

[DOI: 10.20472/IAC.2019.046.012](https://doi.org/10.20472/IAC.2019.046.012)

NANULI OKRUASHVILI

Department of Marketing, Ivane Javakhishvili Tbilisi State University, Georgia

LELA BAKHTADZE

Department of International Economics and Economic Teaching History, Ivane Javakhishvili Tbilisi State University, Georgia

INTERNATIONAL MIGRATION PROCESSES AND ITS IMPACT ON THE GEORGIAN LABOR MARKET

Abstract:

The purpose of the presented paper is to analyze the impact of international migration processes on the labor market of Georgia, to develop methodological and practical recommendations on the basis of which the efficiency of the labor market will be increased. The authors of the work have identified the theoretical and practical, conceptual and organizational problems existing in the field of international migration, and worked out the specific ways of solving them.

The article discusses the international migration processes of the new millennium, social, cultural and economic aspects of international migration and development in Georgia, the problems identified in the state regulation of labor migration, the scale of labor migration and the current state of its study. In the article, the authors reviewed the scope and current state of international migration, its impact on the Georgian labor market, long-term results of labor mobility. The goals, strengths and weaknesses of the migration policy of the Government of Georgia are analyzed, the basic directions and mechanisms of its realization. It analyzes the fact that, only by effective marketing of the labor market, of the country will make maximum use of the global challenges, associated with international migration processes. The authors have estimated systems of specific measures that will ensure the effective functioning of the Georgian labor market in the growth of international migration and the full involvement of the country in integration processes.

Keywords:

International Business, International Migration, Labor Market, Migration Policy, Marketing of the Labor Market

JEL Classification: F00, F66, F22

Introduction

In recent years, global migration has transformed its terms and reach, its economical and political significance, and its impact. The influence of international migration processes is particularly important on the socio-economic situation in Georgia, where these processes have been carried out over the last twenty years with migratory boom and a number of peculiarities. Naturally, it is very actually and important research of the reasons and consequences of the international migration processes, especially its influence on the most important part of public life -on the Georgian labor market. That's why great attention is paid to the study of theoretical-methodological and practical-organizational issues of the combination of tools, means, instruments, methods and techniques for the formation of country migration policy.

In writing the article we have been provided great assistance by the works of Georgian scientistst. The theoretical basis of the paper is the studies by the scholars migration processes, namelyworks ofM.Tukhashvili, T. Zubiashvili, M.Tsartsidze, where is analyzing the origins and causes of migration in Georgia, the effects of migration on economical participation.

The information basis of the paper comprises publications in periodicals, proceedings of the conferences regarding the research topic, official statistical data and materials provided by the State Department of Statistics, Ministry of Economic Development of Georgia, Ministry of Foreign Affairs of Georgia, Migration Policy Centre and internationalmigration organizations. The methodological basis of the paper is the abstract method and the theory of comparative advantage. In the paper systemic, synergistic and logical grouping methods are used.

Body of the article

At the current stage of globalization of the world economy, international migration of population and labor resources is an important factor for economic, social and demographic development of any country, including Georgia. In new report(2017) from the McKinsey Global Institute (MGI), People on the move: Global migration's impact and opportunity, -- it is mentioned, that migration is a key feature of our increasingly interconnected world. It has also become a flashpoint for debate in many countries, which underscores the importance of understanding the patterns of global migration and the economic impact that is created when people move across the world's borders. But McKinsey Global Institute research finds that it generates significant economic benefits - and more effective integration of immigrants could increase those benefits

In many countries, international migration plays the role of a flexible mechanism for overcoming economic and political crisis, improves the welfare of the population and contributes to sharing successful international economic experience, professional

knowledge and culture. Mass labor migration of young and workable population directly affects the dynamics of the country's labor potential and the overall economic development process, which is reflected on the level of human capital development and the living standards of the country's population.

