



Rustavi Labor Market Research

2020

The report was prepared by the Rustavi Innovation Hub in cooperation with the MEPCO - International Advisory Center of Municipalities, within the framework of the project 'ACROSS - Actions of Innovative Urban Support Scheme for Economic Growth'.

The project is implemented with the financial support of the Czech-UNDP.

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Introduction

Rustavi Innovation Hub together with partner organization MEPCO - International Advisory Center of Municipalities, and financial support of Czech-UNDP, is implementing the project 'ACROSS - Actions of Innovative Urban Support Scheme for Economic Growth'. The goal of the project is to create an inter-sectoral network of cooperation between the private, public and educational sectors to promote youth employment and reduce unemployment.

The high level of unemployment in the Kvemo Kartli region, as well as throughout Georgia, is one of the main challenges for the economy, accordingly, reducing unemployment is one of the priorities of the country's economic policy in the coming years. However, further development and growth of the private sector is the most effective mechanism for reducing unemployment. In order to implement an effective economic policy to reduce unemployment and increase employment, it is important to analyze the components of unemployment and employment, both in terms of supply and demand.

The main determinant of unemployment is the imbalance between the demand for labor and its supply, which must be eliminated by providing reliable information on current and expected changes in labor market. Labor market research is an important prerequisite for employment and business efficiency, as the planning of workforce vocational training, development of vocational training programs should be based on information obtained from labor market research.

The main goal of the present research is to study the demand for professional knowledge and skills of the workforce in Rustavi from the employers who cooperate with the inter-sectoral cooperation network created by the Rustavi Innovation Hub; finding information on the attitudes/needs of employers at the labor market, studying the difficulties associated with attracting labor and assessing the level of satisfaction of employers with the qualifications of the staff. The information obtained is provided to stakeholders: government agencies, employers, job seekers, educational institutions, various research, donor and international organizations.

Key Findings

The labor market research of Rustavi city gave us a clear picture of the trends at the local labor market. In particular, the survey of organizations revealed labor shortages, priority economic areas and existing and potential employment opportunities, demanded professions in the labor market and the level of education demand by employers, according to positions.

The field of activity of most of the businesses participating in the research is industry/production and services. The interviews revealed that the vacancies available at the organizations demand both higher and vocational education; companies are actively using method of locally training the new, inexperienced employees and have introduced internship practices. For many organizations, internship is a traditional method of recruiting.

As a recruitment method, local companies also cooperate with vocational schools, but in the process of finding new staff, they mainly use recommendation method. It should also be noted that in the case of big organizations, three-stage system of personnel selection is established, which includes receiving/sorting applications, testing selected candidates and interviewing short listed ones.

As for the problems of finding new employees, most often employers face a lack of staff with relevant knowledge. In terms of filling vacancies, some organizations complain of labor shortages as it is difficult to find qualified staff in some professions. On the contrary, some of them have fewer applications, hence the number of people willing to take the job. In some cases, job seekers are asking for a higher salary than the company is determined to pay.

The research revealed: the need to bring educational programs in line with the requirements of the labor market; important role of active involvement of the private sector in the development of vocational education curricula; also, the need to introduce cooperation between the private sector and vocational schools and the need to promote vocational education among young people.

Methodology

In order to study the needs of the Rustavi labor market, in August 2020, the Rustavi Innovation Hub, conducted a survey of businesses in the city using an interview method. The study involved 20 companies that collaborate with an inter-sectoral network created by the hub.

As a research tool was used a structured questionnaire with open and closed questions.



