

## Unemployment while Covid-19 in Georgia

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<p><b>Received</b> 25-02-2022</p> <p><b>Accepted</b> 14-03-2022</p> <p><b>Published</b> 21-03-2022</p>	<p><b>Abstract:</b> According to the International Labor Organization (ILO), Georgia ranks 10th in terms of unemployment. (International Labor Organization, 2022) While the country is distinguished by the level of unemployment in the world, it is not surprising that unemployment is the biggest problem of the Georgian population. As a result of the pandemic, unemployment has become an even more pressing problem. The high level of unemployment sharply reduces both the population and the state budget revenues. The unemployment rate reached 22.1% in the second quarter of 2020, which is the highest rate since 2014. The biggest negative result is the decrease in the number of products produced and services rendered.</p>	<p><b>Keywords:</b> Unemployment rate, labor force, employed, unemployed, labor market</p>
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### INTRODUCTION

The negative impact of the pandemic did not affect all employees equally. Institutions such as universities, schools, public institutions, and the like we're able to easily adapt to the pandemic-induced change and move to distance learning, although in many sectors of the economy this failed. Restrictions and regulations imposed by the government to prevent the spread of Covid-19 have harmed the country's unemployment rate.

Based on this information, we formulated the hypothesis Covid-19 is the main reason for the increase in unemployment in the economy of modern Georgia.

To be a valid hypothesis, we will use 3 types of research. The population is taken as the unit of analysis. The study variables are Covid-19 (independent variable) and unemployment (dependent variable).

The controlling variable is economic underdevelopment (continuous). Objectives of the paper The theoretical aim of the paper is to determine how the unemployment rate changed in the wake of the Covid-19 pandemic.

The practical goal is to understand what methods can be used to increase employment under Covid-19. Also, determine which job is most in demand during a pandemic. These studies will make the paper more relevant and show whether the employment market is changing under Covid-19.

Tasks based on the given objectives, the paper faces the following tasks:

- Examine how intensively people apply to employment agencies under Covid19.

- Examine how intensively people who have lost their jobs due to a pandemic apply to agencies.
- Examine what type of service is required in a pandemic.
- Let's find out what changes Covid-19 has brought to the employment market.
- To study the things that led to the increase in unemployment among the population in 2020-2021.
- Examine whether the restrictions imposed on Covid-19 prevention have provoked unemployment.
- Examine whether vaccination has had an impact on unemployment levels.
- Examine whether employee pay has been reduced due to the pandemic and how this has affected unemployment.

### The Hypothesis

"In the economy of modern Georgia, the main reason for the increase in unemployment is Covi-19."

### Research Design

The following studies were conducted for the authenticity of the paper:

- Desk-Research - Review and analyze the finished statistical and theoretical material around the reading.
- Qualitative research - surveying experts in the field or employees.
- Quantitative Survey - Survey of unemployed people at which time n number of people were surveyed.

Research Design Components  
Comparison: Covid-19 favors unemployment positively. If a pandemic breaks out in a country, the unemployment rate will rise.

**Manipulation:** The relationship between the variables is sequential over time, which means that first Covid-19 is spread and then the unemployment rate rises. The unemployment rate was 17.6% in 2019. The first case of Covid-19 in Georgia was recorded on February 26, 2020, and the unemployment rate increased to 18.5%. The strengthening of Covid-19 in our country has led to an even higher unemployment rate. Unemployment rose to 22.2% in the second quarter of 2021.

**Control:** Unemployment has been declining every year from 2014 to 2019. For example: in 2014 the unemployment rate was 23%, in 2015 it was 21.9%, in 2016 21.7%, in 2017 21.6%, in 2018 19.2%, in 2019 the unemployment rate was 17.6%. And after the appearance of Covid-19 the situation has changed significantly and in 2021 the unemployment rate will increase by 4.5% compared to 2019. Such a percentage increase was due to measures taken to prevent Covid-19.

