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LABOR MARKET STUDY TO IDENTIFY THE MOST IN-DEMAND VOCATIONS IN ADJARA, GURIA, IMERETI, KAKHETI AND RACHA-LECHKHUMI AND KVEMO SVANETI

Labor Market Study to Identify the Most In-demand Vocations in Adjara, Guria, Imereti, Kakheti and Racha-Lechkhumi and Kvemo Svaneti

Study Report

Prepared by Research and Management Consulting Company ACT

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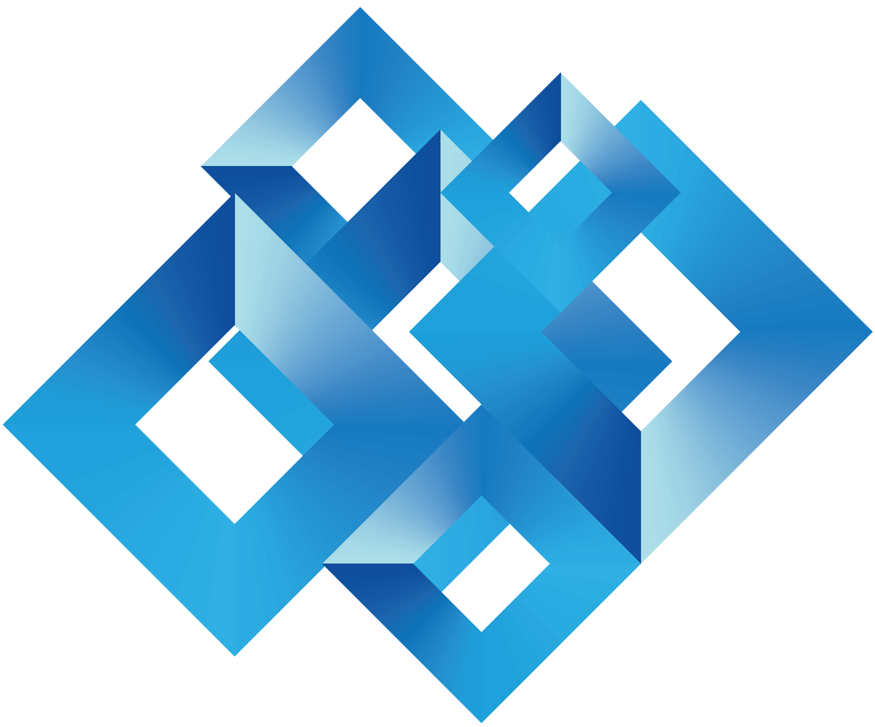
INTRODUCTION

This document represents a study report prepared within the framework of the project Creating Better LLL Opportunities through **Local Partnerships to identify highly competitive vocations in the Tourism and Health/Wellness sectors** and **the most in-demand vocations in the five regions of Adjara, Guria, Imereti, Kakheti and Racha-Lechkhum**i.

Research and Management Consulting Company - ACT.

The background and aim of the assignment, study methodology, main findings and recommendations are represented in the following document.



EXECUTIVE SUMMARY

Key findings

Labor Market Study implemented in the regions of Georgia (Adjara, Guria, Imereti, Kakheti, Racha-Lechkhumi and Kvemo Svaneti) identified that the demand for certain vocations differs by region.

- **In general, service and sales personnel, technicians, and assisting specialists are the most in-demand vocations in all regions.** Assistant/unskilled laborer is the most demanded vocation in Guria (37%), Kakheti (15%), Racha-Lechkumi and Kvemo Svaneti (19%), while the sales specialist and craftsman are the most demanded professions in Adjara and Imereti, 16% and 19%, respectively.
- **As for the tourism sector, cooks (34%), waiters (20%), and hotel service personnel (assistant/housekeeper - 15%) are the most in-demand personnel.**

Low qualification of job seekers, seasonal demand for the workforce, and the jobs seekers being under-motivated are the main barriers for both employers and jobs seekers. Relevant experience (48%) and work experience in general (34%) are the main criteria employers apply when recruiting personnel.

It's easier to get a job in the tourism sector, compared to the other sectors in Georgia. Less than 15% fewer respondents have problems with the recruitment process in the tourism sector (27%), compared to the respondents who seek employment in general (42%).

Lack of knowledge of a foreign language is one of the main barriers in the recruitment process, according to the employers. Potential employers assessed knowledge of the foreign language at 3.9 points out of 10. Guria is the most challenging region with 3.6 points, compared to Imereti (5.1 points). Cooperation of the vocational education institutions with the language centers could help to overcome this challenge.

The motivation of potential employees is often more valued from the recruiter's perspective, compared to knowledge and experience. Moreover, surveyed employers reported that basic knowledge of the foreign language and motivation could be enough for an applicant to be hired.

Social/personal contacts of the recruiters help to substitute online job portals, especially in the regions. According to the survey, social/personal contacts account for 74% of the employment in the health/wellness sector and 71% in all sectors. In general, only a fifth of surveyed employers (23%) use internet portals. However, this index increases in the tourism and health/wellness sector to 47%.

Vocational Education and Trainings (VET) are often undervalued by employers. Which could signal the low-quality education provided by the vocational education institutions or a lack of confidence from the private sector.

There is almost no cooperation between vocational education institutions and the private sector, in terms of employment. In general, only 3% of the surveyed companies cooperate with vocational education institutions. However, this number increases to 16% in the tourism/wellness sector.

The country could experience a lack of a professional labor force within the next 2-3 years and the expected demand for workforce in the tourism sector surpasses the other sectors. 26% of the surveyed companies indicated that they will need a professional workforce in the next years. This number increases to 45% in the tourism sector.

Agriculture and tourism are the main two sectors that have a higher potential in terms of regional development and need to be supported by vocational education institutions, employers, and the general public. Every region is capable of having different potentials in agriculture and tourism but all regions are distinguished by a high potential for **agro tourism development**.

Recommendations

Joint action of the private sector and vocational educational institutions should be established to address the challenges of the unskilled labor force. Efforts of the separate vocational education institutions to collaborate with the private sector are not sufficient and there is a need for a unified approach focused on raising the awareness of the private sector.

Granting the right to vocational education institutions to carry out economic activities could be an important step toward empowering vocational education Institutions and increasing the accessibility of diverse services for local communities.

the promotion of vocational education is one of the central issues along with strengthening vocational education institutions and the proper utilization of different potentials in the regions. **Effective mechanisms that can promote vocational education include:**

- **Awareness-raising campaigns** and promoting vocational education success stories through TV and social media;
- **Internationalization of vocational education** institutions and implementation of exchange programmes to increase opportunities for cooperation with VETs outside the country and to benefit from international collaboration;
- **Active cooperation with schools** to provide necessary information on vocational education. Ongoing projects of cooperation could help to create best practices and spread all over the country.

The actions required to strengthen regional development, including local business development, which in turn will increase the demand for specialists with vocational education, could include:

- **Increase access to finance** by transferring economic assets owned by the state to the municipalities and supporting privatization.

- **Decentralization of the regions.** Instead of centralized management, it is important for municipalities to have access to finance and implement economic projects on the municipal level.
- **Development of regional statistics.** Presenting statistical data that reflects the main social-economic situation in the municipalities.
- **Analyzing the comparative advantages of each region,** developing investment guidelines, and outlining the investment opportunities.
- **Infrastructure projects should be prioritized** to enable timely and comfortable travel for tourism, creating logistical centers (warehouses) and increasing the capacity of cross-border trade.

All these actions will create new jobs and, among other things, increase the demand for vocational skills. Accordingly, the interest of local businesses in cooperation with VETs could increase.

1 BACKGROUND

The programme of “Creating Better Life-Long Learning Opportunities through Local Partnerships (CBLLL),” implemented by the United Nations Development Programme (UNDP), addresses the employability-related obstacles of the most vulnerable cohort of Georgia’s population, youth, and physically or socially disadvantaged people. The project complies with the overall objective of the programme by addressing human capital development, with a focus on the creation of accessibility to new educational services and quality development of vocational education and training provision.

The leading components of the project are accessibility, quality and the relevance of skills to labour market needs, taking into consideration new realities such as safety requirements caused by COVID-19. The project aims to increase three different types of accessibility: geographical, by developing new VET provision spots in non-covered municipalities; social, through the creation of new opportunities for early school leaver vulnerable groups to finalize their basic education level through catch-up courses and access the VET system; and physical, by developing digital/blended learning opportunities for all with a focus on people with special needs and those who cannot regularly attend the learning process.

The project also aims to strengthen service quality, which will be achieved by two types of interventions: Institutional strengthening – Capacity building of the managing teams in stakeholder institutions, as well as support to VET providers in introducing the Entrepreneurial School Model and the establishment of Sectorial School Networks, including peer-learning; and Multiplier strengthening – the training and coaching of teachers, trainers, professional associations, and youth workers to improve service quality and transfer knowledge, including on safety requirements against COVID-19 in education and employment. Labour market relevance is aimed to be achieved by increased employability of youth and vulnerable groups, to enhance and match their skills with a dynamic labour market. All the activities of the project are based on 4 cross-cutting principles: Gender Equality, Inclusion, Environmental Protection, and Partnership.

In order to create the basis for this involvement, UNDP sought to conduct a labour market study. The study assessed the needs and revealed the readiness and availability of resources for providing these vocations locally. The municipalities are in the regions of Adjara, Guria, Imereti, Kakheti and Racha-Lechkhumi. The project identified highly competitive vocations in the tourism and health/wellness sectors and most in-demand vocations in the target municipalities through labour market study.

2 STUDY METHODOLOGY

The purpose of the study is as follows:

A Identification of the most in-demand vocations in the target municipalities of Adjara, Guria, Imereti, Kakheti, and Racha-Lechkhumi; namely, ***Oni, Tsageri, Lentekhi, Sachkhere, Tkibuli, Ozurgeti, Kvareli, Dedoplistskaro, and Batumi***; and expected general sectorial development trends;

B Identification of highly in-demand vocations in the tourism and health/wellness sectors in the target municipalities; namely, ***Ambrolauri, Batumi, Kobuleti, Kutaisi, Ozurgeti, Telavi, and Kachreti;***

C Study local VET actors' skills and knowledge in the most in-demand vocations in the tourism and health/wellness sectors – ability, gaps, and readiness to provide the identified vocations locally;

D Identification of local skills, knowledge, and competences needed for introducing digital learning and blended learning in the tourism and health/wellness sectors in selected VET institutions. Assessment of local needs for resource provision.

