

Eka Lezhava

E-mail: Eka.lezhava@atsu.edu.ge

PhD. Student, Akaki Tsereteli State University

Kutaisi, Georgia

orcid.org/0009-0006-2446-8443

REGIONAL SPECIFICS AND CHALLENGES OF THE GEORGIAN LABOR MARKET

Abstract. This article explores the regional specificities and challenges of Georgia's labor market, drawing on official statistical data, as well as existing research and analytical reports on the subject. It examines key indicators such as employment and unemployment rates, wage levels, cost of living, and the demographic characteristics of the labor force in both the capital city and other regions of the country. The analysis reveals substantial regional disparities in unemployment levels across Georgia. Tbilisi is characterized by a relatively low unemployment rate and higher average wages. These marked regional differences in labor market indicators suggest that national-level policies alone may be insufficient to effectively address the distinct challenges faced by each region. Tailored, region-specific approaches may therefore be necessary to ensure balanced labor market development throughout the country.

Key words: regional analysis, labor market, wage level, unemployment rate, demographic characteristics

JEL classification: J01, J21, R23, J64.

ეკა ლეჟავა

E-mail: Eka.lezhava@atsu.edu.ge

დოქტორანტი, აკაკი წერეთლის სახელმწიფო უნივერსიტეტი

ქუთაისი, საქართველო

orcid.org/0009-0006-2446-8443

საქართველოს შრომის ბაზრის რეგიონული სპეციფიკა და გამოწვევები

აბსტრაქტი: სტატიაში განხილულია საქართველოს შრომის ბაზრის რეგიონული სპეციფიკა და გამოწვევები ოფიციალური სტატისტიკური მონაცემების, აღნიშნულ საკითხზე არსებული კვლევებისა თუ ანგარიშების დამუშავების საფუძველზე. განვიხილავთ ძირითად ინდიკატორებს, როგორცაა დასაქმებისა და უმუშევრობის დონეები, ხელფასის დონე, ცხოვრების ღირებულება და სამუშაო ძალის დემოგრაფიული მახასიათებლები დედაქალაქსა და ქვეყნის სხვა რეგიონებში. საკუთარი დაკვირვების შედეგების ანალიზის მიხედვით წარმოჩნდა, რომ საქართველოს რეგიონებში უმუშევრობის დონე მნიშვნელოვნად განსხვავდება. თბილისს აქვს უმუშევრობის დაბალი დონე და შედარებით უფრო მაღალი საშუალო ხელფასი. უმუშევრობის მაჩვენებლების შესამჩნევი რეგიონული განსხვავება კი

მიუთითებს იმაზე, რომ მხოლოდ ეროვნული დონის პოლიტიკა შეიძლება არ იყოს საკმარისი იმისათვის, რომ აღმოიფხვრას შრომის ბაზრის კონკრეტული გამოწვევები, რომელთა წინაშეც დგას თითოეული რეგიონი.

საკვანძო სიტყვები: რეგიონული ანალიზი, შრომის ბაზარი, ხელფასების დონე, უმუშევრობის დონე, დემოგრაფიული მახასიათებლები

JEL კლასიფიკაცია: J01, J21, R23, J64.

Introduction

Unemployment is a complex and persistent socio-economic phenomenon inherent to market economies worldwide, and it remains one of the most pressing challenges in Georgia. While recent years have shown general improvements in national employment indicators, the issue is deeply embedded within the country's economic, social, and political structures.

This article adopts a regional perspective to examine Georgia's labor market, an approach deemed essential for a comprehensive understanding of the issue. A national-level view often obscures significant disparities in key labor market indicators - such as employment and unemployment rates, wage levels, the cost of living, and the demographic characteristics of the workforce - between the capital city, Tbilisi, and the country's other regions.

The central aim of this study is to explore the regional specificities and challenges of the Georgian labor market. The analysis, based on official statistical data from the National Statistics Office of Georgia (GeoStat), existing research, and analytical reports, seeks to empirically identify and quantify these regional differences. The findings are intended to inform the development of more effective, tailored, region-specific public policies necessary to ensure balanced and sustainable labor market development across the entire country.