From social and economic perspectives, labor migration has great impact on both sending and recipient countries. On the one hand, the sending countries benefit from labor migration as it eases the problem of unemployment and related negative processes, improves economic situation and financial stability through money transfers, promotes the spread of knowledge and experience. On the other hand, in migrant-recipient countries which have lack of workforce, properly organized labor migration provides specialists to the labor market thus balancing supply and demand. Migration is considered as a supporting factor for the development of the country due to its broad economic and social implications. Regular money transfers and investments by emigrants play a significant role in overcoming poverty and economic development in the countries of origin of migrants. In addition, returning migrants bring new knowledge and skills, modern technologies and values, ideas and innovations in their countries of origin, which is no less important than financial capital.

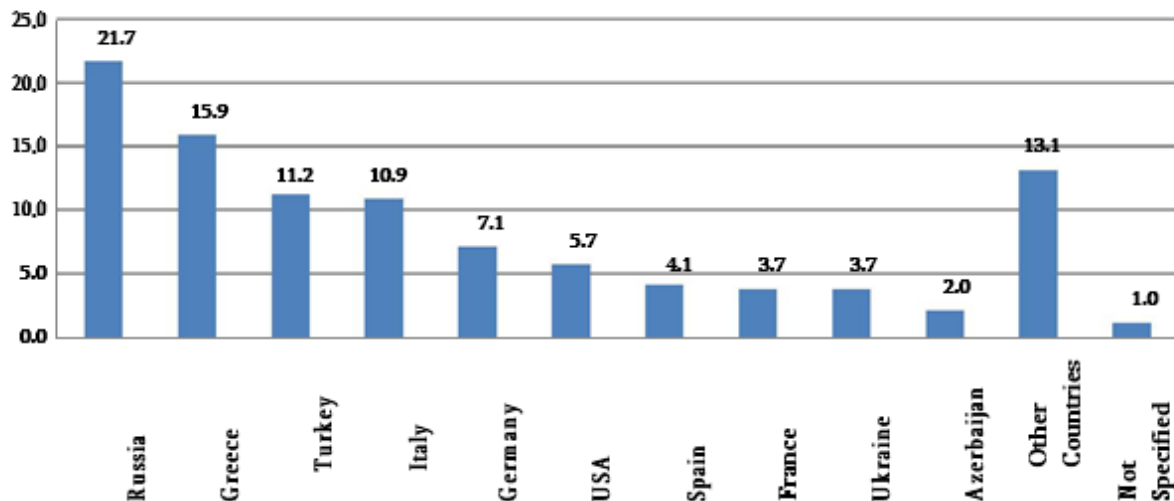
Today, international migration as one of the main features of globalization and global economy is becoming more and more enormous and growing. In 2017, the stock of international migrants – the total number of people residing in a country other than their country of birth – was estimated at 258 million compared to about 173 million in 2000, and 102 million in 1980. However, the proportion of international migrants in the world population is only slightly higher than that recorded over the past decades, equaling 3.4 per cent in 2017, compared to 2.8 percent in 2000, and 2.3 percent in 1980.

As for Georgia, there is no exact statistics about the number of the citizens of country who have gone to work abroad in recent years. However, the fact is that since the collapse of the Soviet Union, a large number of citizens have left the country to look for jobs and became labor migrants. According to the unofficial data provided by the Office of the State Minister of Georgia for Diaspora Issues in 2015, about 2 million Georgians, ethnic Georgians and citizens of Georgia live in 43 different countries around the world. According to official data The net migration has been negative throughout the entire period. Since 1994 the number of people who left the country exceeded those entering the country by approximately 1 260.7 thousand persons. The net migration has been negative throughout the entire period. Since 1994 the number of people who left the country exceeded those entering the country by approximately 1 260.7 thousand persons.

As for the geographical structure of migration flows from the country, the largest number of emigrants live in the Russian Federation (21.7 percent), Greece (15 percent)

and Turkey (11.2 percent). Most of the emigrants in the Russian federation, France, Ukraine and Azerbaijan are male, while there are female emigrants in Greece, Turkey, Italy, Germany, the USA and Spain.(see Figure1).