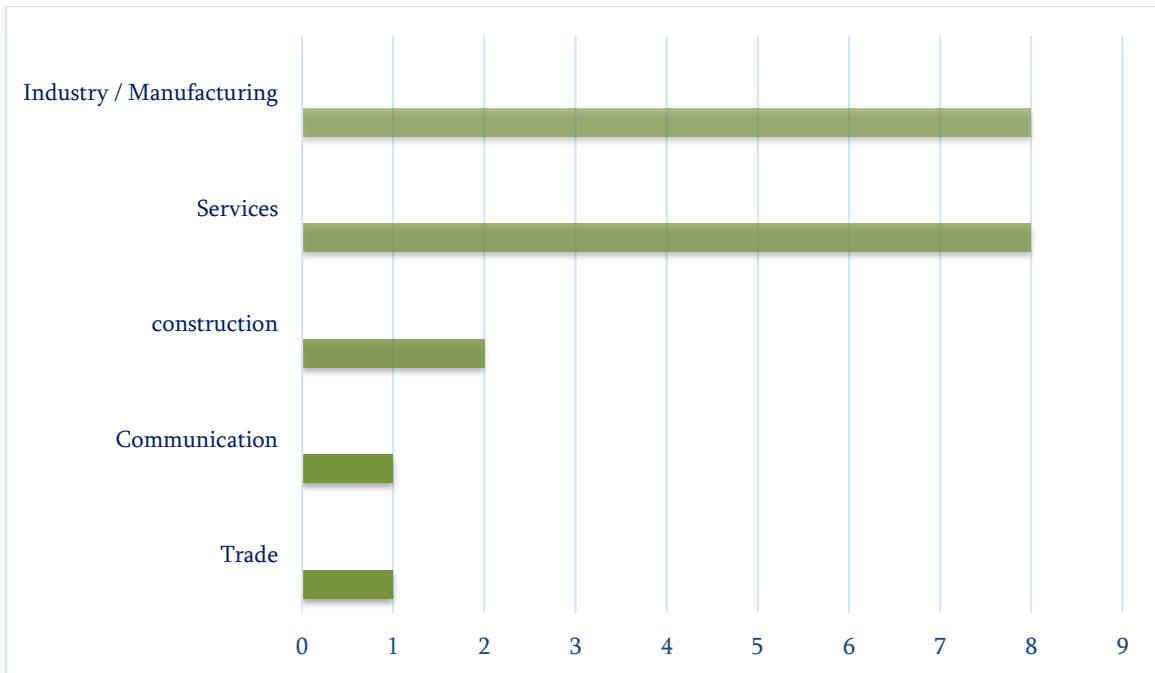
Description of the research



Organization’s field of activity

The field of activity of most of the businesses surveyed is industry / manufacturing and services. The profile distribution of the organizations is presented in Figure #1.

Figure 1: Organization’s field of activity

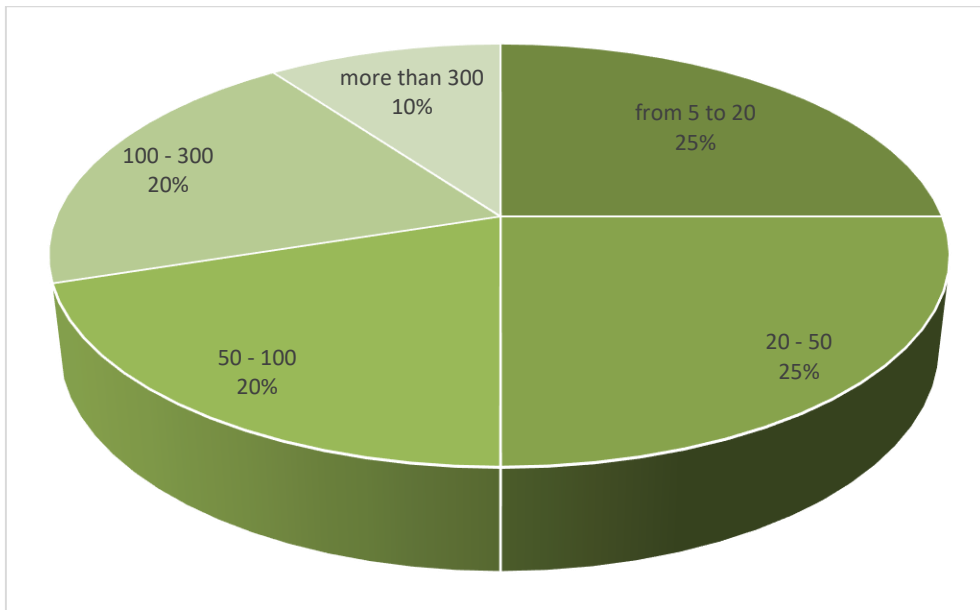




Number of employees

The number of employees in the respondent companies is presented as follows:

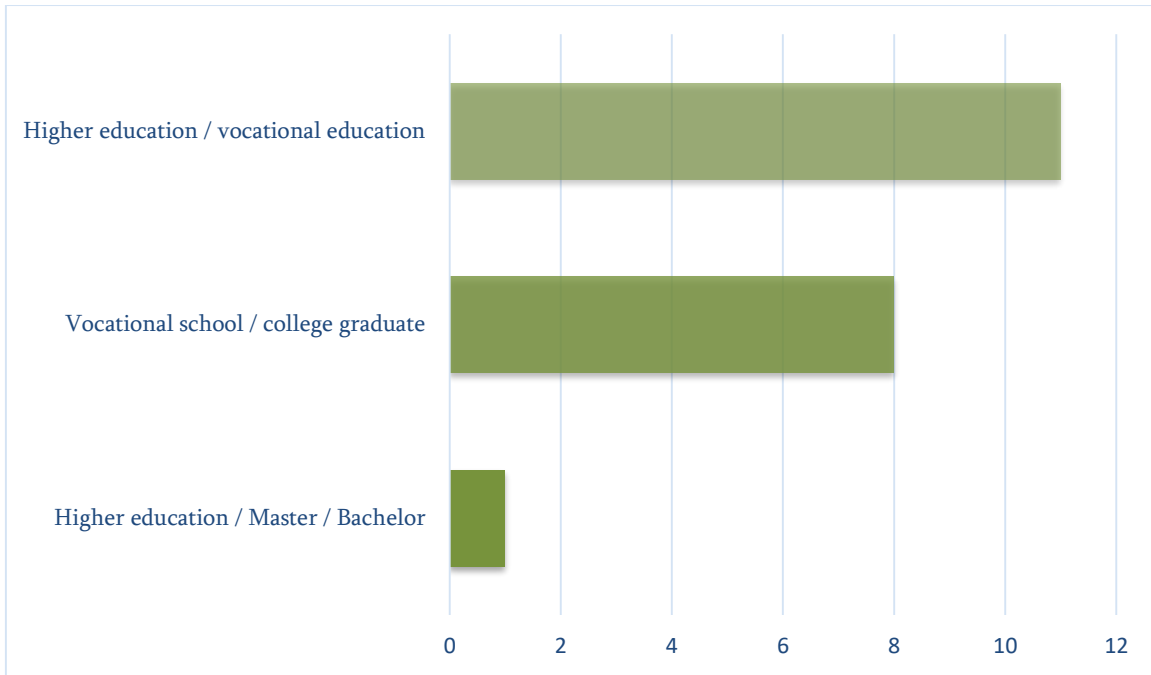
Figure 2: Number of employees in the organization



Vocational and higher education

Answering the question 'Most of your positions in the company require vocational or higher education', most companies replied that their organization requires both higher and vocational education. Also important is the number of companies which mostly require vocational education and few which hire only professionals with higher education.

Figure 3: Most of your positions in the company require ...?



The surveyed companies mainly employ people with the following specialties:



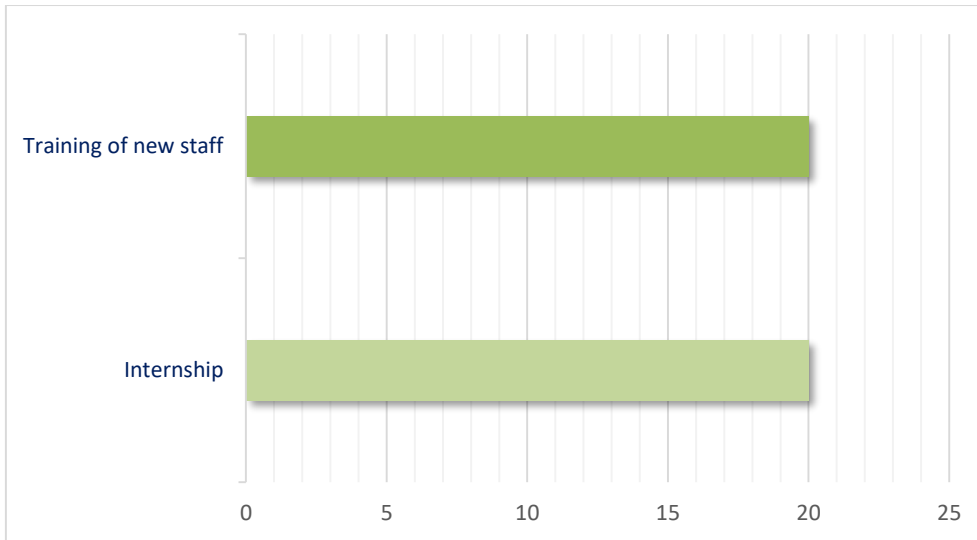
Engineer, constructor, marketer, human resources specialist, public relations specialist, electrical engineer, microelectronics engineer, cook, stylist, bartender, waiter, accountant, auditor, painter, IT specialist, welder, plumber, plasterboard installation specialist, locksmith, electrician, craftsman, labor safety expert, lawyer, financier, architect, quality control expert, driver, environmentalist, security guard, builder, manager, electric welder, chemist, mechanic, hoistman, metalworker, food specialist, hotel management specialist.