Existing research consistently points to unemployment as a central concern for the Georgian government. Despite periods of significant real GDP growth (e.g., 9.4% growth mentioned in the body of the paper), high unemployment has remained a persistent issue. The socio-economic costs of unemployment have been a major focus of both international and local economists. Studies such as those by Tsartsidze and Shengelia explore the broader context of the labor market, including the impact of globalization and the intertwined issue of migration.

A critical theme in the literature, which this study reinforces, is the uneven development of the labor market. The concentration of economic activity and high-skilled industries in the capital creates a stark divide.

Wage Policy: Paichadze addresses the paradoxes of modern wage policy, implicitly highlighting the non-uniform nature of salary structures that result in Tbilisi having significantly higher average wages compared to regional averages, often exceeding the difference of 500 GEL.

Economic Structure: Research indicates that the varying regional economic profiles - with Tbilisi dominating the service sector and many other regions being largely agriculture-dependent - are key drivers of the disparity in unemployment rates. This structural difference means that national, one-size-fits-all policies are likely to fall short.

Post-Soviet Context: Sreseli (n.d.) examines the modern trends in labor market transformation in post-Soviet countries, providing a broader contextual framework for understanding Georgia's persistent challenges, many of which stem from its transitional economy.

The literature also highlights significant demographic-specific challenges within the Georgian labor market:

Gender Imbalance: The data consistently show a pronounced gender disparity, with men having a statistically higher employment rate and women being nearly twice as likely to be outside the labor force. This is linked to gender stereotypes, unequal distribution of family responsibilities, and limited flexible employment opportunities, especially in regions outside the capital.

Youth Unemployment: Studies identify youth unemployment (15-24-year-olds) as a major national challenge, with rates soaring above 35%. The literature, including the findings of this research, links this to a severe mismatch of skills between job seekers and employer demand, as well as the migration of the workforce. The increasing demand for specific skills in sectors like IT, finance, and sales is also noted in reports by the Georgian Employers' Association (2021).

Informal Employment: The work by the Human Rights Education and Monitoring Center (EMC) (2020) on labor market segmentation and informal employment provides insight into the precarious nature of employment, especially during periods of crisis, which further exacerbates regional economic vulnerability.

By building upon these foundations, this research utilizes rigorous, disaggregated statistical data to specifically map the extent of regional inequalities, thereby providing an updated, empirical basis for targeted policy recommendations.

Methodology

The primary research methodology is based on the analysis of official statistical data obtained from the National Statistics Office of Georgia (Geostat). The analysis includes key indicators such as unemployment rates, employment figures, average wages, and per capita income and expenditures, disaggregated by region and gender. Both descriptive statistics and comparative methods were employed to empirically test the hypotheses and to identify structural characteristics of the labor market across different regions of the country. This approach enables a data-driven assessment of socio-economic disparities and supports the validity of the research findings.

Research analysis

HIP1 There are significant differences in unemployment rates across regions in Georgia;

HIP1 The average salary in the capital city, Tbilisi, is significantly higher than the average remuneration in Imereti and other regions;

HIP1 The average monthly income and expenditures per capita in Georgia differ significantly across regions;

HIP1 The employment rate among men in Georgia is statistically significantly higher than among women.

Regional Specifics and Challenges of the Georgian Labor Market

In recent years, Georgia's labor market has demonstrated a general trend of improvement, with the unemployment rate declining to 13.9 percent (see Chart 1).¹ This positive development has occurred in the context of a 9.4 percent real GDP growth rate (see Chart 2) and an inflation rate of 3.5 percent. Figure 1 presents the unemployment and employment rates as percentages over the period 2010–2024, illustrating the overall dynamics and progress in the labor market.²