Figure1: Distribution of number of emigrants by 10 main countries (%)



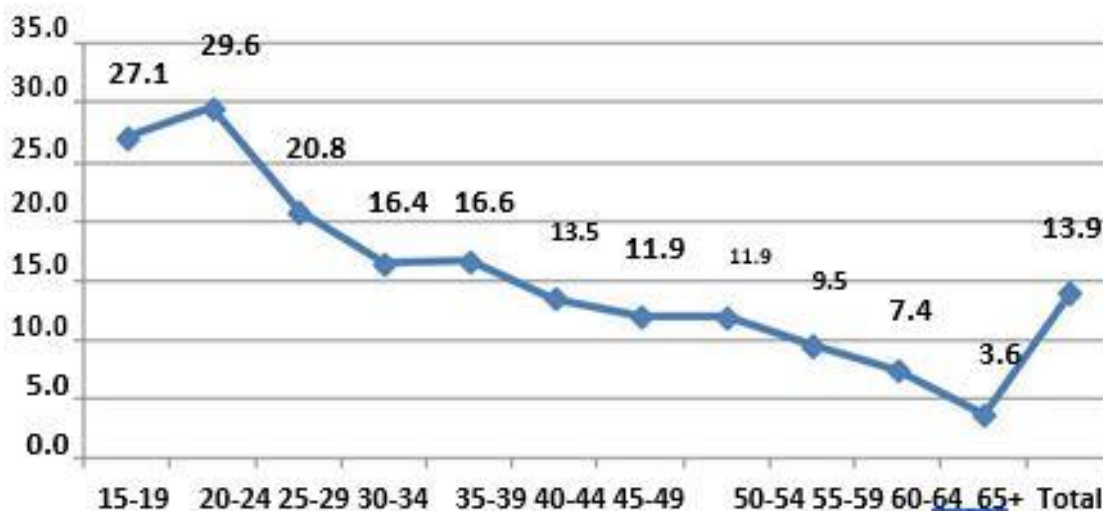
Source: National Statistics Office of Georgia (GeoStat)

Due to the influence of economic, social and, especially, international migration processes, an extremely unfavorable situation occurred in the country in the field of reproduction of human resources, which is primarily reflected in the reduction of the number of population. Lately, the trend of continuous reduction of the number of Georgian population has been observed. According to the census conducted in 1989, the population of Georgia amounted to about 5 400 800; according to the 2002 census, the number of population had reduced and reached 4 601 500, while according to the 2014 census the number of Georgian population was only 3 787 000. The decreasing population trends affected the age structure during 1994-2018. In this period the share of persons aged 0-14 shrank to 20 percent, while the share of elderly (65 years and older) increased from 10.5 percent to 14.6 percent. The decrease in the share of the 0-14 age group is related to a decline in fertility rates and large migration of population in the reproductive age. During the 25 years since Georgia regained independence, Georgia's population has decreased by one fifth, which was conditioned by wars, socio-economic crises and migration. Currently, the number of population is even more reduced. According to official data, by January 1, 2018 it amounted to 3 729 600. The forecast by the United Nations Population Fund regarding the further reduction of Georgia's population is extremely alarming. According to the forecast, by 2050 the population of Georgia is expected to reduce by 28percent.

In addition to the reduction of the country's population, the main problem accompanying international migration processes in Georgia is that regions are becoming empty. A sharp decline in the population in the regions like Racha-Lechkhumi, Samegrelo-ZemoSvaneti and Mtskheta-Mtianeti are especially alarming as according to results of the general population census of 2014, the number of population in these regions reduced respectively by 37.4 percent, 29 percent and 23.4 percent compared to the figures of 2000.

Labor migration from Georgia is extremely high. Labor migration is linked to the factors like economic crisis, poor performance of labor market, lack of living space, inefficient social security system, dynamics of economic development, labor standards and employment policy, unemployment, demographic situation and labor exploitation. It should be also noted that migration processes were not typical for Georgia and they are connected to the boom of migration. In turn, international migration flows significantly changed the existing political and social situation in the country. It is especially alarming that most of the emigrants, both male and female, are between 20 - 44 years old (see Figure 2). This is quite logical, because according to official statistics, the highest unemployment rate in 2017 is in the age groups between 20-24 years old (29.6 percent) and between 25-29 years old (20.2 percent).