The study revealed geographically specific issues for municipalities in the target regions, studying what the most in-demand vocations are in *Oni, Tsageri, Lentekhi, Sachkhere, Tkibuli, Ozurgeti, Kvareli, Dedoplistskaro, and Batumi*. Additionally, under aims B, C and D, the most in-demand vocations in the tourism and health/wellness sectors were studied in *Ambrolauri, Batumi, Kobuleti, Kutaisi, Ozurgeti, Telavi, and Kachreti;* also, it analyzed what types of vocational qualifications and programmes are in place and in demand, what types of vocational programmes are relevant in a particular municipality in these two sectors, and what type of educational strengthening is relevant in a particular municipality. Additionally, it demonstrated perspectives for introducing the most in-demand vocations in the target areas, as well as the availability of skills, knowledge and resources needed for providing digital learning and blended learning in the tourism and health/wellness sectors.

In order to address the research objectives, ACT used a triangulated approach involving primary and secondary data analysis (desk research) through quantitative and qualitative research methods. The quantitative segment was based particularly on a mixed interviewing technique (telephone and face-to-face) as a data collection instrument. In addition, ACT used a telephone interviewing system (CATI) for quality control activities. As for the qualitative study, key informant interviews (KIIs) and focus group discussions (FGDs) with relevant groups and/or stakeholders were conducted.

The study utilized both primary and secondary data sources:

Background Research/Desk Review (DR) was conducted through a desk review of the relevant studies in Georgia using available secondary information and including the examination and review of relevant studies in Georgia.

Primary Research was concentrated on both the quantitative and qualitative methods (such as Key Informant Interviews, and Focus Group Discussions with relevant groups and/or stakeholders).

2.1. Purpose 1. Labour market study will identify the most in-demand vocations in Oni, Tsageri Lentekhi, Sachkhere, Tkibuli, Ozurgeti, Kvareli, Dedoplistskaro, Batumi

Within the framework of Purpose 1, ACT used DR, as well as qualitative and quantitative study methods. To identify general sectorial development trends, relevant documents were analyzed. In addition, specific information was utilized based on the Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs).

The target segment for qualitative study was identified as follows: vocational education institutions, the Ministry of Regional Development and Infrastructure, local education entities, youth organizations, business associations, civil society organizations, local businesses, companies having contracts on the implementation of infrastructure development or other works with state and/or municipalities, employment centers, and the local population.

Under Aim 1, a total of 40 KIIs and 5 Focus Group Discussions (FGDs) have been conducted. Specifically, the respondents for KIIs were as follows:

- Vocational Education Institutions (one per region);
- Ministry of Regional Development and Infrastructure (MRDI);
- Ministry of Education and Science (MES);
- Vocational Skills Agency;
- Business associations;
- Representatives of Administrations of the State Attorneys (one per region);
- Local Education Entities (one per region);
- Youth organizations/Civil Organizations (one per region);
- Employment Centers (one per region);
- Local businesses and companies having contracts on the implementation of infrastructure development or other works with municipalities (one per municipality).

For local businesses, as well as companies having contracts on the implementation of infrastructure development or other works with municipalities, the list of companies provided by the client also was used.

TABLE #1. DISTRIBUTION OF KIIS

N	Respondent	#of KIIs
1	Vocational Education Institutions	4
2	Ministry of Regional Development and Infrastructure	1
3	Ministry of Education and Science / Vocational Skills Agency	2
4	Business Associations	2
5	Representatives of Administrations of the State Attorneys	5
6	Local Education Entities	4
7	Youth organizations/Civil Organizations	5
8	Employment Centers	4
9	Local Businesses/Companies having contracts on the implementation of infrastructure development or other works with municipalities	13
	Total	***40***

As for the population, the discussions have been conducted with young people, aged 18-26. As the desk review revealed, nearly half of graduates of vocational education institutions fell into this age group (46%) in 2021. FGDs were mixed. Namely, current students, as well as graduates of the local vocational institutions, were invited to participate in the discussions and one FGD have been conducted in each region. Participants of the discussions were invited from the target municipalities. Thus, a total of 5 FGDs have been conducted.

As for the quantitative study, a total of 360 interviews have been conducted with local employers. For identifying the priority sectors of the regions, ACT used two main criteria: (1) Number of Employees per sector, and (2) Turnover per sector.

Considering the initial goal of the research – study of the labor market in priority sectors – at the initial stage, the priority sectors were identified for each region. ACT used two criteria for these purposes. Particularly, (1) the amount of employees in accordance with the sectors for year 2020, and (2) the annual turnover in accordance with the sectors for the year 2020.

The criterion for evaluation was the share of the number of employees in the sector for the total number of employees in the region. The same approach applies to the annual turnover. Thus, the higher the number of the employees or the share of the turnover according to the relevant indicators of the region, the higher the total estimate.

Scores were awarded according to the following principle: if the share of the employees in the sector is 0-5% of the total number of employees in the region, it is evaluated as “Not important”. “Very important” was awarded to a specific variable in the sector (number of employees/turnover) which accounted for 20% and more in the region. Scores were awarded to both indicators (number of employees and turnover), and results were summarized and appointed relevant meanings *(See in Annex Table#1. Share for total indicators of the region, score, definition of the score)*.

In line with this approach, the following priority sectors were identified in the target regions:[1]

TABLE #2. PRIORITY SECTORS IN THE REGIONS IDENTIFIED BY INDEXING[2]

Sector	Adjara	Guria	Imereti	Kakheti	Racha
Wholesale and retail trade; car and motorcycle repairs	4	4	4	4	3.5
Construction	3	1	1.5	1	4
Manufacturing	2	3.5	4	4	4
Transportation and warehousing	2	0.5	0	0	0
Healthcare and activities of social services	1	0.5	1	0.5	0
Accommodation and food delivery activities	0.5	1.5	0	0.5	0
Art, entertainment, and leisure	0.5	0	0	0	0
Agriculture, forestry, and fish farming	0	0	0	1.5	1
Mining and quarrying industry	0	0	0.5	0	1
Activities related to real estate	0	0.5	0	0	0

For the study sampling, considering legal entities registered in the study's target municipalities, 365 entities were identified as the sampling size. The sampling size was different for each municipality, taking into account the number of registered entities.

The number of the entities that were interviewed during the study made it possible to characterize municipalities and identify in-demand qualifications.

TABLE #3. NUMBER OF REGISTERED ENTITIES, SAMPLING SIZE IN TARGET MUNICIPALITIES

Region	Adjara	Guria	Imereti		Kakheti		Racha-Lechkhumi and Qvemo Svaneti		
Target Municipality	Batumi city	Ozurgeti	Sachkhere	Tkibuli	Dedoflistskaro	Kvareli	Oni	Tsageri	Lentekhi
Number of registered entities	13330	2741	1499	752	704	1086	228	347	206
Sampling size	80	51	50	40	41	40	20	22	21
Total number of sampling	***365 interview***								

[1] **Note:** detailed distribution of the number of employees, turnover, relevant score and total indicators is presented in Annex #1.

[2] **Note:** sectors that are not presented in the list were evaluated with a "0" score in every region, meaning that they do not even play a role in the economic activities of the region, neither in terms of the number of employees nor the turnover.

Considering indexation and the identified priority sectors, only those entities that received a score of 0.5 to 4 in the region were represented in the sampling of entities in the municipalities. However, taking into account that tourism development is one of the country's one main priorities, and the tourism and health/wellness sectors are also a priority for the research project, regardless of the given scores, they were selected in all target municipalities. In particular, the following sectors are included in the results: *accommodation and food delivery activities, transport and warehousing, healthcare and social services, and art, entertainment, and leisure.*

2.2.Purpose 2 and 3. Identification of highly in-demand vocations in tourism and Health/Wellness sectors in the target municipalities

Within the framework of Aim 2, the study identified highly in-demand vocations in the tourism and health/wellness sectors in ***Ambrolauri, Batumi, Kobuleti, Kutaisi, Ozurgeti, Telavi, and Kachreti***. In this frame, the study also identified local VET actors' skills and knowledge in the most in-demand vocations in the tourism and health/wellness sectors – ability, gaps, and readiness to provide the identified vocations locally; and identifies local skills, knowledge, and competences needed for introducing digital learning and blended learning in the tourism and health/wellness sectors in the selected VET institution. An assessment of local needs for resource provision is also provided.

For this purpose, DR, qualitative, and quantitative study methods were utilized.

To identify gaps, knowledge skills, readiness to offer identified programmes, as well as readiness for a digital/blended learning model, a qualitative study method was utilized. Namely, KII and FGD techniques were used. In total, 7 interviews were conducted with local VET actors in each target municipalities, and 2 discussions were conducted with (1) representatives of the tourism sector and (2) representatives of the medical sector.

TABLE #4. DESIGN OF QUALITATIVE STUDY

Qualitative Study		
Technique	KIIs	FGDs
Target Group	Vocational Education Institutions	Representatives of (1) Tourism Sector; (2) Wellness / Healthcare Sector
Study Area	Ambrolauri, Batumi, Kobuleti, Kutaisi, Ozurgeti, Telavi, and Kachreti	Target municipalities, Tbilisi
Sample Size	7 interviews	2 discussions
Sampling Method	Purposive	Purposive
Duration of interview	40-45 minutes	60-90 minutes

In the frame of the quantitative study within Aim 2, the total number of the entities represented in the tourism and health/wellness sector in the target area *(Batumi, Kobuleti, Ozurgeti, Kutaisi, Ambrolauri, Telavi, and Kachreti)* is 2 736. The sampling size for the research was 160 entities *(See in Annex Table #2. Number of entities, sampling size in tourism and health/wellness sector)*.

Two additional filters were defined for both components (Aim 1 and Aim 2) of the quantitative study. In particular, the following entities are the target segments of the research:

- An entity where, in addition to the founder, at least one permanent employee was employed in the years 2021 and/or 2022;
- An entity that plans to continue operating for the next 2-3 years.

The selection principle of the entities was random. At the same time, a portion of the entities was shared by the client. As these employers represent an important segment for the project, they also were included in the list of potential respondents of the study. As for the research respondents, considering the purpose and objectives of the research, the persons responsible for the selection of the employees in the organization were interviewed.

Interviews were implemented with a mixed approach (face-to-face and telephone interviews).

Thus, in the frame of the study, to achieve all identified aims, in total, **525 interviews with employers, 45 KIIs, and 7 FGDs were conducted**.

The database of the study was cleaned using SPSS 23.0 version template procedures and the syntax language. The qualitative data was analyzed with the quantitative data.