¹ <https://www.geostat.ge/ka>

² <https://www.geostat.ge/ka/modules/categories/683/dasakmeba-umushevroba>

Unemployment and Employment Rate Dynamics in Georgia from 2010 to 2024, %

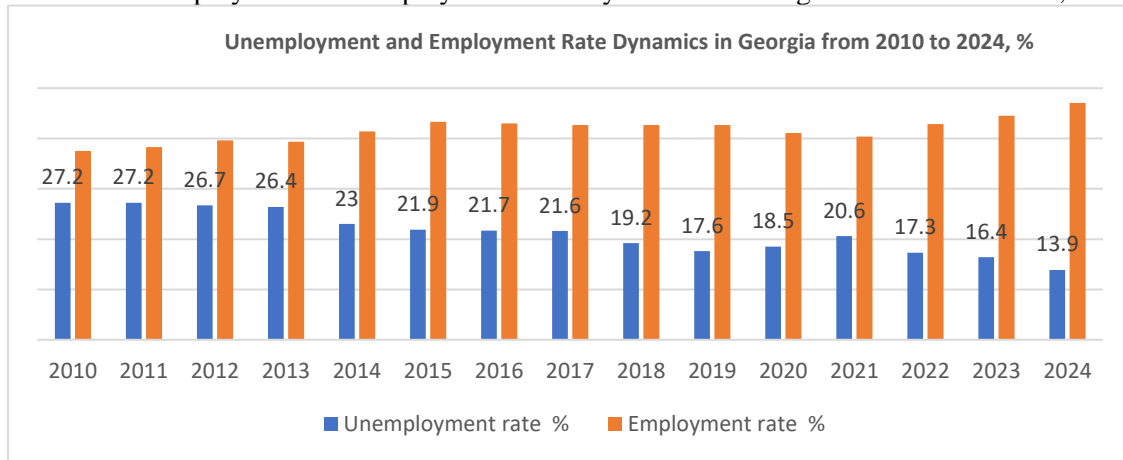


Chart 1

Compiled by the author, based on materials from the National Statistics Office.

Tbilisi exhibits a relatively low unemployment rate and higher average wages, which can be attributed to the concentration of the service sector and high-skilled industries in the capital. In contrast, many other regions are characterized by higher unemployment rates and lower wage levels, largely due to their greater dependence on agriculture.

The government has implemented various employment support programs, some of which are region-specific. This reflects an acknowledgment of the diverse labor market needs across different parts of Georgia. Therefore, understanding and analyzing these regional characteristics is crucial for the development of effective public policies and the formulation of targeted economic development strategies.

Despite Georgia's economic growth, unemployment remains consistently high.³ Furthermore, labor market efficiency has declined in the post-pandemic period, as illustrated in Chart 1, with the highest unemployment rate recorded in 2021.⁴

Real GDP growth

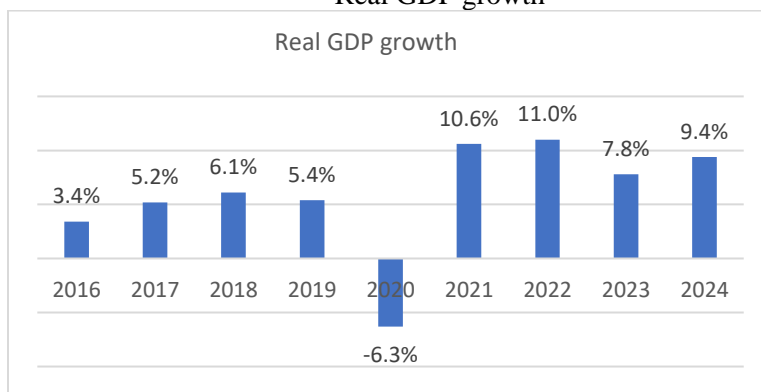


Chart 2

Compiled by the author, based on materials from the National Statistics Office.