Figure 2: Unemployment Rate by Age Groups (%)



Source: National Statistics Office of Georgia (GeoStat)

Currently, both quantitative and qualitative reduction of economically active population is observed in Georgia. In particular, by 2018 economically active population amounted to 1939.9 thousand compared to 1982.7 thousand in 2005. Restriction of employment opportunities and low level of remuneration encourages the most active part of Georgian population to leave the country and seek for self-realization opportunities and the source

of income abroad. Such decline in the economically active population is a huge loss for the country. The fact is even more alarming as most of the people leaving the country are with higher education and they are employed on jobs, for which lower or no qualification is required. This results in lowering their qualification and reducing their competitiveness on labor market in the long run. The contingent which goes abroad has a very high labor potential, is employed illegally in recipient countries in the hard labor conditions and the jobs are not suitable for their qualification. In most cases the qualification of this contingent becomes degraded and labour capacity decreases. (Tukhashvili M., 2018)

The study of the reasons causing migration provides a possibility to develop a migration policy, which will eliminate negative consequences of migration for the country. The most important reasons that determines high rate of migration are related to still unsolved problem of poverty and high level of actual unemployment.

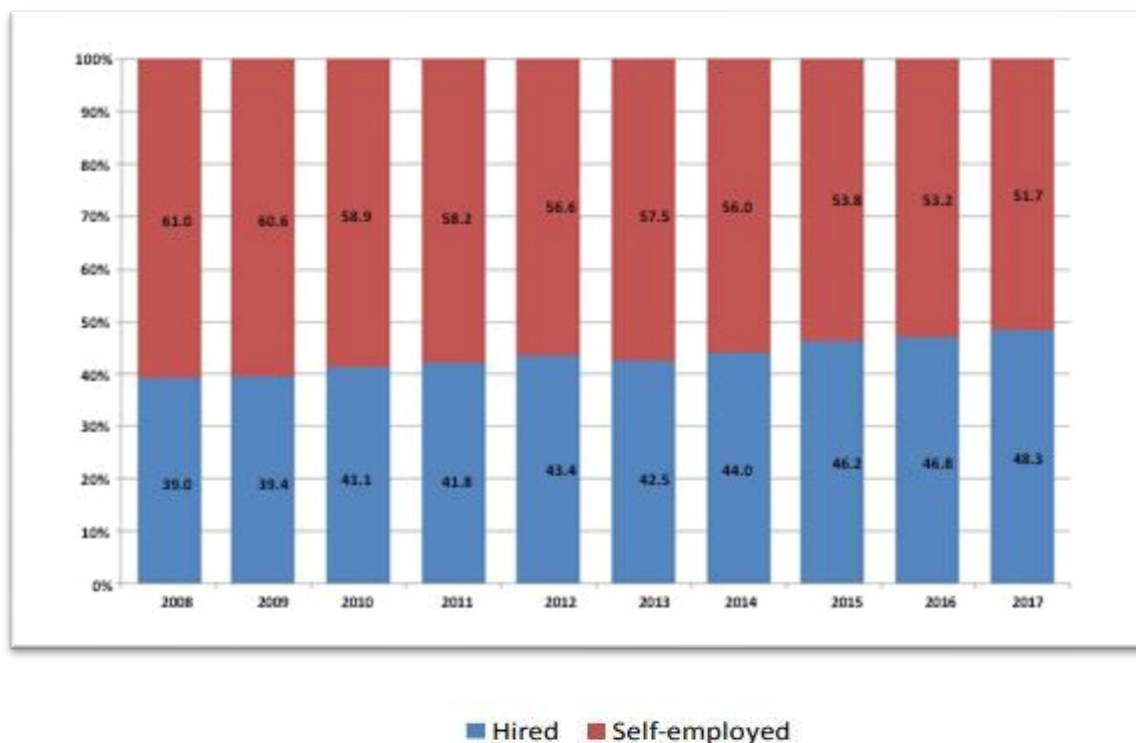
One of the most important causes of international migration processes is high rate of unemployment in the country. According to official statistics, in Georgia, unemployment rate was 13.9 percent in 2017, which is significantly lower compared to the corresponding figure of 2008 (17.9 percent) (see Table 1).