3 CONTEXT ANALYSIS

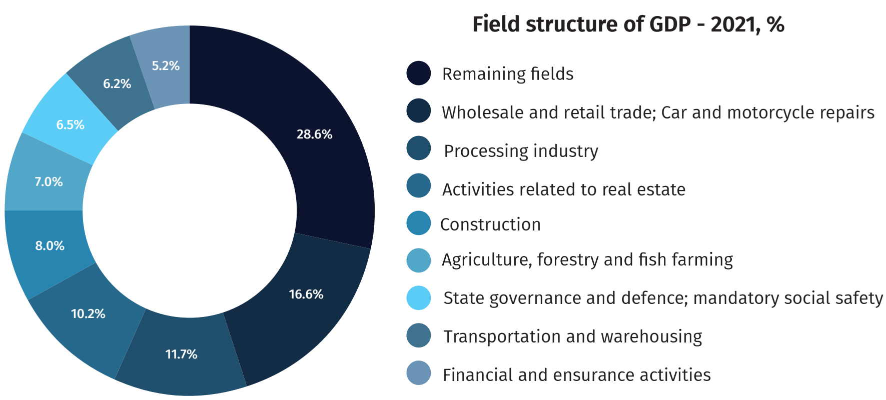
3.1. Tendencies of Economic Development and Tourism Development

Georgia is among developed countries where unemployment is one of the most major problems. In 2021, the unemployment rate reached 20.6% in the country and hence, unemployment being identified as one of the most important problems in various public opinion polls in the country is not surprising. For instance, according to the results of a study conducted by Caucasus Barometer in 2021, the largest group of inquired respondents identified unemployment as the most important problem in the country (35%).[3]

Gross Domestic Product (GDP) was 60.2 billion GEL in 2021. GDP was 49.5 billion GEL in 2020. On a regional basis, the largest portion falls on Tbilisi (50.5%). Out of all target regions of the study, the share is highest in Adjara (8.9%) and the lowest in Racha-Lechkhumi and Kvemo Svaneti (0.6%). As for other target regions, share is 8.4% in Imereti, 5.1% in Kakheti, and 1.6% in Guria.[4]

The field structure of GDP demonstrates that as of 2021, the share of commerce (16.6%) and the processing industry (11.7%) sectors are the highest. As for the economic growth rate, it reached the highest point (5%) in 2019 before the pandemic. However, 2020 witnessed a 6.8% fall which was explained by the Covid-19 pandemic crisis. Growth is already noticeable in 2021 and the index reached 10.4%, which can also be explained by the post-pandemic effect.

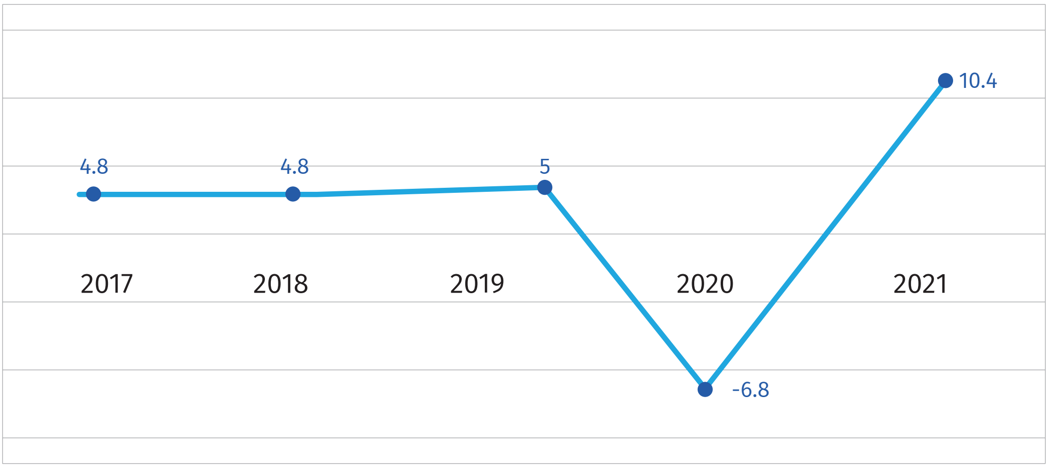
FIGURE #1. FIELD STRUCTURE OF GDP, 2021 / %; GROWTH OF REAL GDP COMPARED TO THE RELEVANT PERIOD OF THE PREVIOUS YEAR, 2017-2021 / %



[3] Caucasus Barometer, 2021. Georgia

[4] GeoStat, Regional structure of gross domestic product, 2020

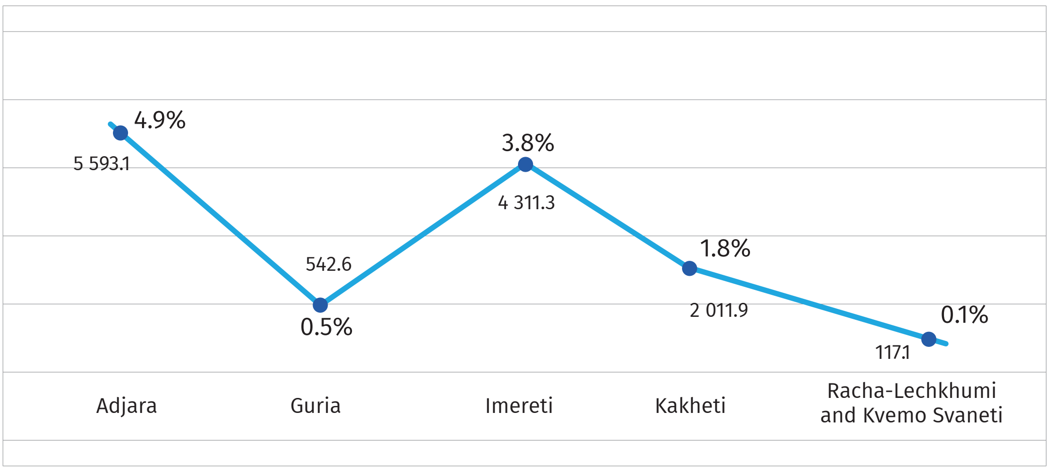
Growth of real GDP compared to the relevant period of the previous year, %



Source: Geostat

From target regions, the highest index of annual turnover in the business sector is in Adjara. Namely, in 2020, annual turnover in the region was 5 593.1 million GEL, which is 4.9% of the country's turnover. This index was the lowest in Racha-Lechkhumi and Kvemo Svaneti (117.1 million GEL - 0.1%).

FIGURE #2.TURNOVER AND SHARE OF TURNOVER BY REGIONS, 2020 (% / MILLION GEL)



Source: Geostat

As for the structure by field, the three fields with the highest annual turnover in 2020 are *commerce, processing industry, and construction.* The picture is slightly different in Kakheti, where the third top field with turnover is *agriculture, forestry, and fish farming* – the annual turnover was 112.1 million GEL, amounting to only 5.6% in annual turnover in Kakheti.

TABLE #5. TURNOVER BY REGIONS AND TYPES OF ECONOMIC ACTIVITY (NACE REV.2), 2020 (MILLION GEL)

	Million GEL	Share (%)
Adjara	**5 593.10**	**4.9%**
Wholesale and retail trade; car and motorcycle repairs	2 504.30	44.80%
Construction	1 085.40	19.40%
Processing industry	597.1	10.70%
Guria	**542.6**	**0.5%**
Wholesale and retail trade; car and motorcycle repairs	181.8	33.5%
Processing industry	190.3	35.1%
Construction	49.7	9.2%
Imereti	**4 311.3**	**3.8%**
Wholesale and retail trade; car and motorcycle repairs	1 939.5	45.0%
Processing industry	1 210.0	28.1%
Construction	481.3	11.2%
Kakheti	**2 011.9**	**1.8%**
Wholesale and retail trade; car and motorcycle repairs	1 066.1	53.0%
Processing industry	614.5	30.5%
Agriculture, forestry and fish farming	112.1	5.6%
Racha-Lechkhumi and Kvemo Svaneti	**117.1**	**0.1%**
Construction	35.3	30.1%
Processing industry	35.3	30.1%
Wholesale and retail trade; car and motorcycle repairs	25.9	22.1%

Interestingly, on April 26 of 2021, the government approved the "Renewed Regions" state programme, which is the most recent document.[5] The programme will last 4 years and involves the urban development of 63 municipalities. The assumed value of the first stage of the programme is 500 million GEL. The project envisages the rehabilitation of monuments and administrative centers, the development of recreational and tourism infrastructure, and the arrangement of recreational tourist and public spaces. The project is set to employ 15 000 citizens, while a commission was set to implement the assessment of the project's effectiveness. The programme is in progress, though assessment reports have not been developed thus far. Consequently, it is impossible to make any conclusions on the effectiveness or non-effectiveness of its implementation. In addition, it is noteworthy that having a monitoring system in place is important for such large-scale projects in terms of controlling project progress according to the plan as well as in the area of financial costs and quality control. Additionally, it is also worth mentioning that said project is implemented in a centralized pattern, while it is

[5] State programme – "Renewed regions" https://www.matsne.gov.ge/ka/document/view/5157382?publication=0

very important to grant municipalities access to finances independently and to enable them to plan locally, which would help the decentralization of self-government.

When speaking about development of regions, it is also noteworthy that there is no updated regional development programme in place so far. The most recent one is the programme from 2018-2021, which was presented by the Ministry of Regional Development and Infrastructure of Georgia with the support of the European Union.[6] The following is particularly worth mentioning in this document:

- For the development of small and medium business and support of enterprises, including small and medium-size enterprises, the set budget of the programme was 133 million GEL, the result of which, together with business development, was supposed to be growth in employment rate;
- 132 million GEL was allocated to support the tourism field, focusing on small tourist infrastructural projects and funding marketing activities;
- Aiming at agricultural development, 390 million GEL was allocated within the programme to support growth in production volume and the development of wine-making, as well as help agricultural cooperatives;
- 35 million GEL was allocated to support export potential and the growth of competitiveness of local products in international markets;
- With the help of the "Produce in Georgia" programme, 11.5 million GEL was allocated to fund new investment projects;
- The budget for the programme aiming at labor market analysis, employment support, and vocational training of job seekers was set to be 12 million GEL.

Assessment mechanisms for the 2018-2021 regional development programme are not in place, and neither is the report of the already completed project that would study the effectiveness of the programme and would enable representatives of expert groups and the economic team of the government on the central and municipal levels to make relevant conclusions. To assess in general, it can be said that main outcome of the aforementioned projects was to reduce the unemployment level, but the unemployment rate actually increased from 19,2% to 20,6% in 2018-2021. Obviously, this negative tendency was largely affected by increased unemployment caused by economic failure during the pandemic. Therefore, it is difficult to superficially assess the effectiveness of programmes implemented by the government. To this end, an assessment made by programme authors would be important. Reaching fundamental conclusions could have been made based on those reports, which are currently unavailable.

Economic development is one of the main challenges of local self-governing units. The geographic location of municipalities, terrain features, and diversity and multitude of mining resources and tourist and cultural sites provide opportunities which, if fully included in the economy and used effectively, can make a positive impact on the economic development of regions, the employment rate, and the improvement of living conditions.