Training / internship of new staff

Regardless of the question of whether companies are willing to 'hire inexperienced staff with the prospect of further training', all 20 companies replied that such practices have already been successfully implemented.

Figure 4: Training / internship of new staff



Also, all 20 companies replied that they have already introduced on-site internship practices or are ready to give to interested specialists to use such an opportunity.



The process of attracting new employees

Regarding attracting of new employees, companies mainly practice method of recommendation, also, quite often is used method of finding staff through online applications, like special web pages and/or social media, and collaboration with vocational schools.

In the presented questionnaire, the respondents had the opportunity to name several methods of finding staff. The results are the following:

Figure 5: What method do you use to find new staff?

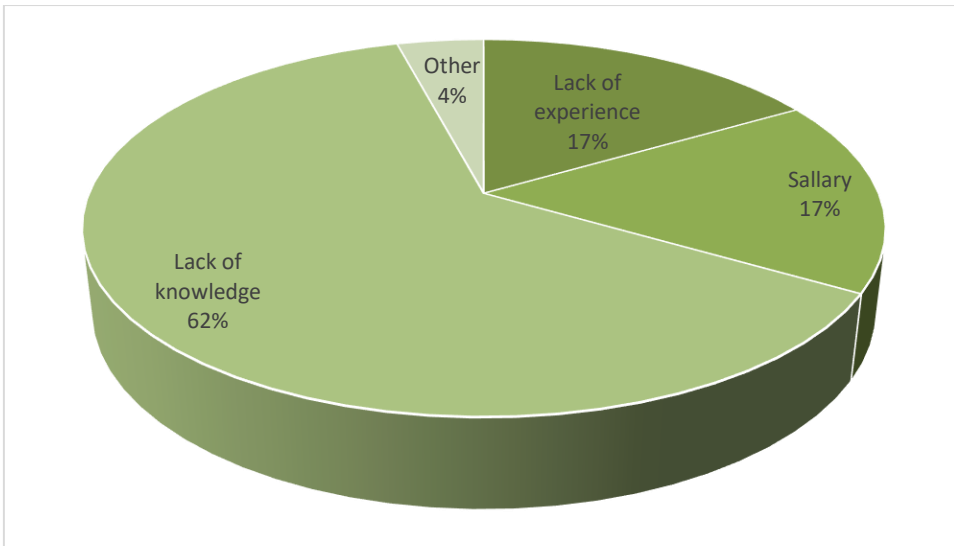




Barriers in the process of hiring new employees

In the process of hiring new staff, the companies surveyed most often face a shortage of staff with relevant knowledge. Lack of experience and required wages are also a problem. Among other problems was named the inconvenient location of the enterprise for job seekers.

Figure 5: What barriers do you face in the process of hiring new staff?





Surveyed
organizations

1. Ltd. Basalt Fibers
2. Ltd. Microelectronics
3. Ltd. Sanitary
4. Ltd. DelFood
5. Ltd. FourSepals
6. Social enterprise 'Cafune'
7. Ltd. BM Service Group
8. Ltd. Atom Electronics
9. Ltd. Buildmore
10. Ltd. RUSALLOYS
11. Ltd. City Plumber
12. Geosteel LLC
13. Ltd. Construction
14. Ltd. GBG
15. LLC KANO
16. Business Center Hotel Rustavi
17. Ltd. Carriage Building Company
18. Ltd. Poladkonstrukcia
19. Ltd. Khurotmodzgvari
20. Central Georgian Communications

Additional information about Rustavi Innovation Hub and the project can be found at:
www.hub.org.ge