Table 1: Employment and Unemployment in Georgia

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Active population (labour force), thousand persons	1982.7	1911.9	1908.7	1944.7	1971.8	1970.9	1988.2	2004.5	1978.6	1984.6	2018.0	1996.2	1983.1
Employed, thousand persons	1683.0	1618.0	1577.3	1597.3	1611.0	1627.8	1643.5	1659.4	1643.4	1694.4	1733.8	1717.3	1706.6
Unemployed, thousand persons	299.7	293.9	331.4	347.4	360.8	343.1	344.8	345.1	335.2	290.2	284.2	278.9	276.4
Unemployment rate, percentage	15.1	15.4	17.4	17.9	18.3	17.4	17.3	17.2	16.9	14.6	14.1	14.0	13.9

Source: National Statistics Office of Georgia (GeoStat)

Though traditionally, self-employed persons account for the majority of the employed population (see Figure 3.), which indicates a high level of hidden unemployment. That's why according to the estimations of individual experts real employment is around 60.3 percent and real unemployment around 40 percent. Official statistics of unemployment do not provide a full picture of the acute economic and social problems that encourage people to leave the country. High rate of hidden unemployment and partly employment, an extremely low level of remuneration are widespread factors in Georgia as well as in many other transition economies. There is no doubt that the absolute majority of the self-employed are partly employed or hidden unemployed. High number of long-unemployed people is especially alarming.

Figure 3: Distribution of Employed (%)

Source: National Statistics Office of Georgia (GeoStat)

The reason for migration processes is also the problem of insurmountable poverty in Georgia. The latest UNICEF Welfare Monitoring Survey (WMS -2017) findings show an increase in the poverty rates in Georgia. The incidence of general poverty has increased from 16.4 percent of total households in 2015 to 19.6 percent in 2017. From 2015 to 2017, the number of households and population, below the extreme poverty line increased by 2.6 and 2.9 percentage points, respectively. The survey revealed that 22.5 percent of households live below the relative poverty line. In 2017, the share of population under 60 percent of the median consumption compared to 2007 not only reduced but also increased (22.5 percent instead of 21.1 percent). The reasons for increased poverty rates are low to moderate economic growth and higher consumer prices.

The system of measures directed at elimination of unemployment and poverty should serve as a cornerstone of the development of human resources in the country. However, due to the current global processes, the country faces not only the issue of complete and optimal involvement of workforce in production processes, but also of solving the problem of the lack of high-skilled labor. One of the most important means of solving this problem is to develop a migration policy that will promote quantitative and qualitative balancing of supply and demand for the workforce on the labor market. Therefore, migration policy of

the country should focus on the development of the complex system of employment regulation, which will be based on labor market marketing – to develop a multi-optional forecast regarding the scale and structure of the labor market based on collecting and analyzing the information about the demand for labor and studying its structure and to develop and implement migration measures afterwards.

Development and implementation of effective migration strategy is necessary for accelerating the innovative development of our country and enhancing its international competitiveness. Management of migration processes at the state level should be considered as a large-scale social and economic process of marketing strategy of human resource management, an effective tool of the state policy, modernization of social management by using principles of marketing, which is fully connected to adaptation of the population to market conditions and promotes enhancement of the effectiveness of human resources. Finally, this ensures intensive and sustainable social and economic development of the country.

Making optimal decisions regarding the above issues by the state will contribute to overcoming the crisis situation, which is already evident and will become more serious almost in all the areas of life along with the deterioration of migration situation. There is no doubt that for avoiding predicted demographic catastrophe in Georgia, aging of the population and therefore, development of the labor market in a negative direction it is very important to develop and implement effective policy for returning migrants in the country. Overcoming poverty and improving the living conditions are the main ways for reducing negative consequences of the migration processes for the country. This is directly linked to the efficiently functioning labor market. Efficient functioning of the labor market should become the basis for improving the country's economic development, effective employment of the working population, improving the quality of labor life and finally, the living conditions.