Even though there is no updated document of regional development strategy, it is important that there is local economic development plan of municipalities prepared within the scopes

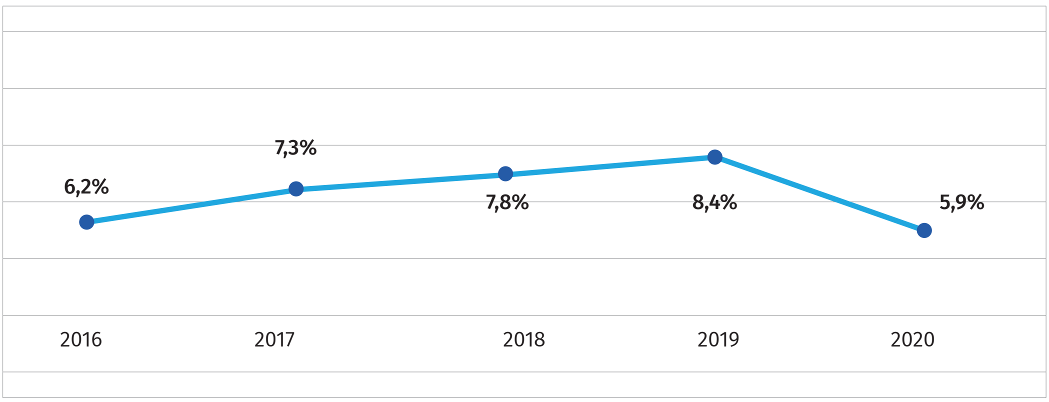
[6] Regional Development Programme of Georgia 2018-2021.

of the EU initiative "Mayors for Economic Growth" (M4EG). The project has been in progress since 2017, while UNDP started implementing the initiative from 2021. The priorities defined according to this plan for municipalities will be discussed in the relevant sub-chapters together with the study results.

As for the **tourism sector** specifically, this sector is one of the top priorities for the Georgian economy. Globally and obviously in Georgia too, the pandemic has seriously affected the field. According to the data of World Tourism Organization, international tourist inbounds decreased by one billion, while loss of global GDP was 2 trillion USD.[7]

In 2019, the share of tourism-related industries was 8.4% in GDP. This index was reduced to 5.9% in 2020, which is natural considering the reality of the Covid pandemic. In addition, income received from international travel was the same as in 2010. Namely, in 2020, income from international travel was 542 million USD, which is 2.7 million USD less compared to previous years. In tourism-related industries,[8] created added value fell the most in the case of accommodations, tourism agencies, and food and beverage services. As the report of National Tourism Administration reads, the following industries contributed the most in cutting added value by 1.1. billion GEL in 2020: *accommodations* which fell by 786 million GEL (-50.4% cut), *tourist agencies* which fell by 128 million GEL (-82.9%), and *food and beverage service which fell by 116 million GEL* (-17.5%).[9]

FIGURE #3. SHARE OF TOURISM IN GDP, 2016-2020



Source: Geostat

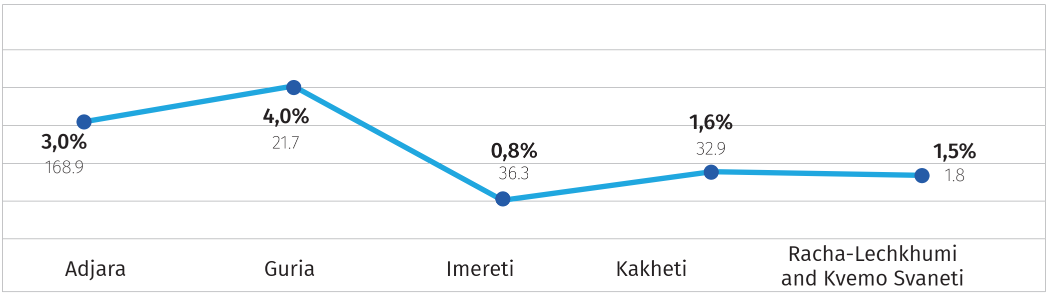
Considering the fields that are most associated with tourism – accommodation and food delivery in target regions – it should be said that the share of the field in annual turnover is rather low. This index is the highest in Guria where the share of the tourism sector in the region's annual turnover is only 4%.

[7] National Tourism Administration of Georgia. *Review of Georgian tourism statistics. 2020.*

[8] **Note:** includes the following industries – *land transportation and transportation through pipelines, water transport, air transport, accommodation, food and beverage service, tourist agencies, tour-operators and other booking services and related activities.*

[9] National Tourism Administration of Georgia. *Review of Georgian tourism statistics. 2020.*

FIGURE #4. ANNUAL TURNOVER OF ACCOMMODATION MEANS AND FOOD DELIVERY ACTIVITIES AND SHARE IN REGION'S TURNOVER, 2020 (% / MILLION GEL)

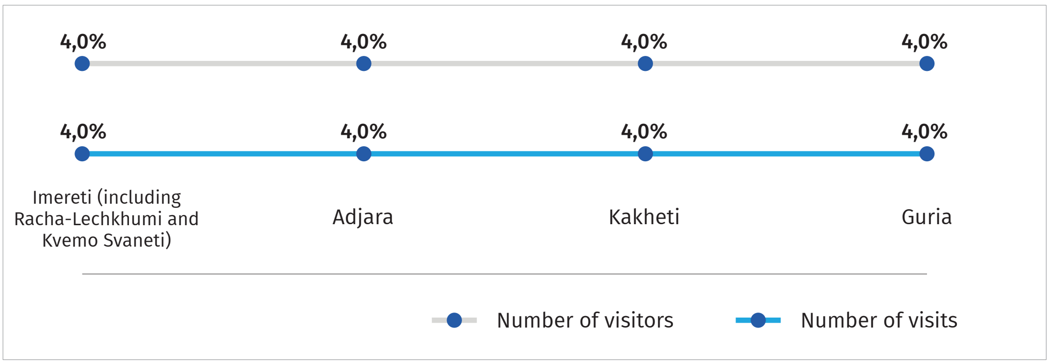


Source: Geostat

Even though the Covid pandemic had a negative impact on the tourism sector globally and locally, according to the report of National Tourism Administration, the pandemic has not overall made a substantial impact on the characteristics of visits in terms of domestic tourism. The most popular locations for domestic visits are Tbilisi (22.8%), Batumi (8.1%) and Kutaisi (6.2%). For a large portion of visitors, the main purpose of the visit was to see friends and relatives (45.9%). Leisure, fun, and recreation was main purpose for only 7.7% of Georgian residents.

According to Geostat data, in 2020, the highest dynamics in terms of domestic tourism are reported in the Imereti/Racha-Lechkhimi and Kvemo Svaneti regions out of all target regions.[10] Guria appears to be the least attractive for domestic tourism as it was the least visited target region in 2020.

FIGURE #5. DISTRIBUTION OF AVERAGE MONTHLY NUMBER OF VISITS MADE BY 15+ GEORGIA RESIDENTS WITHIN THE TERRITORY OF GEORGIA (THOUSAND / THOUSAND INDIVIDUALS)



Source: Geostat

Looking at the cumulative picture in terms of visited target regions in 2020, the most visited region for Georgian residents is Imereti (17.3%). In the tourism context, the most popular region for leisure, recreation, and rest is Adjara (23.6%).

[10] **Note:** Geostat presents these data accumulatively for two regions.

TABLE #6. DATA ON VISITING TARGET REGIONS IN 2020

Expenses of the visit	Share of visiting rate, total	Share of visits leisure, rest and recreation
Adjara	11.9%	**23.6%**
Guria	3.5%	8.6%
Imereti	**17.3%**	11.6%
Kakheti	8.7%	8.8%
Racha-Lechkhumi and Kvemo Svaneti	2.1%	3.9%

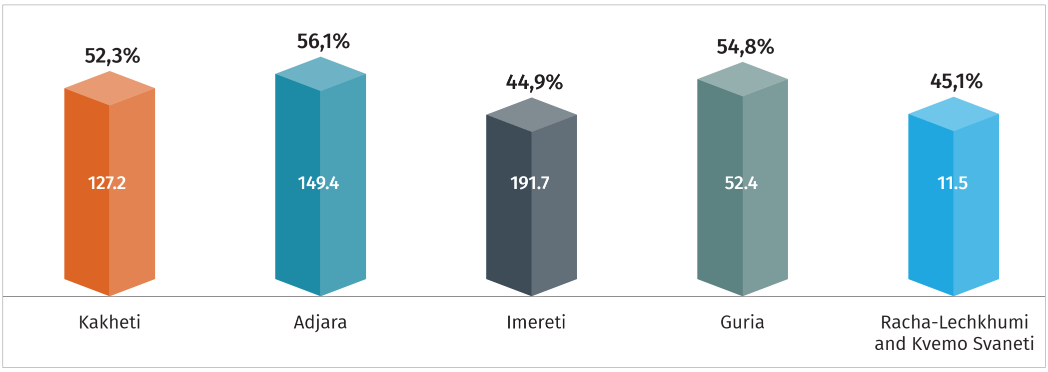
Source: Geostat

As for international visits, dynamics are naturally negative due to the pandemic. According to the National Tourism Administration, a record low number of international visitors was reported in 2020. Namely, the number was 1,747,110 which means a -81,3% drop compared to 2019, and equal to the data registered in 2011. A large portion of visits paid by international visitors falls on tourist visits (tourist visits - 1 087 093, one-day visits - 426 328). The country received the most international visitors from Turkey (335 580). The total number of visitors from Europe was 1 296 969 in 2020. Georgia welcomed the most visitors from Germany among all EU countries. The number of visitors from Germany was 9 338, which is drastically different compared to 2019 (89 051 visitors; -89.5% drop). 80.5% was by land (1 218 259 visitors), 17.8% of international visitors used flights to get to the country (269 193 visitors). As for sea and railway routes, share of these kinds of transportation is minimal (0.9% and 0.8%, respectively).[11]

3.2. Economically Active Population and Unemployment

The share of the economically active population in Georgia was 50.9% in 2021. As for target regions specifically, the largest portion of economically active population is reported in Adjara (56.1%), and the lowest in Imereti (44.9%). This index was 52.3% in Kakheti, 54.8% in Guria, and 45.1% in Racha-Lechkhumi and Kvemo Svaneti.[12]

FIGURE #6. ECONOMICALLY ACTIVE POPULATION – TARGET REGIONS, 2021 (% AND THOUSAND INDIVIDUALS)

