxical fact that the invested resources do not provide earning effects, but the trend of investment process is increasing, may be explained by the study of relationships between higher education on the one hand and social and cultural factors on the other hand. In this context it is particularly useful to consider the importance of social and cultural capital (Bourdieu and Passeron, 1990; Habibov, 2015).

Historically in Georgia the competencies itself – knowledge and skills are considered as very important values (Sadzaglishvili et al., 2017). In terms of the absence of financial capital, it is possible that exactly higher education is perceived as the only wealth which in poor country majority of families may give to their children (Dobbins and Khachatryan, 2015).

In Georgia, the information integration strategy in the formation of higher education policy is not defined (Orosz and Perna, 2016). The data on alumni and student employment and income are not collected on a systematic basis by higher educational institutions. Despite the program accreditation standard that obliges higher educational institutions to adjust their programs to labour market demands, the indicators of performance of the points relevant to the standard and the sources of verification are vague; they are not sufficiently described in details in the self-evaluation and external evaluation instruments, and therefore, do not provide for a complete and objective evaluation of an entire higher educational institution and individual programs (Bregvadze, 2013).

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For many young Georgians, the only hope is to get away from the country either through the emigration with their parents or via obtaining a scholarship in the European Union or United States and getting an education there (Chankseliani, 2016). In order to prevent this brain-drain, measures should be taken, and reforms should be made in order to make the education in Georgia useful for securing well-paid and providing jobs at the local labour market without the necessity of leaving the country and searching for employment elsewhere.

### **The data**

The relationships between the higher educational institutions and labour market may be depended on many factors, among which are: the demands of education market; number of university entrants, the demands of labour market, public needs, educational policy and so forth. Moreover, the small number of data are scattered in multiple sources. Respectively it is reasonable using various methods for making research,

Our data has been collected from the surveys conducted via face-to-face interviews. Our general population was the final level school leavers of Georgia. The sample type used in this study was stratified random sampling. The frame of sampling was the Georgian population census 2014.

We managed to obtain valid face-to-face interviews surveys with 1040 respondents. The standard error (S.E.) in our case was computed to be 5%. The objective of our study was the identification the motivations which determining decision-making processes about getting higher education.

### **The model and its main findings**

Our quantitative research model attempts to test the recognition of general socio-cultural and indirect financial benefit factors as the important values.

Our surveys with face-to-face interviews included the following type of general population - final level school-leavers of Georgia. We employed the sample type of a stratified random sampling using the frame of sampling of Georgian Census 2014 and with a total sample size consisting of 1040 respondents.

Speaking about the gender of the respondents, one should state that it was very balanced in our sample: 47.6% of interviewed school leavers were male and 52.4% were female. More than 87% of them attended public schools and more than 12% attended private schools. Moreover, about 95.7% of respondents planned to continue studies at higher educational institutions, 1.5% responds did not intend to continue studies at next level, and 2.8% had not taken any decision before or at the moment when the survey was administered. We established that the decision to get higher education was not correlated with gender, place of residence and family economic self-esteem.

Those 70% of school leavers, who were going to continue studies at the higher educational level, answered that higher education would only be necessary but not a sufficient condition for finding a job; the remaining 26.9% considered that higher education would surely help them to find a job; and the percentage of non-responsive respondents was 2.9%.

To be a student of a high educational institution seemed to be very important for our respondents - at a 5-score scale, where 1 is minimal and 5 is maximal evaluation, the means of variable: “How important personally for you to become a student of a high educational institution?” yielded 4.81.

As a result of the factor analysis, the motivations for getting higher education were distributed into 5 general factors:

1. “Factor of Social influence” – unites the variables: “expressing will from parents’ side”, “possibilities to rich high social position”, “possibility to get a high education Diploma” and “experience for studentship”;
2. “Factor of benefit” – unites the variables: “employment opportunities”, “higher education as the precondition of high economic level”, “possibilities of career promotion” and “higher education as the precondition of desired work position”
3. “Factor of Personal development” – unites the variables: “establishing as an independent person”, “development of own skills maximally” and “possibilities to became high qualified specialist”
4. “Factor of Social Capital” – unites the variables: “chances to establish useful contacts” and “chances getting influential friends and acquaintances”
5. “Getting knowledge” – unites only one variable: “chances to get knowledge”.

Each of these factors is important for final year school leavers – at 5-score scale, where 1 is minimal and 5 is maximal evaluation; the means of variables are presented in following way (Table 1):

**Table 1:** Factors of higher education important for Georgian school-leavers

<b>Factor description</b>	<b>Variable’s mean</b>
Chances to get knowledge	4.6
Chances to establish useful contacts	4.2
Chances getting influential friends and acquaintances	4.0
Higher education as the precondition of a high economic level	4.1
Possibilities of career promotion	4.2
Higher education as the precondition of desired work position	3.4
Employment opportunities	3.8

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Establishing as an independent person	4.3
Development of own skills maximally	4.6
Possibilities to become high qualified specialist	4.2
Expressing will from parents' side	4.1
Experience for studentship	4.3
Possibilities to rich high social position	4.1
Possibility to get a high education diploma	4.3

**Source:** Own results

Overall, our results showed that there are contradictory attitudes towards higher education institutions among young Georgians: the university entrants and the most part of students (who generally do not have any experience of looking for a job) are more oriented on social and cultural factors, so their expectations are satisfied. However, after they become job seekers, the problem of employment suddenly gets a priority status. There is very little chance of solving this problem on the Georgian labour market. Young Georgians understand that the university is not an effective precondition of employment. As a result, their attitudes are changed from positive to negative direction over time.

### **Conclusions and implications**

Due to the small number of working places for graduates, labour market in Georgia has less regular influence on the education market. The higher educational institutions are more responsive to the demands of education market. These factors lead to the alienation of higher education and labour market from one other; there is a shortage of communication and an information vacuum between them: a key indicator of the competitiveness of higher educational institutions is based on the number of entrants; labour market actors are critical towards the quality of higher education and as the basic problem they consider inadequate competences, requires from them training and additional financial costs. The actors of the higher education market point at the (sometimes) inadequate demands of the labour market towards the competencies of the graduates.

Due to the current situation, the conclusion that a solution can be found if higher education starts to orientate on labour market and its demands, will be one-sided and hasty - if the labour quality is low, its demands for the preparation processes of the staff, will not aid in the development of the quality of high education. The most reasonable conclusion can be the recommendation of quality assurance of both markets according to international standards, the promotion of communication between them and the synchronization of their development processes.

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