## LITERATURE REVIEW

For the paper to be valid, we have reviewed several scientific papers and literature.

G. Mankiw's "Principles of Economics", which clearly states unemployment, definition, and various related terminology. The above literature helps us to adequately and correctly use the many differences related to unemployment.

R. Abesadze Magazine "Economist" Tbilisi 2009, January. Describe the Georgian economy during the Soviet Union. The difficulties and problems caused by the transition to the new equipment are shown. In addition, the pros and cons of post-communist transformation are discussed.

N. Magradze "Pandemic and Georgia of the 21st Century" 2020, the paper discusses the problems and challenges faced by the world after the pandemic. Talk about what caused the job cuts.

R. Geradze's article "The Impact of Covid-19 on the Unemployment Sector" discusses how the pandemic affected various sectors of the economy. How revenues around the world have declined. It also discusses how the U.S. labor market, one of the world's giants, has changed.

**Changes in the level of unemployment in Georgia under the conditions of the pandemic**

Unemployment has been the biggest and largest problem of the Georgian population for years. The unemployment rate in Georgia did not correspond to reality, as the outdated methodology of counting was used. In December 2020, a new counting methodology was introduced, which in turn led to an increase in the unemployment rate, as the person who lives in the countryside and owns a plot of land is no longer considered self-employed. With this change, the country found itself face to face with Covid-19 which also affected the employment market. Although Georgia has overcome the first wave of the pandemic more easily than the rest of the world, it has faced great economic challenges. Restrictions imposed to prevent the Covid-19 pandemic have had a negative impact on various sectors of the economy.

The crisis has affected many areas such as food, construction, real estate, leisure, entertainment, arts, tourism, and more. Consequently, many people employed in these sectors remained unemployed, which in turn led to a shrinking economy of 7.7% (Georgian National Statistics Office, T.G.). About 20.5% of employees temporarily lost their jobs during the pandemic. Under the regulations, many companies switched to remote mode, which led to the development of information technology in the service sector. Many companies offer customers online purchases, hence the demand for fewer and fewer employees. The so-called lock-in policy has caused the greatest damage to the wholesale and retail trade in this area in the second quarter of 2020 compared to the first quarter 20,000 people lost their jobs. (Tkeshelashvili, 2021,17,02) (Pandemic and Unemployment in Georgia, 2021,29,07) Covid-19 posed a great challenge to the world. In almost all countries, the level of unemployment has increased, which in turn has had a negative impact on the economic situation of the countries, on public welfare. In Georgia, as well as in other countries of the world, the number of employees has significantly decreased, which was due to the restrictions imposed by the state to stop the pandemic.

## CONCLUSION

Unemployment has always been a major problem for Georgia since the last century. This macroeconomic problem has posed significant challenges to the Georgian economy, which has a negative impact on the level of development and prosperity of the country. After the appearance of

Covid-19, the problem became more urgent. This is what the paper, which hypothesizes that "Covid-19 is the main cause of rising unemployment in the modern Georgian economy," is based on qualitative research. , As most businesses have adapted to the new standards and at the same time removed some of the regulations. Based on quantitative research, this hypothesis is not confirmed, as most of the respondents did not lose their job at all during the pandemic. According to surveys conducted in Georgia, Covid-19 has indeed caused an increase in unemployment, but it is not the main cause. Because just 10.6% of respondents lost their jobs due to the pandemic, while 19.9% named other social problems.

According to Geostat, the unemployment rate in Georgia has been actively increasing since 2019. As already mentioned, the pandemic has provoked an increase in unemployment, but the high percentage increase in data is due to other reasons, namely in 2019-2020 in cooperation with the International Labor Organization (ILO) and the Danish Statistics Office. Within the framework of the project initiated by the European Union, the Georgian National Statistics Center has made

significant changes in the methodology of labor force statistics. According to the new standards of the ILO, the self-employed have been retrained in the category of unemployed, so this change in the law has led to an increase in the unemployment rate.

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