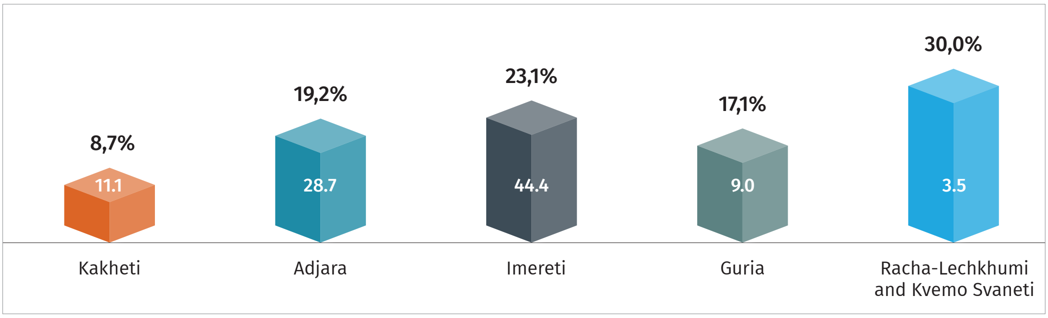


Source: Geostat

[11] National Tourism Administration of Georgia. *Review of Georgia's tourism statistics. 2020.*
[12] Geostat. *Workforce data.*

As for the unemployment level, it is worth mentioning that methodological changes made in the examination of workforce statistics by International Labor Organization (ILO) in 2013 officially went into force in October of 2018. Geostat implemented works related to the establishment of a new standard in Georgia, and based on the most recent calculations, as noted above, the unemployment rate in the country reached 18.5% in 2020 and 20.6% in 2021. In the first quarter of 2022, the unemployment rate was 19.4%. As for the target regions, according to Geostat, the highest unemployment rate in 2021 was reported in Racha-Lechkhumi and Kvemo Svaneti (30%), with the lowest in Kakheti (8.7%). The distribution of unemployment rate by regions is as follows: Adjara - 19.2%, Imereti - 23.1%, Guria - 17.1%.[13]

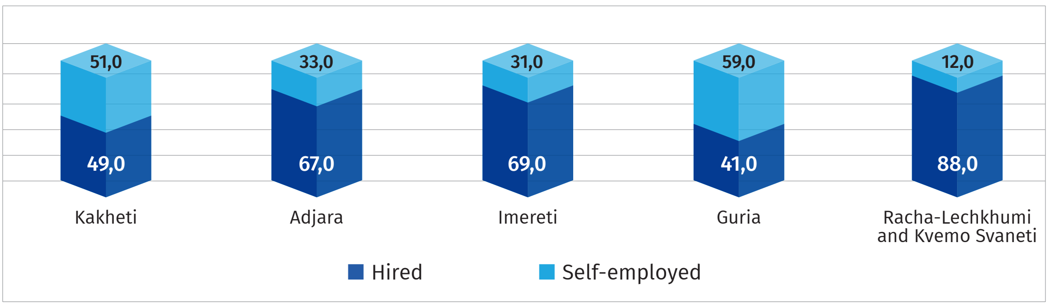
FIGURE #7. UNEMPLOYMENT RATE – TARGET REGIONS, 2021 (% AND THOUSAND INDIVIDUALS)



Source: Geostat

It is also worth taking into consideration that an important share of employed citizens in regions is the self-employed population, with the largest share reported in Guria (59%) and the lowest in Racha-Lechkhumi and Kvemo Svaneti (12%).

FIGURE #8. SHARE OF EMPLOYED AND SELF-EMPLOYED CITIZENS IN TOTAL SHARE OF EMPLOYED POPULATION BY GEORGIAN REGIONS, 2021 (%)



Source: Geostat

According to the new standard, the employment rate in Georgia was 40.4% in 2021. In 2020, the rate was 41.1% and 42.7% in 2019. The highest employment rate among the target regions was reported in Kakheti, where it reached 47.7%. 21.2% of employed persons worked in the business sector.[14] The lowest employment rate was reported in Racha-Lechkhumi

[13] Geostat. *Workforce data by regions.*
[14] Geostat. *Regional statistics*

and Kvemo Svaneti (31.6%) where one third worked for the business sector (32.1%). It is noteworthy that the employment rate in one of the largest regions of Georgia, Imereti, was slightly higher than one third (34.5%) and only 39.3% works for the business sector. It is also worth mentioning that 62% of the employed population in the Adjara region works for the business sector.

As for the average monthly salary in the business sector, this number is the highest in Adjara (1 019 GEL) and the lowest in Racha-Lechkhumi and Kvemo Svaneti (631.5 GEL).

TABLE #7. NUMBER OF EMPLOYED CITIZENS, NUMBER OF THOSE WORKING FOR BUSINESS SECTOR, AVERAGE MONTHLY SALARY IN BUSINESS SECTOR – TARGET REGIONS, 2021

	Kakheti	Adjara	Imereti	Guria	Racha-Lechkhumi and Kvemo Svaneti
15+ population, total (thousand)	243.2	266.3	427.5	95.6	25.6
Workforce (active citizens) (thousand)	127.2	149.4	191.7	52.4	11.5
Number of employed citizens (thousand)	116.1	120.7	147.4	43.4	8.1
Employment rate (%)	**47.7%**	**45.3%**	**34.5%**	**45.4%**	**31.6%**
Number of citizens employed in business sector (thousand)	24.6	74.8	58	9.7	2.6
Number of citizens employed in business sector (%)	21.2%	62%	39.3%	22.4%	32.1
Average monthly salary in business sector *(GEL)*	760.8	1 019	769.6	672.2	631.5

Source: Geostat

It is worth mentioning that a large portion of citizens employed in the business sector work for small enterprises. In addition, a significant portion of employed citizens are hired in all regions.

TABLE #8. NUMBER OF CITIZENS WORKING FOR BUSINESS SECTOR IN TARGET REGIONS ACCORDING TO SIZE OF ENTERPRISE, 2020 (UNITS)[15]

	Kakheti		Adjara		Imereti		Guria		Racha-Lechkhumi and Kvemo Svaneti	
	Employed	Hired	Employed	Hired	Employed	Hired	Employed	Hired	Employed	Hired
Large enterprise	940	940	13 303	13 220	13 160	13 155	1 025	1 025	-	-
Medium-size enterprise	5 441	5 437	15 195	15 188	11 250	11 223	1 436	1 418	397	397
Small enterprise	14 275	10 646	39 592	32 744	28 551	19 644	-	-	1 710	1 180
Total	***20 656***	***17 023***	***68 089***	***61 151***	***52 961***	***44 021***	***8 122***	***6 261***	***2 107***	***1 577***

Examining the employment rate by economic activities, the three fields with the highest employment rate are *commerce, construction, and the processing industry* in all regions. The only exception is Guria, where the third field with the highest employment rate in 2020 is related to *means of accommodation and food delivery activities.* 1 216 thousand individuals work in this field in Guria, which is 15% of the employed population in the region.

As for the number of employed citizens in the business sector by target municipalities, the highest share of employed citizens is reported in regional centers in every region. For instance, those working in Batumi comprise 83.21% of the employed population in the Adjara region. This rate is 69.7% in Ozurgeti. It is worth mentioning that the share of employed citizens in Sachkhere, Tkibuli, and Dedoplistskaro municipalities amounts to only a very small portion of the employed population in their regions.

3.3. Education and Skills

The education and skills aspect is particularly important in the context of employment and unemployment. In scientific literature, employment is believed to be one of the factors defining unemployment. Thus, issues associated with education are of vital importance for the labor market. Accessibility to education is high in Georgia, and it is difficult to say whether there are any particular challenges in this direction. However, if one considers rates of the World development indicators of 2015, 40% of the unemployed population in Georgia has higher education which shoes that higher education does not necessarily prevent unemployment.[16] However, here we have to take

[15] **Note:** this and the following data are presented for 2020 as over the course of research methodology and fieldwork, as well as during desk research the most recent data available to us was from 2020, thus, those data are utilized for methodology. In addition, probability that data have drastically changed since then is minimal.

[16] World Bank Group. 2018. *Georgia: From Reformer to Performer*. Systematic Country Diagnostic; World Bank, Washington, DC.

into account the stereotypes (which is discussed in the report) and the fact that higher education is perceived as more prestigious than vocational education. It is proved by the number of people entering higher education and VETs. Namely, according to the latest data from GEOSTAT, in the academic year 2021-2022, the number of entrants to higher education institutions at the Bachelor's level was 116,055, and the number of entrants to VETs was only 11,204.

It is worth mentioning that according to a variety of studies, employers deem one of the most important problems not to be the issue of having or not having higher education, but rather challenges related to skills; particularly, the problem with soft skills.[17] It is worth noting that skills such as communication, problem-solving, and teamwork are skills that should be supported by the education system, and acquisition of those skills does not necessarily require higher education. However, the study conducted by the Center of Social Sciences in 2017 reveals that higher education in Georgia fails to ensure that graduates are equipped with proper analytical, written, and communication skills – based on the study results, incorporation of a practical component in the study process is a major challenge.[18]

The fact that utilization of knowledge in practice is important for employers was verified by studies with employers and job seekers conducted under the initiative of CSRDG in 2021.[19] According to the study conducted in Kakheti, Guria, and Kvemo Kartli, problems exist in the area of foreign language skills, particularly regarding knowledge of English language. In addition, a particular challenge is noticeable in terms of teamwork and being organized.[20] In this context, it is important to examine the results of the study with a focus on the demands of enterprises for skills. According to the results, 60% of enterprises, when announcing vacancies, do not require knowledge of a foreign language. However, from those who do have this requirement, the majority focuses on English language (53%).[21] Knowledge of a foreign language being particularly challenging was demonstrated by our study as well, which we will be discussing in the relevant sub-chapters.

It is also worth mentioning that in order to develop skills, as an addition to the educational environment, it is important to attend internships or accumulate work experience. As verified by the results, there are major challenges in this direction as well. For example, according to a study of job seekers conducted in 2021, there are not many opportunities to attend internships and gain work experience. Another challenge is that even employers do not have the opportunity to update their own knowledge and skills. The study also confirms the fact that employers are less inclined to offer internships to applicants. For example, according to the results of labor market study in Kakheti, Guria, and Kvemo Kartli, the vast majority of organizations has not had / does not have an intern over the past 2-3 years (more than eight out of ten organizations). Moreover, the majority of organizations in said three regions do not organize special activities to address the gaps related to employees' skills (more than six out of ten organizations).[22]

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[17] ibid.

[18] Center of social Sciences with the support of Open Society – Georgia Fund. Education return, labor market and job satisfaction in Georgia – 2017. Lezhava D., Amashukeli M., Gugushvili N.

[19] CSRDG. 2021. *Study of perceived employment barriers among job seekers / study of local labor market needs.*

[20] CSRDG. 2021. *Study of local labor market needs.*

[21] Ministry of Economy and Sustainable Development of Georgia. 2020. *Study of enterprises' demand on skills* .

