

The Study of Migration Influence on the Labor Market Structure and Employment in Georgia

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Abstract. The present work is aimed at the study of impact of migration on labor market structure and employment. Migration is a complex, multifaceted and very painful issue for our country. There are two forms of the migration - internal and external, both with its own peculiarities, aims and results. Both may be discussed in positive and negative contents, but taking into account a small scale of population in Georgia, external migration has more negative than positive sides and threats on the sustainable demographic development of the country. To identify the internal migration impact, we have used the official statistic information from National Statistics Office of Georgia, also the research materials of the scientific-research grant projects and the Neoclassical theory of migration. We have discussed as well the impact of the external migration on the demographic development of the country and on the employment structure. There are given particulars of the different types of migrants, and the accent is made on Seafarers, specifically are seafarers migrants or not. Research in regard of the seafarers is made on basis of the information of Maritime Transport Agency of Georgia, according which is shown growth of the seafarers employment. Works of Georgian migration and demography researchers are used within the frame of the research.

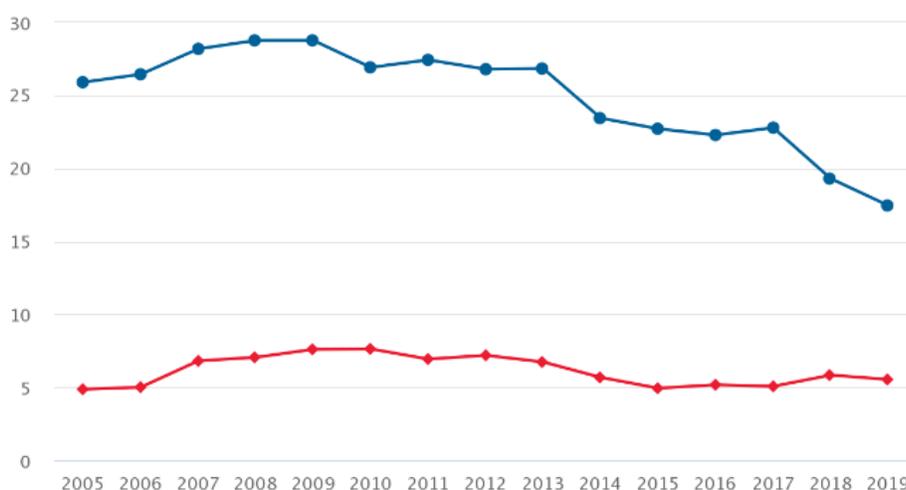
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Migration has made significant changes in social-economic development of country, namely in modification of population social structure and as well in context of the sustainable development of country in general. Internal and external migration processes are sharply defined. Both of them have reasons and consequences, what may cause increase of internal migration or vice versa, increase of external migration. However, according to researches, reversal is rare, what is confirmed in this paper as well. Our goal is to identify the impact of two types of migration on the structure of employment market and employment, also to show what influence can have the uncontrolled migration on sustainable demographic development and how imminent is to have correct migration policy.

According to the geographical structure of the country, population shall be redistributed in such way, to avoid disbalance between Able-bodied population and financial resources. If the most part of able-bodied population is concentrated in cities, especially young population, from one side it

may cause the increase of unemployment in cities and from the other side, it hinders the sustainable development of mountainous regions, because economically inactive population is less involved in the production process. Diagram 1 shows the level of unemployment in Georgian cities and villages.

Diagram 1. Unemployment rate of Georgian population by city and village (by %)



blue – City; red - village

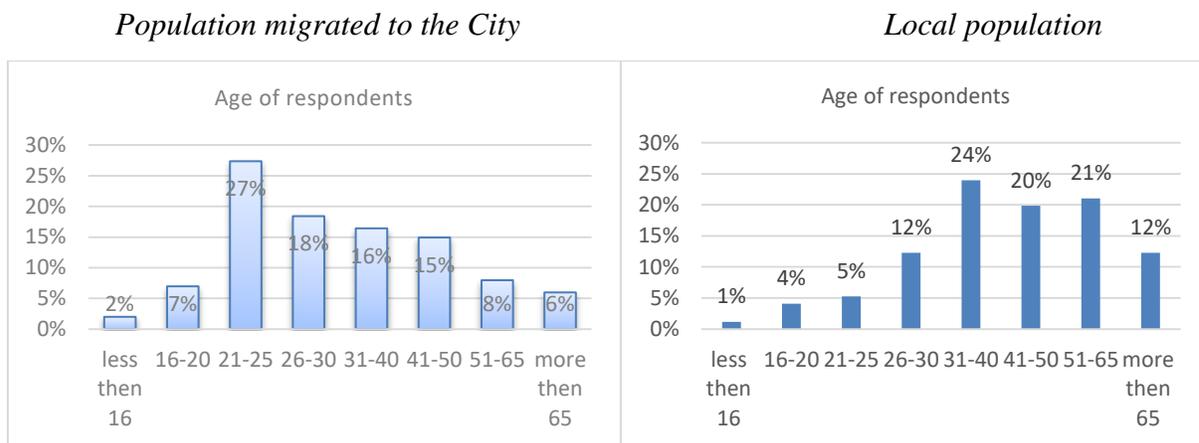
Source: National Statistics Office of Georgia