³ <https://shorturl.at/iqGvv>

⁴ <https://www.geostat.ge/ka/modules/categories/683/dasakmeba-umushevroba>

According to the latest data from the National Statistics Office of Georgia (GeoStat), unemployment rates vary significantly across the country's regions. In 2023, the unemployment rate in Tbilisi was 17.5 percent, in Samtskhe-Javakheti it was 11.2 percent, and in the Autonomous Republic of Adjara it was 12.2 percent. In Imereti, the unemployment rate stood at 20 percent, while the highest unemployment rate among regions was recorded in Kvemo Kartli. The national average unemployment rate for 2023 was 16.4 percent.⁵

The noticeable regional disparities in unemployment rates suggest that national-level policies alone may be insufficient to address the specific labor market challenges faced by each region. It is crucial that the process of designing public policies takes into account the unique economic development potential and workforce characteristics of individual regions.

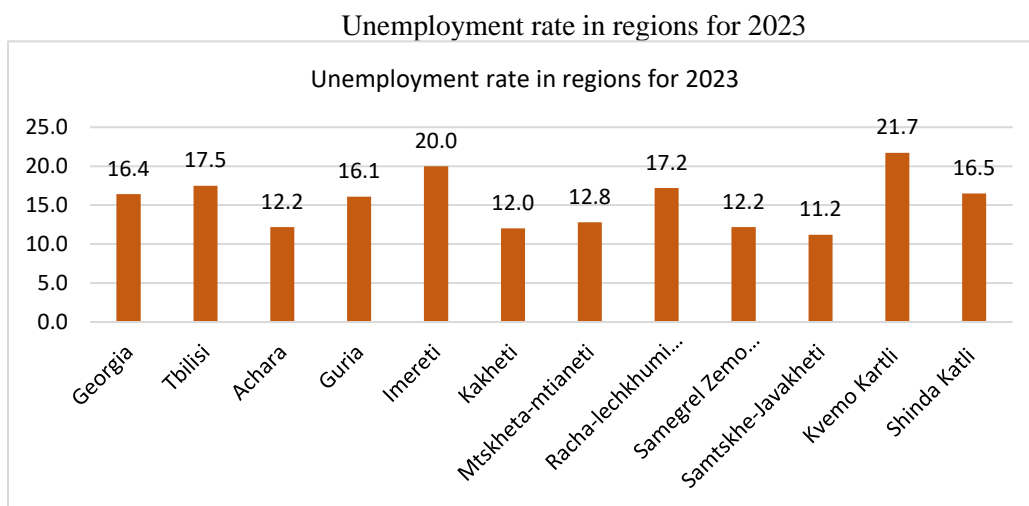


Chart 3

Compiled by the author, based on materials from the National Statistics Office.

Identifying the dominant industries and employment sectors in Georgia's regions requires a thorough examination of existing data, which could be a subject of future interest. At this stage, it can be noted that, for example, in Adjara, the main driving force is tourism and related sectors. After Tbilisi, Batumi holds the second-largest share of the country's economy, accounting for approximately 10%.⁶ In terms of economic growth rates, Adjara is one of the leaders among Georgia's regions.

In Kakheti, the economy is primarily driven by agriculture, with significant emphasis placed on its renowned wine production, and the tourism industry is also growing. In the Imereti region, the key sectors driving employment include mining, manufacturing, agriculture, tourism, and the expanding service industry, which encompasses healthcare and trade.

For a more in-depth regional analysis of labor market opportunities, there is a clear need for further research using sources such as GeoStat's Business Register, regional economic development reports, and other statistical or research papers. These resources will assist in a more detailed examination of leading

⁵ <https://www.geostat.ge/ka/modules/categories/683/dasakmeba-umushevroba>

⁶ <https://surl.li/pvztjp>

industries in each region of Georgia, thereby informing the development of targeted policies aimed at promoting employment in the future.

It is also of interest to examine the average wage levels in Georgia, which vary significantly across regions. In Tbilisi, the average wage is generally the highest. In 2018, the average monthly wage in Tbilisi was 1,286.4 GEL, considerably higher than the average wage in other regions. Regions such as Adjara and Mtskheta-Mtianeti also had relatively higher average wages in comparison to the national average and other regions, which stood at 1,068.3 GEL for the same year.