[22] GCSRDG. 2021. *Study of local labor market needs.*

When speaking about skills required for specific positions, barriers related to availability of relevant personnel and their recruitment, it is interesting to view the results of "Study on demand of enterprises on skills" conducted in 2020. Within the scope of the study, employers were asked to assess employees according to different skills on 5-point scale. As it turns out, the lowest score was given to the skills of reading, analyzing, and interpreting information – 3.2 points – while this skill is one of the basic skills for employees working in any profession or position.[23] The same study reveals that skills such as reading written documents and interpreting them in a coherent manner were assessed with low score as well (3.3 points), as was the skills of negotiation. ICT skills of employees were assessed with the highest score – 3.9. Our study revealed interesting tendencies in terms of how employers assess the competences of their own employees.

It is worth noting that according to the results of "Study on enterprises demand on skills", employers believe that technicians and assisting specialists are the least competent employees. Assessment of skills in this group was only 1.6 points from 5. Skills of sales and service personnel were assessed with the highest score (4.4 points).[24]

According to the most recent study on the demand of enterprises for skills is dated to 2020, in which data on vacancies in enterprises cover the period from September 1 2018 through September 1 2019 (pre-pandemic). In that period of time, 13.7% of enterprises had vacancies announced (58 911 vacancies in total). The majority of vacancies were announced in large enterprises (41%). On the regional level, the majority of vacancies were in Tbilisi (72.2%), followed by Adjara (11.3% - 6 641 vacancies) and Imereti (6.2% - 3 645 vacancies).[25]

Based on the same study, the largest portion of vacancies was announced in the wholesale and retail trade field (34.7%). The second field with a significant portion of vacancies is the hotel and restaurant field, which is the most tightly associated with the tourism sector (10.9%). However, considering tourism statistics and the drastic fall in tourist inflow caused by the pandemic, we can assume that the number of vacancies announced in this field would most probably decrease. This assumption is backed up by the results of labor market studies conducted in 2021, according to which the total number of vacancies published on the private agency HR.ge decreased by 35% in 2020 compared to the same period of the previous year (approximately 42 thousand vacancies). Similarly, there was a decrease in the number of employees in the sector. Specifically, according to the most recent study of the labor market, if the employment rate showed a growing tendency in the tourism sector before 2019, the number of employees in the sector decreased by 35% in 2020 and amounted to 31 823 individuals.[26] 4.5% of those working in the business sector worked for hotels and restaurants in the same period. According to the study, the largest portion of employees working for hotels and restaurants work in small enterprises – 54.4%; the share of those working for medium-size enterprises is 26.6% and 19% in large enterprises.

According to the study, the number of those employed in the hotel and restaurant sector is mostly distributed between two regions. Namely, 56% of employees work in Tbilisi, and

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[23] Ministry of Economy and Sustainable Development of Georgia. 2020. *Study of enterprises demand on skills.*
[24] ibid.
[25] ibid.
[26] Ministry of Economy and Sustainable Development of Georgia. 2021. *Analysis of Georgian labor market.*

17% in the Adjara region. The total share of other regions does not exceed 5%. The average monthly salary of those working in hotels and restaurants, 822.1 GEL, was 33% lower compared to the average monthly salary in the business sector in 2020. It is also worth mentioning that the average monthly salary in hotels is significantly higher than the average monthly salary paid in restaurants. In average monthly salary paid in hotels was 1 062,9 GEL in 2020, while restaurants paid 657.4 GEL[27]

34056 job seekers registered in the labor market management information system, WORKNET.GOV.GE, in 2020. The largest share falls on Tbilisi (17%). As for the target regions, the largest number of job seekers registered in Imereti (14% - 46,939), while their number was the lowest in Racha-Lechkhumi and Kvemo Svaneti (2% - 5,343). The share of job seekers registered in Kakheti and Adjara is 11%-11% (37,511 and 35,528, respectively). As for Guria, 15,994 job seekers registered there which is 5% of entire number.[28]

As for vacancies registered on WORKNET.GOV.GE, 3434 vacancies were registered by 269 employers. This index has drastically decreased compared to the same period of the previous year(-67%; 2019 – 10403 vacancies) and affected every sector. As for types of economic activities, the largest number of vacancies were announced in the wholesale and retail trade field (29% - 1002 vacancies). As for means of accommodation and food delivery activities, 453 vacancies were announced in 2020 (13%).

3.4. Requirements of Employers

As results of labor market study conducted in 2021 verify, the number of vacancies announced on the private job agency HR.GE in 2020 decreased by 35% compared to the previous year, which can be explained by the Covid pandemic. The total number of announced vacancies was approximately 42 thousand, of which the largest share was the professional group of technicians and assisting specialists- 24.1% (10,082 vacancies).[29]

According to the same study, 34,056 job seekers in total registered in the labor market management information system WORKNET.GOV.GE in 2020. In total, 377,518 job seekers are registered in the system, 90% of whom are active seekers (338,317 individuals). The largest portion of active job seekers are from Tbilisi (17%). As for the target regions, the largest share is from the Imereti region (14%).[30]

269 employers submitted job announcements in the system in 2020, the total number of which reached 3,434 vacancies. This rate is 67% lower compared to the previous year. The commerce sector leads other sectors in the system (29%, 1,002 vacancies). In addition, a variety of vacancies are submitted by sectors of other services (23%, 777 vacancies) and tourism (13%, 453). As for vocations, the most in-demand vocations turned out to be workforce with beginner's qualification (1320 – 38%). Demand for this group has significantly increased compared to 2019 (+45%).

[27] ibid.
[28] Ministry of Economy and Sustainable Development of Georgia. 2021. *Analysis of Georgian labor market.*
[29] Ministry of Economy and Sustainable Development of Georgia, 2021. *Labor Market Study.*
[30] ibid.

Within the scope of our study, monitoring of vacancies in target regions was carried out on the internet job portal www.jobs.ge. We focused on criteria given in the job description, such as **level of education, work experience, foreign language, personal features, and so called soft skills**. In addition, job announcements were classified according to main professional groups. The results of monitoring reflect data from April 2, 2022 through May 6.

When assessing the number of vacancies announced in the target regions, the lowest number was reported in Racha-Lechkhumi and Kvemo Svaneti and in Guria. Specifically, during the monitoring period, www.jobs.ge had 8 vacancies in Racha-Lechkhumi and Kvemo Svaneti and 21 job announcements in Guria. The number of vacancies in Imereti was 124,182 in Adjara, while the total number of vacancies in Kakheti was 59 during that period.

The level of education employers require is rarely included in the job description. However, it is worth mentioning that one of the "must" requirements set in Adjara (68 vacancies), Imereti (29 vacancies), and Kakheti (17 vacancies) is higher education. It can be said that, as a tendency, this requirement refers to managerial positions. It is also noteworthy that in some cases students are allowed to apply to vacancies, which mostly occurs in the financial field. As for work experience, employers mainly include it as must or preferable requirement in all regions.

TABLE #9. TOTAL NUMBER OF VACANCIES PUBLISHED ON INTERNET PORTAL WWW.JOBS.GE, LEVEL OF EDUCATION AND WORK EXPERIENCE (22.04.2022 - 06.05.2022)

	Adjara	Guria	Imereti	Kakheti	Racha-Lechkhumi and Kvemo Svaneti
Number of vacancies					
	182	21	124	59	8
Level of education					
Higher (must)	68	3	29	17	5
Higher (preferable)	8	3	18	4	
Higher or student	54	9	39	11	2
Not specified	54	6	38	26	1
Work experience					
Must	97	1	58	21	2
Preferable	22	7	32	6	3
Not specified	72	13	34	24	3

According to monitoring results, it turns out that for a significant portion of announced vacancies, knowledge of foreign language is not a must requirement and substantial differences are not detected by regions. It is also worth mentioning that where such a requirement is specified, it mostly refers to English or English and Russian.

TABLE #10. REQUIREMENT OF FOREIGN LANGUAGE

	Adjara	Guria	Imereti	Kakheti	Racha-Lechkhumi and Kvemo Svaneti
English (must)	12	1	3	5	2
English and Russian (must)	58	3	34	9	-
English and/or Russian (must)		3			1
English and Russian (preferable)	11	2	19	11	-
English (preferable)	-	-	2	-	-
Not specified	91	12	66	32	5

As of April 22 – May 6 of 2022, job announcements published on the internet portal www.jobs.ge fall on different professional groups. *Service and sales personnel* are most in-demand in Adjara and Imereti (Adjara - 82 vacancies, Imereti - 49 vacancies). *Sales personnel, hotel service personnel, cashier-operators and consultants* are most in-demand in Imereti. As for Adjara, the following vocations are most in-demand in this region: *bartender, cook, and hotel service personnel*. Demand is relatively higher for managerial positions in Adjara compared to other regions.

Together with service and sales fields, demand is high for the professional group of specialists in all five regions. Namely, Adjara – 48 vacancies, Imereti – 39 vacancies, Kakheti – 19 vacancies, Racha-Lechkhumi and Kvemo Svaneti – 3 vacancies, Guria – 8 vacancies. The following vocations are in-demand in the professional group of specialists: *medical representative, business crediting expert, security specialist, accountant, layer, teacher, programmer, pharmaceutist, nurse, etc.* It is also worth mentioning that job vacancies in the banking sector prevail in the professional group of specialists in every region (e.g. business crediting expert, problematic loan offer, loan officer, etc.)

TABLE #11. DISTRIBUTION OF VACANCIES ACCORDING TO MAIN PROFESSIONAL GROUPS

	Adjara	Guria	Imereti	Kakheti	Racha-Lechkhumi and Kvemo Svaneti
Managers	32	1	12	11	2
Sales and service personnel	82	10	49	16	2
Office personnel	3	1	6	1	1
Specialist	48	8	39	19	3
Technicians and assisting specialists	11	1	8	6	-

Operators and mechanics of industrial machinery		-	2	-	-
Workforce with beginner's qualification		-	5	4	-
Tradesman and related vocations		-	3	2	-

Interestingly, the majority of job announcements, when referring to personal skills, mostly focus on skills such as *sense of responsibility, team work, communication skills,* and *punctuality.* Requirements also include skills such as *being detail-oriented, decent speech and communication skills,* etc. Some job announcements emphasize requirements of analytical and logical thinking skills. It is also noteworthy that job requirements often include literacy in office programmes.