As we see on the diagram 1, the unemployment range in cities is higher than in villages, what is caused by the reason that in the villages is higher range of self-employed population. In addition to this reason there are other reasons what makes situation, that demand for labor in the city exceeds the supply of labor, such: difficulties of employment in cities, law wages, unskilled workforce. According to these reasons unemployed workforce, hoping for employment, migrates from their cities and regions. In the better case, circular migration is activated in neighboring cities or neighboring countries, and in the worst case, the unemployed population migrates abroad for an indefinite period of time (mainly in the USA and European countries). In 2018, under the leadership of Professor Avtandil Sulaberidze, N. Gomelauri and we studied the circular migration from Adjara to Turkey, which is one of the most painful issues not only in Adjara, but in Georgia in general [2].

Why do people have a migratory need? To clarify this, shall be its meaning. A migratory need is “a condition of a person who needs to change his or her living environment and because of this migrates. Migration needs are driven by different needs, aspirations, goals and values that cannot be met or achieved in a given environment” [1]. Unemployment and a low standard of living (poverty) remain the main causes of migration needs in Georgia today.

In order to research internal migration, we conducted a survey in one of the highlands of Adjara, where we surveyed about 600 respondents through a sociological survey, as well as the population who left the city from the highlands. For the purposes of our scientific article, we present some important conclusions from the above research. Diagram 2 from the results of the mentioned research shows that the majority of migrants are young, economically active, while the rest of the rural population is older. This fact proves that the villages are empty of young people.

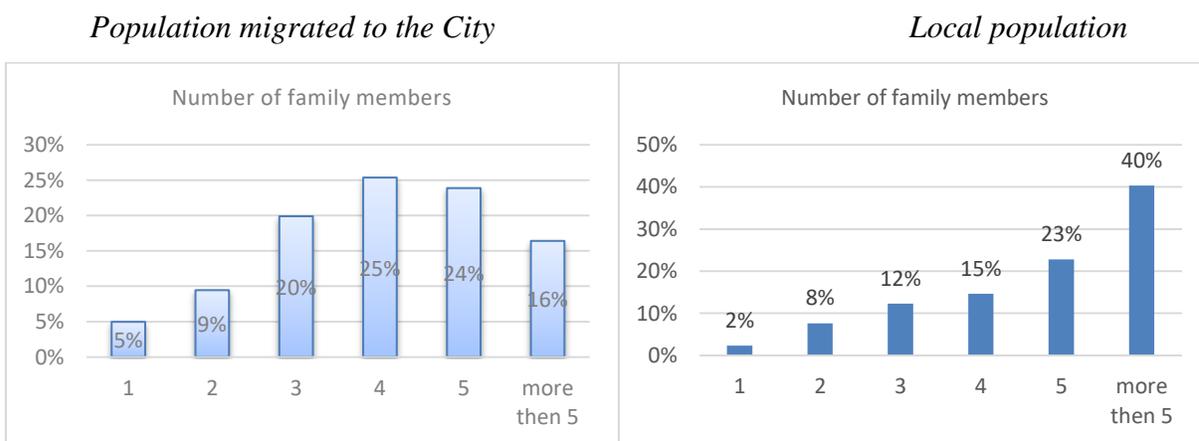
Diagram 2. Age structure of respondents (%)



Source: Targeted scientific grant project of Batumi Shota Rustaveli State University.

Diagram 3 shows us that amount of the family members in families migrated from villages to the cities are lower than in villages, what demonstrates the negative impact of migration on the demographic development of the region.