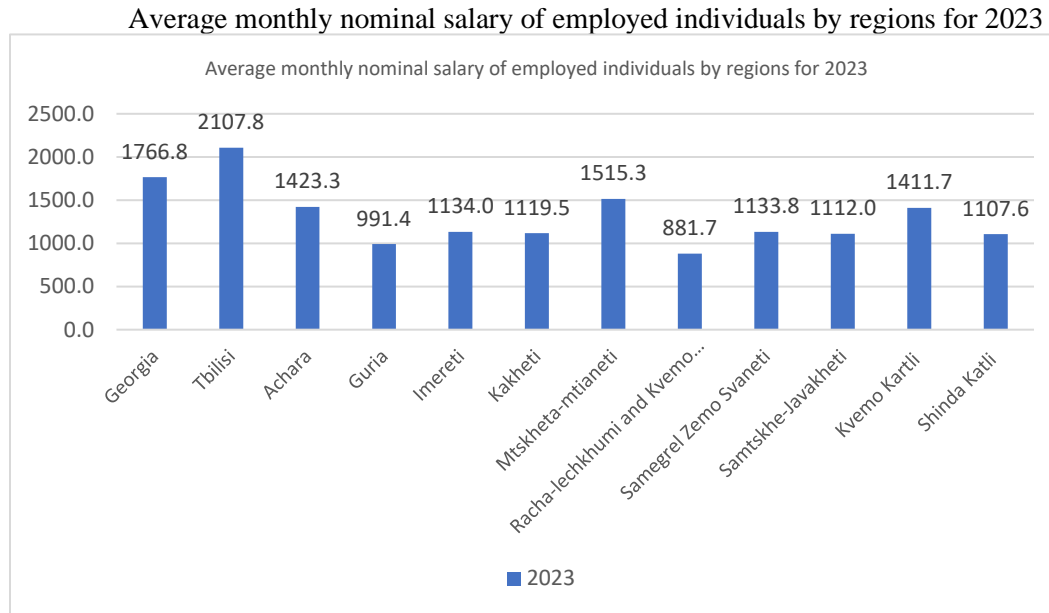


Chart 4

Compiled by the author, based on materials from the National Statistics Office.

The latest analysis of GeoStat data reveals that the average monthly nominal income of employed individuals in Georgia increased to 1,766.8 GEL in 2023. It is important to note that, in 2023, the average monthly nominal income in Tbilisi was higher at 2,107.8 GEL, which is approximately 78 percent higher than the average for the rest of the country. Among the regions, Mtskheta-Mtianeti stands out with an average monthly income of 1,515.3 GEL, followed by Adjara AR at 1,423.3 GEL, Kvemo Kartli at 1,411.7 GEL, and Imereti at 1,134.0 GEL. These data for 2023 are illustrated in Chart 4.⁷

Given the level of average wages in the regions, it would be interesting to calculate the cost of living by region; however, data on this matter are limited. Nonetheless, it is likely that the cost of living in Tbilisi, compared to other regions, is higher due to its status as the capital and the main economic center. Although data on the cost of living are not available for all regions, research indicates that regions with lower average wages tend to also have a lower cost of living.

⁷ <https://www.geostat.ge/ka/modules/categories/39/khelfasebi>

Distribution of average monthly income and expenses per capita by regions for 2023