It is worth noting that the number of tendencies revealed as a result of monitoring the internet portal are confirmed by our study as well. For instance, our study confirmed that employers often require foreign language skills. In addition, results of our study also verify that there is demand for vocations such as waiter/waitress, cook, etc. However, one important issue identified by the study is that discussing vacant positions in regions or needs of employers judging by job announcements published through internet portals is not especially relevant, and the discourse of our qualitative study enables us to reach such a conclusion. As it turns out, the scarcity of job announcements published on internet portals does not necessarily mean that there are no vacancies. For example, there may be other preferable mechanisms of recruitment (e.g. recommendation, personal contacts). As employers participating in our study state, publishing job announcements on internet portals is not reasonable for the following three reasons: *one,* it is much easier to find an applicant in a timely manner in small municipalities (where everyone knows everyone) through personal contacts ("asking around"). *Second,* in-demand vocations (e.g. unskilled laborers) are the type of vocations where job seekers rarely use internet resources when looking for a job and *third,* if an employer is looking for a qualified applicant (e.g. agronomist), due to the specific nature of the market, based on information he has on the local labor market, he knows that qualified professionals are employed and are not job seekers who visit internet portals. Consequently, in order to make those professionals interested (it may even include winning the professional over), employers often have to hold negotiations and offer favorable terms. Those are the reasons why employers believe that publishing vacancy announcements through internet portals is a less effective mechanism on which resources are rarely spent.

3.5. Vocational Education

Another issue that is of particular importance for the labor market is related to vocational education. The fact that vocational education can play important role in the development of country's economy and reducing poverty is confirmed by a variety of studies. Georgia cannot be an exception from this point of view. Accordingly, ensuring high quality vocational education is naturally one of the priorities of the Georgian government.

Vocational education reform was carried out in 2013-2020 in the country, and achievements and challenges of said reform served as the foundation of Vocational Education Strategy 2021-2025. The latter states that it envisages the challenges of the Covid pandemic and priorities of the post-pandemic development, which require swift development of new skills, including digital skills, and the transformation of study environment and education approaches.[31] The strategy has multiple main goals including support for the modern labor market for every stakeholder and development of skills essential for society throughout one's lifetime. It also aims at assisting the decentralization process.

It is noteworthy that regardless of the strategic importance of vocational education, allocated finances are rather scarce. For example, the budget allocated for vocational education was 3.1% of the budget of the Ministry of Education and Science in 2017. A 22% increase in the budget of vocational education was achieved in 2017-2020, which resulted in increasing its share of the total budget to 4%.[32]

As of 2021, vocational education programmes are implemented by a total of 94 establishments in the country, the majority of which are private institutions (52 in total) and vocational collages (68 in total).[33] In total, 11,204 students were enrolled in VETs in 2021, and the number of graduates was 6,775.

It is worth mentioning that vocational education is popular among older age groups. For instance, as of 2021, the largest portion of new students belonged to the 18-20 age group (2898 enrolled students), followed by the 36+ age category (1877 enrolled students). It is noteworthy that this rate has increased compared to 2020 (1217 enrolled students).

The three most popular programmes with the largest number of new students are as follows: engineering, production, and construction (2665); services (2041); and healthcare and social welfare (1905). It is noteworthy that the healthcare and social welfare programme is the most in-demand among enrolled women – 1814 women enrolled in this programme. As for popular programmes among men, the most popular are engineering, production, and construction programmes (2317). In this context, it is rather interesting to review the results of the study conducted by ACT in 2020, according to which registrants with low and middle socio-economic status prefer vocations which are relatively easier to master and also do not require much practical experience (e.g. specialist of sewing products). In the case of the higher socio-economic group, the situation is contrary – relatively high-paid vocations on the market are leading. These vocations also require relatively more practical experience (e.g. web interface developer).[34]

According to the information of the Ministry of Education and Science of Georgia, out of all target regions, vocational education service has the most providers in Imereti (22) and Adjara (17). As for the target municipalities, vocational education institutions are most available in Kutaisi (13 providers) and Batumi (11 providers).[35] As of 2021, Adjara and Imereti are the

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[31] Vocational Education Strategy 2021-2025.

[32] ibid.

[33] Geostat.

[34] Vocational Education Development Department of the Ministry of Education, Science, Culture and Sports of Georgia, ACT, 2019. *Socio-economic status of vocational education students.*

[35] https://vet.ge/ge/providers

two regions with the largest number of enrolled students (Adjara – 1705, Imereti – 1104) and graduates (Adjara 1492, Imereti – 595).[36]

TABLE #12. NUMBER OF PROVIDERS OF VOCATIONAL PROGRAMMES ACCORDING TO TARGET REGIONS AND MUNICIPALITIES

Region	Number of VETs
Adjara	**17**
Batumi	11
Kobuleti municipality	3
Guria	**1**
Ozurgeti	1
Imereti	**22**
Kutaisi	13
Sachkhere municipality	2
Tkbuli municipality	1
Kakheti	**9**
Telavi municipality	2
Kachreti	1
Racha-Lechkhumi and Kvemo Svaneti	**2**
Oni municipality	1
Ambrolauri municipality	1

Even though development of vocational education is a state priority, cooperation practice of employers and vocational education institutions is not especially prevalent. For example, according to the Study on Needs of the Local Labor Market conducted in 2021, it turns out that only a small portion of employers in target regions cooperate with VETs. Namely, this index is 17% in Guria, 12% in Kakheti and only 5% in Kvemo Kartli. This cooperation mostly involves offering work-based practice.[37] In addition, interestingly, employers in Guria (51%) and Kakheti (44%) predict the need for recruits with vocational education within the nearest 2-3 years. Only 11% of organizations see this need in Kvemo Kartli. We can assume that the reality can be different in regions throughout the country. However, there is no doubt that studying the needs of employers and the private sector first of all, as well as VETs responding to identified needs, is an important precondition for the effective functioning of the labor market.

Tendencies revealed as a result of the given study regarding practices of cooperation between VETs and employers, resources and potential of vocational education institutions, as well as other relevant issues of the labor market will be discussed in the following sub-chapters.

[36] Geostat.
[37] CSRDG. 2021. *Study of local labor market needs.*

4 ASSESSMENT OF THE POTENTIAL OF TARGET REGIONS

This component of the aims at studying needs of the labor market in specific municipalities of target regions *(Batumi, Ozurgeti, Sachkhere, Tkibuli, Dedoplistskaro, Kvareli, Oni, Tsageri, Lentekhi)*. Before discussing the study results directly, it is important to assess the potential each region and municipality has, which will be discussed in the following sub-chapters.

4.1.1. Adjara

Economic parameters clearly show that the Adjara region significantly falls behind Tbilisi, but still holds second place compared to other regions with its economic development and ability to attract investments. For foreign investors too, Adjara has remained the most attractive region after Tbilisi. In addition, it is worth mentioning that incomes of the region are higher than incomes of Tbilisi. According to dynamics of the last 5 years, incomes in Adjara show growing tendency. Thus, Adjara has the biggest potential of economic development and improved living conditions after Tbilisi.

TABLE #13. GDP IN BASIC PRICES, DISTRIBUTION OF DIRECT FOREIGN INVESTMENTS IN ADJARA AND TBILISI, 2016-2020 [38]

	Share of Adjara GDP in Georgia's GDP (%)	Share of Tbilisi GDP in Georgia's GDP (%)	Share of direct foreign investments of Adjara in total investments of Georgia (%)	Share of direct foreign investments of Tbilisi in total investments of Georgia (%)	Income per capita in Adjara (GEL)	Income per capita in Tbilisi (GEL)
2016	9,5%	52,6%	6,6%	85,6%	373,8	287,9
2017	8,7%	51,4%	10,6%	77,2%	372,6	303,0
2018	9,0%	51,7%	5,9%	79,6%	369,2	295,2
2019	10,1%	51,2%	14,8%	70,0%	365,7	333,8
2020	8,9%	50,5%	13,5%	57,0%	339,1	285,5

The unemployment rate in Adjara (19.2%) is almost similar to the total unemployment rate of the country, while having an advantage compared to other regions. As of 2020, the share of self-employed individuals is 36.8% of the employed population, while incomes received from self-employment amounts to 10.7% in total monetary and non-monetary incomes – which is higher than average index in Georgia (8.2%). However, it is also worth mentioning

[38] Geostat. *Regional statistics. GDP, direct foreign investments*

that the absolute index is low. Namely, monthly income received from self-employment in Adjara is 32.3 GEL per capita.[39]

As of 2020, in compliance with statistics of the business sector, the top three sectors in Adjara with turnover and employment rate are commerce, construction, and the processing industry.[40] We can assume that these sectors will continue to have high potential in the near future too.

With the prospect of developing **the field of industry** Adjara has 9 explored mineral deposits where mining of Andesite-Basalt, Diorite-Porphyrite, micro tuff breccia, polymetals (zinc, silver, lead, etc.), brick clay, peat, and tuff breccia is carried out. There are 15 explored mineral and thermal water springs in Adjara with relevant mineral and thermal waters.[41] Full engagement of said assets in the economy will assist the development of medical tourism on one side will contribute into development of the region on the other. In addition, this development will reflect on Batumi – municipalities will be able to connect to Batumi through the production chain while there is also the prospect of more intense trade relations with the Western countries through Batumi's port. It is also worth keeping in mind that Adjara's municipalities will have lower logistic expenses compared to other regions of Georgia, which is additional benefit.

The Energy sector is leading in the region with salaries paid in this field.[42] There are 14 important and strong rivers (Chorokhi, Adjaristsqali, Chirukhistskali, and Kintrishi, with Chorokhi having the richest water resources) in the region for energy capacity and development of the energy field. Full utilization of said resources will enable the energy field to develop even more and attract more investments which, added to economic development, means increased job generation. At this moment, there are 12 medium-size and small hydro power plants under operating and ongoing projects in the region with total annual generation of 1102.5 million KW/hr.[43]

Even though the **tourism sector** is not in the top-three sectors in terms of employment and turnover in the region, the art, recreation, and leisure sector is among top three sectors in terms of salaries.[44] In addition, before the pandemic, in 2019, Batumi was the second most visited tourist attraction (28.9%) after Tbilisi (54,6%).[45]

The Adjara region has the potential of both mountain and sea tourism. Additional opportunities of tourism development are provided by the already functioning Mtirala and Machakhela National parks, Kobuleti and Kintrishi Preserved Areas, and Batumi Botanical Garden. Georgia has a Forest Fund with a total area of 2967.2 thousand ha, from which the Forest Fund of Adjara Forestry Agency is 150.1 thousand ha which is important for effective utilization of forest resources, including the development of the tourism sector.

[39] Geostat. *Regional statistics. Household incomes.*
[40] Ministry of Finance and Economy of Adjara a/r. *Analysis of economic condition of Adjara.*
[41] Study prepared with the financial support of „Friedrich Naumann Foundation for Freedom – State-owned Assets.
[42] Ministry of Finance and Economy of Adjara a/r. *Analysis of economic condition of Adjara.*
[43] ibid.
[44] ibid.
[45] National Tourism Administration.