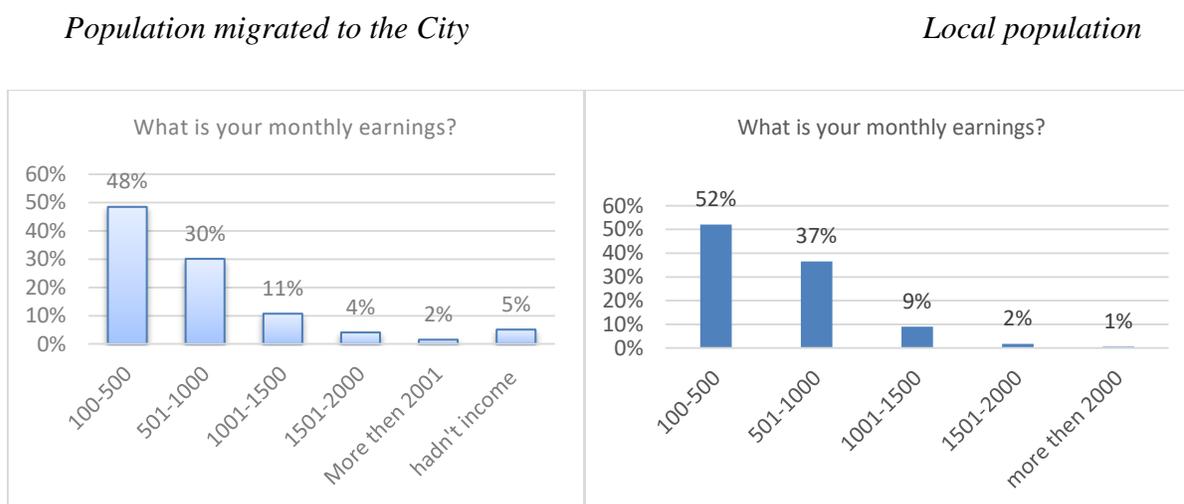
Diagram 3. Change in the number of family members as a result of migration (%)



Source: Targeted scientific grant project of Batumi Shota Rustaveli State University.

Diagram 4 shows a comparison of the monthly incomes of rural residents living in cities and living in rural areas. Comparing the incomes of these two target groups, it was found that the incomes of both of them mainly range from 100 to 500 GEL. Income from 501 to 1000 GEL (37%) is more in rural areas than in population migrated in urban areas (30%). If we take into account the fact that according to Geostat data, the average monthly nominal salary in Adjara is 866 GEL (2018), it turns out that the number of people in rural areas who can receive a nominal salary or more is higher. It is also important to note that most of the rural respondents are producers of various agricultural crops, which in addition to selling, they use for their own consumption, also have cattle, the product obtained from them is also usable for their own consumption, in other words, if the urban population is buying agricultural products, rural people bring the same products themselves and the amount they do not spend on food can be counted as income received in natural form. Therefore, the monthly income for the rural population is much higher than for the urban population. If we also take into account that various benefits apply under rural law (utility, tax, salary supplements), it turns out that the monthly expenses are also lower than those of the urban population" [3].

Diagram 4. Monthly household income (%)



Source: Targeted scientific grant project of Batumi Shota Rustaveli State University.

From all above mentioned we can conclude, that insufficient income may be one but not the determining factor in meeting migration needs and changing migratory attitudes².

“Respondents name the main reasons for internal migration: First - the desire to get higher education, which causes young people to migrate from the village to the city of Batumi. Employing

² Migratory mood - a person's readiness for psychophysical activity aimed at meeting the needs of migration.

while studying here forces them to give up the prospect of going back. Secondly - there is an unfavorable ecological situation. The third reason is the lack of access to health care. One of the respondents adds that “there is only one medical point in Skhalta gorge, while the area of Skhalta is about half of the whole Khulo municipality”. The fourth reason is “absence” of jobs. There is another problem with education, which contributes to the growth of internal migration. Due to the fact that with education received at school is not enough to be enrolled in a higher university, there is a need of an additional training. Lack of such additional preparatory courses leads to their migration to city, resulting in the emptying of villages. “The attitude towards the return of those who are already in the process of internal migration also deserves special attention. Most of the respondent’s state that they do not intend to return in the near future, as the situation there has not changed and is unlikely to change. And those who states that they do not know yet how they will act, during a relatively long and in-depth interview, we get the same answer and name the same reasons we had in the previous case" [3]. No less important issue for our country with external migration, during which the population moves outside the country, or migration from outside the country.