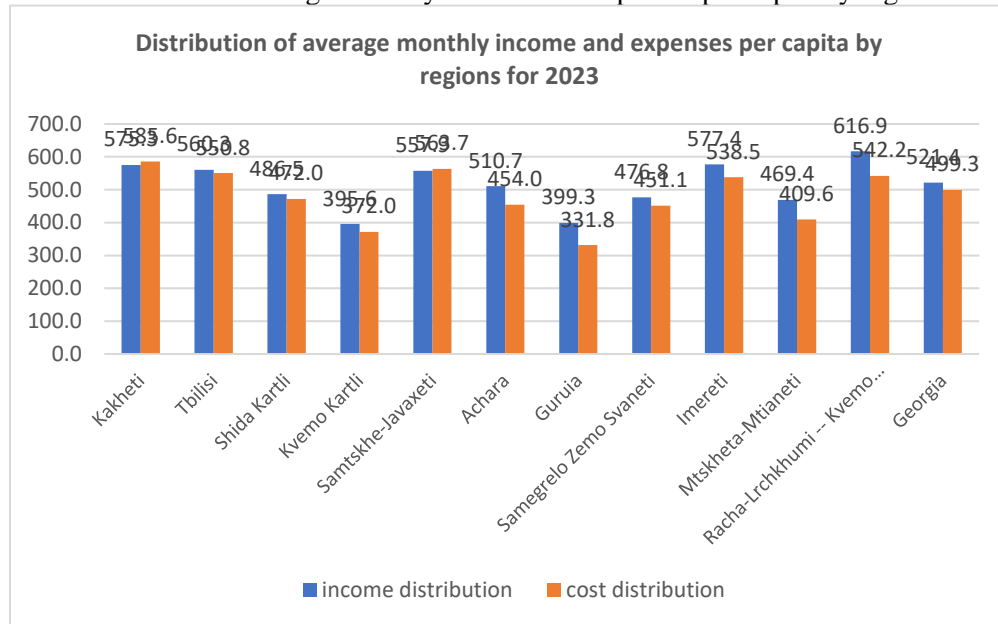


Chart 5
 Compiled by the author, based on materials from the National Statistics Office.

According to the information provided by the National Statistics Office, the subsistence minimum for an able-bodied man in December 2024 was 260.3 GEL, while the subsistence minimum for the average consumer was 230.5 GEL.⁸

Additionally, to create a clearer understanding, it is interesting to examine the distribution of average monthly income and expenditures per capita by region, as shown in Chart 5.⁹ We observe that the highest average monthly income per capita is found in the regions of Racha-Lechkhumi and Kvemo Svaneti, while the lowest is in Kvemo Kartli. Notably, in the Kakheti region, expenditures exceed income.

Therefore, regional economic inequality becomes even more apparent when considering the relationship between wage levels and the cost of living.

An analysis of the demographic characteristics of the labor force in Georgia’s regions reveals certain trends, which likely manifest with varying intensity across different sectors. At the national level, men have higher employment rates compared to women.¹⁰

Labor force indicators by gender

Labour force indicators by gender	Female	Male	Female	Male	Female	Male
	2022		2023		2024	
	Total 15+ population	1605.7	1383.3	1613.2	1383.9	1597.1

⁸ <https://www.geostat.ge/ka/modules/categories/791/saarsebo-minimumi>

⁹ <https://www.geostat.ge/ka/modules/categories/50/shinameurneobebis-shemosavlebi>

¹⁰ <https://www.geostat.ge/ka/modules/categories/683/dasakmeba-umushevropa>

Labour force	666.3	885.3	694.8	901.5	716.5	913.0
Employed	568.9	714.8	597.8	736.8	636.7	765.8
Unemployed	97.4	170.5	97.0	164.8	79.8	147.2
Non-labour force population	939.4	498.0	918.4	482.3	880.6	465.2
Unemployment rate (%)	14.6	19.3	14.0	18.3	11.1	16.1
Labour force participation rate (%)	41.5	64.0	43.1	65.1	44.9	66.2
Employment rate (%)	35.4	51.7	37.1	53.2	39.9	55.6

Table 1

Compiled by the author, based on materials from the National Statistics Office.

The analysis shows that, despite the fact that the number of women is statistically always higher than that of men, the number of women outside the labor force is consistently nearly twice as high as that of men. This is reflected in the higher employment rates for men in the labor force, despite the fact that the unemployment rate among the male labor force has always been higher than that of women.¹¹ See Table 1.