Most of Georgian citizens returning from migration find it quite difficult to find their place in their homeland after many years of separation. However, since 2015 there is a governmental program for reintegration of migrants in Georgia. In particular, the purpose of the program is to create conditions for successful reintegration of Georgian illegal migrants returning to their homeland. It aims at promoting decent reintegration of Georgian citizens who come back to the country. Reintegration Assistance Program for Georgian Returnees envisages financing of healthcare and provision of medicines for the returnees, financing of social projects for encouraging self-employment and getting the source of income, funding professional training and re-training for those looking for job and supporting involvement of beneficiaries in qualification improvement program. Practical implementation of these tasks will undoubtedly contribute to returning of migrants to their country. However, considering that only very small sum of money - 590 thousand GEL - was allocated for implementation of the above project in 2017, it can be

said for sure that efficient implementation of the program and therefore, actual enactment of the motivation mechanism for migrants to return to their homeland is impossible.

When discussing migration of labor resources, the issue of migration of highly qualified specialists is especially important. Intellectual potential is becoming the main condition for innovative and sustainable development of the country. From our point of view, Georgia should take into consideration the positive experience that has been successful in the developed countries for many decades. In particular, the system of measures of attracting high-qualified specialists should be developed and it should be implemented not chaotically, but based on long-term forecast of investments, employment and labor market.

As the study of the labor market conducted in Georgia in 2005 showed, employers consider that the lack of highly-qualified specialists is the major problem that hinders entrepreneurial activity. Therefore, attracting highly qualified specialists, or intellectual migrants, should be the priority of the migration policy of the country. Attraction of intellectual migrants in the country should be implemented by creating particularly favorable conditions for them. In this regard, special attention should be paid to the return of highly qualified Georgian migrants who can play an important role in the innovative development of the country. To this end, it is important to carry out such activities as getting state institutions interested in highly qualified specialists who have left Georgia and work in the companies operating in advanced technologies and science-intensive fields, creating a database of these people and providing proper working and living conditions after they return back. We believe that practical implementation of the further modernization of manufacturing and technological base for innovative development of Georgia should be achieved by immigration on highly-qualified people and getting the education system oriented on the labor market. Their knowledge, intellect and experience should be widely applied in educational sector (training and retraining of specialists), as well as for practical implementation and commercialization of fundamental scientific research. For increasing intellectual potential as a strategic resource of the country, it is important not only to get back the scientific staff that has left the country but to attract young, highly-qualified specialists as well and provide state support to ensure their rapid adaptation and full integration with local conditions.

Georgia's involvement in the global migration processes has significantly increased. As noted in the Migration Strategy of Georgia 2016-2020 adopted by the State Migration Commission in 2015, migration is becoming an increasingly important aspect in shaping the country's socio-economic, cultural, political and demographic outlook. Effective management of migration is one of the prerequisites for ensuring security and long-term stability of the country; it is also an important tool for getting closer to the European Union and encourages the utilization of migration potential in socio-economic development of the country. Therefore, properly planned policy and steady improvement of the efficiency

of migration management is one of the priorities for the Government of Georgia. However, despite such an ambitious goal and the fact that this strategy is the 3rd government document since 1997, it does not provide current migration management mechanisms which ensure full involvement of the country in international integration processes, returning of the citizens of Georgia and development of the reintegration supporting mechanisms to promote decent employment, reduction of the number of unemployed and overcoming the lack of qualified workforce. In the modern world there is no uniform approach to management of migration processes and it depends on individual decisions of particular countries. The analysis of the best practices of approaches to global migration processes shows that regulation and management of migration is determined individually depending on the level of economic development of the country and the challenges they face. Therefore, we consider that a migration policy that will encourage development of business, attraction of foreign investments and economic development of the country should be developed in Georgia. Otherwise, a migration policy developed like the migration policy of any other foreign country will provide negative consequences.