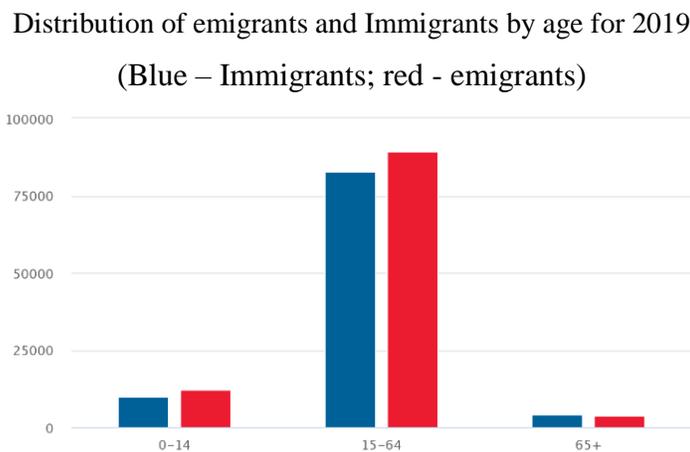
The theory of external migration dates back to the 19th century. There are various theories of external migration: New Economics Theory of Migration, Migration Transition Theory, World Migration Systems Theory, Neoclassical Migration Theory, Dual Labor Market Migration Theory, Family Migration and Migration Selectivity Theory. We have derived Migration New Economics Theory, according to which people make the decision to migrate in groups, in agreement with the family, and the main motive for such a decision is to increase their family income and reduce the risks of market failures typical of developing countries. Later, 1970-1980 years, contemporary researchers have developed a new neoclassical theory of migration, according to which, “countries with a high share of labor compared to capital are characterized by lower market wages, countries with a low share of labor relative to capital have higher market wages. These income disparities are forcing workers to move from low-wage to high-wage countries" [1].

The strategic document defining the migration policy was first created in Georgia in 1997. This document was mainly declarative in nature and did not specify a specific action plan. In the following years (2013-2015) it was revised, with an action plan and institutional development of migration management mechanisms. "The Strategic Document defining the migration policy for 2016-2020 is the third document, which is based on the results achieved in recent years in the field of migration management, addresses the existing challenges and establishes mechanisms to deal with them" [4]. This document is of great importance for the proper management of the complex and

qualitatively multi-component migration process. Its goal is “to create a legislative and institutional space for migration management in Georgia by 2020, which will ensure the country to be even closer to the EU; Facilitate the reintegration of returned migrants, using the positive economic and demographic aspects of migration for the development of the country [4].

During the research we have identified statistic information regarding on the distribution of immigrants and emigrants by age.

Graph 1. Distribution of Emigrants and Migrants by Age 2019 (in Thousands)



Source: GeoStat

According to the given graph, a large proportion of emigrants are of working age population. This means that one of the main factors of production - labor, is consumed by the economies of other countries, which is a negative side of migration, with consequent differentiated consequences. We distinguish two of them: the shortage of Georgian specialists on the one hand leads to the employment of foreign nationals in the local labor market, for example, in the construction sector. On the other hand, the constant outflow of economically active population may cause problems in the future if there is a real opportunity to move to a productive economy. (During the pandemic, a new challenge arose to move the country from a consumer economy to a productive economy). Remittances made by the emigrated workforce by electronical transfer shall be considered as a potential of use of emigrants. "According to the World Bank, electronic transfers in Georgia account for about 60-70 percent of all incoming remittances" [4].

While working on migration issues and participating in different studies, arose new idea to research workforce involved in maritime industry, in particular consider seafarers as a migrant or not. There are three types of migrants: “1. Temporary migrants - persons who are temporarily outside their home country; 2. Migrants in transit - persons moving from one country to another through a third

country (countries); 3. Migrant workers - temporary migrants who work in the host country or are willing to work for paid work [1]. From the listed three categories we can consider seafarers to the third – Migrant workers, however according to the various legal aspects of seafarer's employment, their consideration as labor migrants requires clarification of certain specific nuances. In particular, it has to be mentioned that seafarers are employed in high seas on vessels, while migrant workers are based on shore. Seafarers do not have a recipient country, it is a vessel under the jurisdiction of flag state, but this can be changed in certain circumstances, flag state can be changed or an employment vessel. In this regard we have to discuss other nuances as well, in most cases flag state is not owner of the vessel, or there are some cases that shipowner is privat company from one country and crew is employed by the company form other country re4sidence. In addition, seafarers cannot be considered residents of the countries that employ them, as they do not / cannot stay ashore for the time required to obtain residency when entering various ports. Also, in the event of an incident on shore, the incident is legally dealt with under the law of the country where the incident took place and not under the law of the country that is considered to be the official employer of the seafarer. There are more specific legal issues which have to be researched more detailed. According to the above-mentioned reasons seafarers can be considered as a Specific Migrant Workers, whose share of labor in the country's economy may be higher than that of other migrants. We have requested information from GeoStat to clarify this issue. According to the GeoStat position Seafarers can't be considered as migrants, because the reason that they have special passports (Seamans Books) like for example diplomatic servants. But in this case our position is different, because diplomatic servants are living and working in recipient countries, in case of seafarers it is not possible.