This gender disparity in employment is particularly pronounced in the 25-34 age group, which corresponds to women's peak reproductive years. This may be related to challenges associated with child-rearing, the result of which is a higher unemployment rate among women. This national trend is likely to have regional implications as well; in regions where there are fewer opportunities for flexible working hours and conditions, and where the ability to care for children while working is more limited, the unemployment rate among women is even higher

The analysis reveals that youth unemployment is another significant national issue, with the unemployment rate among 15-24-year-olds exceeding 35 percent.¹² This high level of youth unemployment is likely prevalent across most regions of Georgia, indicating a broad challenge regarding the integration of young people into the labor market. This situation may be linked to a mismatch of skills, where young people may lack the specific skills or experience required by employers in their regions. It is also noteworthy that many young people are uncertain about their abilities, aspirations, and goals, and even after completing higher education, they remain unclear about their career paths, which further hinders their participation in the labor market. On the other hand, businesses often face difficulties in hiring employees due to a lack of qualifications and experience among job seekers. This issue is further exacerbated by both internal and external migration of the workforce, primarily driven by job seekers' expectations of higher wages. There is an increasing demand for specific skills in sectors such as sales, finance, and especially IT and computer programming, which offers significant potential for wage growth for young people.

The regional analysis of the labor market in Georgia highlights significant differences and common challenges across the country. While Tbilisi stands out with low unemployment and high wages, driven by its service-oriented economy, many other regions, especially those with a strong agricultural base, face higher unemployment and lower income challenges.

The perspective of the labor market in Georgia at the regional level will be shaped by ongoing economic reforms, infrastructure projects, and global economic trends. Continuous efforts to improve the quality of education and vocational training are crucial. Enhancing qualifications in line with labor market

¹¹ <https://www.geostat.ge/ka/modules/categories/683/dasakmeba-umushevoba>

¹² <https://www.geostat.ge/ka/modules/categories/683/dasakmeba-umushevoba>

demands and considering regional specifics will be decisive in supporting production growth and ensuring balanced and sustainable economic development. It is essential to continuously monitor regional labor market indicators and regularly assess the impact of government programs to ensure that state policies are effective and responsive to the development needs of each region. Additionally, analyzing the strengths, weaknesses, opportunities, and challenges of each region's labor market will contribute to a better understanding of their specific needs and development potential.

Conclusion

- ✓ The research findings revealed that unemployment levels in Georgia vary significantly across regions. The highest rates were recorded in Imereti and Kvemo Kartli, while the lowest were observed in Samtskhe-Javakheti and Kakheti. This trend reflects the uneven development of the labor market and the varying levels of regional economic activity.
- ✓ The analysis of statistical data clearly shows that the average monthly salary in the capital, Tbilisi, significantly exceeds the regional averages, including that of Imereti. The difference often surpasses 500 GEL and is attributed both to the concentration of economic activity and to differences in sectoral structure, with higher-paying sectors being more prevalent in Tbilisi.
- ✓ The data confirm that average monthly income and expenditures per capita differ markedly across regions. The highest income levels are characteristic of the Racha-Lechkhumi and Kvemo Svaneti region, while the lowest are found in Kvemo Kartli. This indicates economic and social inequality, which directly affects the quality of life of the population.
- ✓ The study confirmed that the employment rate among men in Georgia is statistically significantly higher than among women. The difference is approximately 10–15 percentage points, reflecting gender imbalance in the labor market. This inequality is partially driven by gender stereotypes, the unequal distribution of family responsibilities, and limited access to employment opportunities for women.

Based on all the issues discussed above, there is a need for the development of a coherent regional economic development strategy that will foster job creation in each region, considering their specific economic profiles and potential. It is important to develop and implement education and vocational training programs that align with regional demands in order to prepare qualified personnel for the local labor market. Creating conditions in the regions that promote the retention and return of the population, with decent wages and living conditions, is also essential. Additionally, more detailed and regular collection and analysis of regional labor market data is needed to better understand existing trends and challenges, and to develop more effective policy decisions.

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