Conclusions

At the current stage of globalization of the world economy, international migration of population and labor resources is an important factor for economic, social and demographic development of Georgia. Due to the influence of international migration processes, an extremely unfavorable situation occurred in Georgian in the field of reproduction of human resources, which is primarily reflected in the reduction of the number of population. This will create serious problems in the future of provision of Georgia with local labor force. In order to eradicate the negative consequences of international migration process, it is necessary to develop in the country effective migration policies.

Challenges caused by the international migration processes should be used to accelerate the socio-economic development of the country, development of quantitative and qualitative characteristics of human capital, the main growth and wealth factor of the country, in accordance with modern technological and communications challenges and changes. For ensuring enhancement of international competitiveness of country, state migration policy should be oriented at the development of human capital.

The efficiency of the migration policy developed by the state will increase only if it is based on the marketing of human factor; in particular, the labor market marketing, which refers to drawing up a multi-optional forecast on the volume and structure of the workforce market based on collecting and analyzing the information about the demand for the labor, and then development and implementation of the measures for efficient utilization of human resource. Only through such a multi-dimensional labor market-based

migration policy it is possible to implement the task, which is a priority for our country - to improve the qualitative and quantitative characteristics of human capital and ensure innovative, long-term social-economic development and uninterrupted economic growth of the country in this way.

Migration policy and management of migration processes should encourage development of business, attraction of foreign investments and economic development of the country should be developed in Georgia. Otherwise, a migration policy developed like the migration policy of any other foreign country will provide negative consequences.

References

- ZUBIASHVILI T., (2014). Experience of Some Countries in Regulation of International Labour Migration. Problems of Demography and Sociology. Collection of works. Tbilisi
- ZUBIASHVILI T., (2014). Forced Migration in Georgia and its Social and Demographic Consequences. Refereed International Journal: Humanities and Social Sciences Review, Volume 03, USA. <http://www.universitypublications.net/hssr/0303/html/V4Z359.xml> 2.
- ZUBIASHVILI T., (2015). Contemporary Migratory Situation Georgia, International Journal of Multidisciplinary Thought, 5(04):25–32 (2015).
- TUKHASHVILI M., (2018). Retrospective Comprehension of Post-Soviet Georgia's Population Migration http://sciece.org.ge/newsite/bnas/t12-n1/28_Tukhashvili.pdf
- TSARSIDZEM., (2016). Labor Market and Migration in Georgia, https://www.researchgate.net/publication/317033036_Labor_Market_and_Migration_in_Georgia
- The State of Migration in Georgia (2015). http://migration.commission.ge/files/enigma-state-of-migration_e_version.pdf
- Migration Strategy of Georgia 2016-2020. http://www.migration.commission.ge/files/saqartvelos_2016-2020_ww._migraciis_strategia.pdf
- Migration's impact and opportunity (2017). <https://www.mckinsey.com/featured-insights/employment-and-growth/global-migrations-impact-and-opportunity>
- Global Migration Indicators. 2018. https://publications.iom.int/system/files/pdf/global_migration_indicators_2018.pdf
- The 2017 Migration Profile of Georgia (http://migration.commission.ge/files/migration_profile_2017_eng__final_.pdf)
- Migration Strategy of Georgia 2016-2020. http://www.migration.commission.ge/files/saqartvelos_2016-2020_ww._migraciis_strategia.pdf
- Welfare Monitoring Survey (2018). <https://www.unicef.org/georgia/media/1051/file/WMS.pdf>
- World Migration Report (2018). International Organization for Migration. <https://www.iom.int/wmr/world-migration-report-2018>
- <https://gmdac.iom.int/global-migration-data-portal>
- <https://gmdac.iom.int/>
- <http://www.weforum.org>
- <http://www.geostat.ge>
- <http://mra.gov.ge/eng/static/8769>

<http://gov.ge>.

<http://www-wds.worldbank.org>