We also have requested information from Maritime Transport Agency of Georgia about sefarers amount and their employment. The employment rates of seafarers are quite high, and there is a shortage of specialists in some positions. There are about 12000 Seafarers in Georgia in general and about 9000 from them are employed, but according to the statistics from 2019 only 3444 seafarers from them are employed by Georgian resident companies. The income received from employed seafarers in the Georgian economy is about 180 million US dollars annually.



Source: Maritime Transport agency of Georgia.

The diagram below shows the employment rate of seafarers in the total number of employees by age. The diagram is based on the number of seafarers employed by employers recognized by the Maritime Transport Agency and calculates the percentage of employees in the total employment of the country according to the 2019 data. If we add officially employed seafarers to those, who are not officially registered by the agency, the figures on the diagram will double. It has to be mentioned as well that according to the data from GeoStat from 2017, 2018, 2019 the rate of employment is reducing over the years, but for seafarers employment rate is increasing.

Diagram 1. Seafarers employment

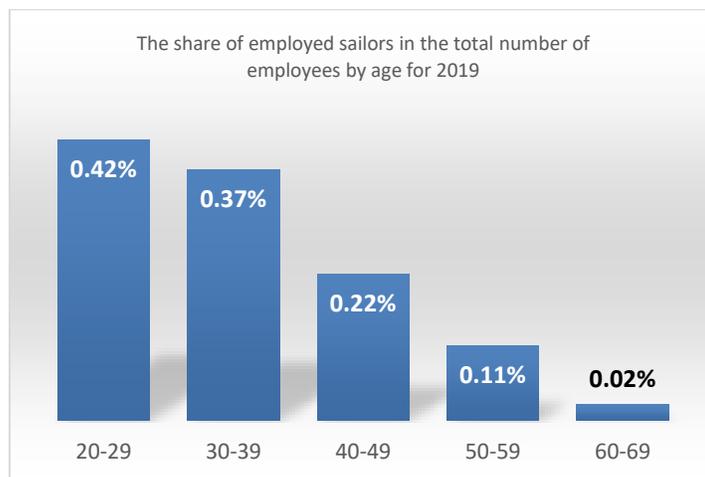


Table 1.

Distribution of employees by types of economic activity (Nace rev. 2), 2017-2019

	A thousand		
	2017	2018	2019
Total:	1 706,6	1 694,2	1 690,2
Rural, forestry and fish farming	735,9	659,0	644,6
Industry	142,0	144,9	139,0
Construction	82,8	99,0	102,0
Wholesale and retail trade; Repair of cars and motorcycles	171,6	185,4	197,0
Transport and warehousing	68,8	78,3	82,4
Accommodation and food delivery services	37,3	44,4	49,1
Information and communication	21,3	20,9	19,1
Financial and insurance services	30,7	33,8	30,9
Real estate services	3,0	4,4	3,9
Professional, scientific and technical services	21,6	21,3	19,1
Administrative and support service activities	18,2	21,4	22,5
State governance and defense; Mandatory social security	88,3	91,5	93,7
Education	156,4	155,4	154,2
Health and social services	66,8	65,4	60,6
Arts, Entertainment and Recreation	26,4	28,5	30,1
Other services	20,7	20,1	22,2
Activities of households as employers; Production of undifferentiated goods and services by households for their own consumption	14,2	19,4	18,0
Activities of extraterritorial organizations and bodies	0,5	1,1	1,4
Unidentified	0,2	-	0,4

Conclusion

In conclusion, the study of the impact of migration on the labor market and employment is imminent importance, since labor is one of the main factors of production. Both internal and external migration, for its many reasons, can significantly hinder the socio-economic development of our country. One of the main measures to stop internal migration is to ensure the economic stability of the population and to raise the standard of living in the villages and districts, so that the working population is less concentrated in the big cities. Although the main reason for migration is the lack of income in the highland regions, according to our research, the population is no less worried about the problem of improving living conditions. The main reason for the migration of young people is to live

in better conditions. The determinants of external migration are similar to those of internal migration. According to studies, there are cases when people from rural areas do not settle in the city and often leave the country for work illegally. (Going legally is associated with costs, which in most cases potential migrants do not have) We think that in order to stop migration, it is necessary to develop production, create jobs where both highly educated and professionally educated people will be employed. On the other hand, it will stop emigration to some extent. In general employment, it is important to promote the employment of seafarers as labor migrants of a specific nature. Nowadays, more and more young people are interested in the profession of a sailor, as employment in the maritime sector is a guarantee of high wages. High income, is a prerequisite for the financial stability and better life of each family, which also generates new cash (investment) flows in the Georgian economy and stimulates it.

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