Batumi International Airport plays a rather important role in terms of the development of the tourism sector and economy in Batumi. Before the pandemic, Batumi Airport showed growing dynamics of travelers. The number of travelers was 624,178 in 2019, with the number increasing by an average of 99,426 travelers in 2015-2019. After expanding and renovating the airport, it can now serve 1200000 travelers a year. Full utilization of the airport potential is an important precondition for the development of international tourism, which is financially profitable for the airport on one side, while on the other side, for Batumi it means providing foreign visitors with comfortable and convenient traveling service which will positively affect the growth of tourism.

Batumi has vast economic potential in the form of its **sea port** which is a crucial component of the European transport corridor. Batumi's sea port is a member of the Trans-Caspian International Transport Route (TITR), Transport Corridor Europe Caucasus Asia (TRACECA) and Black and Azov Seas Ports Association (BASPA). Participation in such projects enables the port, in coordination with other participants, to reduce cargo transportation time and make it more effective, quick and safe. Full utilization of Batumi's sea port's potential provides regional development opportunities on the local level as well as throughout Georgia through making logistic connections with large enterprises, thus enabling uninterrupted export of produced goods and making tight trade connections with the Black Sea Basin as well as with Western countries. Growth of production and export results in increased potential of warehousing territory. Current challenges of the sea port include renovation of technical equipment, reconstruction and technical re-equipment, and in the case of expanding cargo transportation – expansion of warehouse territory.

Agriculture does not currently play a substantial role in the economic development of the Adjara region, which is confirmed with indexing (according to number of employers and turnover points, this sector has "0" points). However, this resource can be effectively utilized to make it more profitable for people engaged in agricultural activities. 0.08% of total agricultural land of Georgia exists in Batumi; in addition, 76% of land parcels are privately and 24% are state-owned, which is a positive rate compared to the overall situation in Georgia (*65% state-owned, 35% privately-owned*)[46]. By transferring agricultural land parcels left in state ownership to private ownership, through capitalization of land assets and providing for owned land, raising funds will increase the labor motivation of those working in the agricultural field and will help the development of the sector in general. Regardless of potential, current incomes received from selling agricultural production in Adjara provide only 2.8% in total monetary and non-monetary incomes and the rate is lower than pensions, scholarships, and allowances (17.5%) or even gifted money (5.5%).

The Construction sector is one of the most highly promising sectors. It currently provides 14% of the region's GDP, even though the turnover has decreased in 2020 compared to 2019 (from 1353.6 to 1085.4 million GEL) which can be explained by the pandemic factor. In addition, regardless of this decrease, construction still holds the second place in the region according to turnover, employment, and salaries.[47]

[46] Study prepared with the financial support of „Friedrich Naumann Foundation for Freedom – "State-owned Assets", according to documents provided by LEPL National Agency of State Property.

[47] Ministry of Finance and Economy of Adjara a/r. *Analysis of economic condition of Adjara.*

The Commerce sector is important for every region; according to our indexing, the Adjara region has a 4,0 coefficient which indicates the development potential of this sector. The share of commerce in the GDP of Adjara (with basic prices) is 10.1%, which is the second largest rate after the construction sector. Thus, commerce is one of the top priority sectors in the region. The Adjara region holds second place in terms of attracting investments, but it falls behind the leader Tbilisi by 24.3.[48] According to average salaries paid in the sector (634.9 GEL in 2020), the Adjara region is only in 6th place out of 11 regions of Georgia. With the volume of wholesale and retail trade and procurement-sales of goods and services, the Adjara region is inn the second place after Tbilisi. Its share in total procurements is 5.9% and 6.0% in total sales.

Thus, we can assume that construction and energy, the mining and processing industries, the tourism field, and agriculture and fish farming are the fields in which Adjara, including Batumi, has growing potential. If the natural wealth, geopolitical location, and current assets of the region are effectively utilized, it is realistic to increase investments, achieve swift economic development, and foster growth in the employment rate.

As for the development of **Batumi** city specifically, according to the strategic development plan of 2018-2021, focus is placed on the following: supporting the development of business, stimulating entrepreneurship and development of innovations, supporting the establishment of the international business center, organizing local development forums, and supporting the development of tourism (which also includes assistance in the development of sports and medical tourism). For the latter, the goal is to support the improvement of the infrastructure of medical facilities and material-technical base, but in this part, mechanisms of implementing said measures and existing risks are not presented at all. Consequently, it will be important for an updated strategic development plan to envisage mechanisms of achieving specific goals and indicators essential for measuring outcomes.

4.1.2. Guria

The Guria region has only a small share in the Georgian economy and structure does not change in 5-year dynamics. Together with low economic rates, it falls behind Tbilisi by income rates. Guria is not distinguished for attracting investments and its share in investments made in Georgia is quite minimal.

[48] Geostat. *Regional statistics, service field.*

TABLE #14. GDP IN BASIC PRICES, DISTRIBUTION OF DIRECT FOREIGN INVESTMENTS IN GURIA AND TBILISI, 2016-2020 [49]

	Share of Guria GDP in Georgia's GDP (%)	Share of Tbilisi GDP in Georgia's GDP (%)	Share of direct foreign investments of Guria in total investments of Georgia (%)	Share of direct foreign investments of Tbilisi in total investments of Georgia (%)	Income per capita in Tbilisi (GEL)	Income per capita in Guria (GEL)
2016	1,9	52,6%	0,03	85,6%	373,8	-
2017	1,8	51,4%	0,05	77,2%	372,6	-
2018	1,7	51,7%	0,02	79,6%	369,2	-
2019	1,7	51,2%	0,12	70,0%	365,7	243,6
2020	1,6	50,5%	0,01	57,0%	339,1	259,5

The development strategy for Guria was created for 2014-2021.[50] According to the document, there are 14 strategic goals for development of the region: reasonable management and utilization of natural resources and material assets of the region; development of ecologically clean products, agriculture and processing industry; diverse development of the tourism industry; proper development of micro, small and medium business; properly developed basic and social infrastructure; attractive investment environment; development of promising fields of the manufacturing sector; stimulation of export-oriented entrepreneurship; raising labor productivity and introducing technological innovations; uninterrupted training infrastructure for labor resources; improvement of social condition; efficient governance, powerful civil sector and media; and carrying out environment protection measures.

Similar to other regions, the report on the progress of achieving goals envisaged in the strategy is not available in the case of Guria either. As there is no updated strategy in place, we can assume in this case too, that the goals do not change substantially.

According to indexing, wholesale and retail trade (4.0) and the production sector (3.5) have the highest indices in Guria. When speaking about potential, focus can be made on these sectors.

The volume of salaries in the **commerce sector** increased from 281.8 GEL to 394 GEL in 2016-2020, while the number of employed individuals before the pre-pandemic period increased from 1190 to 1490 in 2016-2019. When discussing the commerce sector, the development strategy of the region identifies Lanchkhuti and Ozurgeti municipalities as relatively more developed in terms of commerce. In addition, being close to Batumi helps the growth of inflow of goods. Due to its convenient location, Ozurgeti has a functioning agrarian and industrial market. There are some large trade centers in the municipality which are particularly active in the summer, while so-called delivery trade is established practice in villages of the region, which is not being registered and counted.

[49] Geostat. *Regional statistics, GDP, direct foreign investments.*
[50] Guria region development strategy.

The Manufacturing sector is also promising for Guria, as there are 14 mineral deposits in Lanckhuti, Ozurgeti, and Chokhatauri where the following minerals are mined: bentonite clay, bentonite clay, tar sands, gabbro, ceramic clay, brick clay, syenite, peat, trachytes, trachytes/bentonite sand, and tuff. In addition, there are 3 sources of explored mineral waters with the respective mineral waters in them (Nasakirali, Ompareti, and Nabeghlavi).

In addition to this, Guria has the potential to develop **agriculture and fish farming,** as well as the **tourism sector,** which are confirmed with the results of our study. A large investment has been made in the region in the area of fish farming; as for agriculture, tea and berries show growing potential. In addition, there is the prospect of developing the wine-making field. Mountain and sea resorts of the region enable us to conclude that efficient utilization of assets and resources, stimulation of local and foreign investments, and supporting export-oriented production in the region will assist economic development and increase the employment rate.

4.1.3. Imereti

Imereti is on the third place after Tbilisi and Adjara according to Gross Domestic Product, and is drastically ahead of other regions. In addition, incomes per capita are almost equal in Tbilisi and Imereti. Imereti is third in terms of attracting investments after Tbilisi and Adjara. Imereti is on the third place with economic rates and compared to other regions, has vast potential for development.

TABLE #15. GDP IN BASIC PRICES, DISTRIBUTION OF DIRECT FOREIGN INVESTMENTS AND INCOMES, 2016-2020[51]

	Share of Imereti GDP in Georgia's GDP (%)	Share of Tbilisi GDP in Georgia's GDP (%)	Share of direct foreign investments of Imereti in total investments of Georgia (%)	Share of direct foreign investments of Tbilisi in total investments of Georgia (%)	Income per capita in Tbilisi (GEL)	Income per capita in Imereti (GEL)
2016	8,1%	52,6%	1,6%	85,6%	373,8	271,6
2017	9,1%	51,4%	2,9%	77,2%	372,6	319,8
2018	9,3%	51,7%	2,0%	79,6%	369,2	310,3
2019	8,5%	51,2%	3,3%	70,0%	365,7	360,2
2020	8,4%	50,5%	-0,6%	57,0%	339,1	348,9

The two main sectors with the best outcomes and potential of development in Imereti are manufacturing and commerce. According to our study, the **manufacturing sector** has quite a high index in Imereti (4,0). In addition, the region has outstanding potential. Imereti is the most explored region in terms of mineral resources: there are 115 mineral resource fields in different municipalities with various minerals being explored. In addition, there are 37

[51] Geostat. *Regional statistics, GDP, direct foreign investments.*

sources of mineral and thermal springs with mineral and thermal waters.[52] All said assets have economic potential, and their full engagement and utilization in the economy will result in additional stimulation of the economy.

The volume of sales in the wholesale and retail **commerce** sector in Imereti increased from 1163.1 million GEL to 1681.0 GEL in 2016-2020; investments made in this sector amounted to 9,8 million GEL, taking fourth place after Tbilisi, Adjara, and Kvemo Kartli. As for income, salaries raised from 393.0 GEL to 665.3 GEL in the field of commerce in 2016-2020. These data indicate the trade potential of Imereti region. Furthermore, commerce data show growing tendency in dynamics.

Imereti has vast potential in the **Energy sector** due to convenient natural resources available in the region. At the moment, there are five hydro power plants in the region (Rioni HPP, Gumati HPP, Dzevruli HPP, Shaori HPP, Vartsikhe HPP) and the share of electricity generation is approximately 23% in the manufacturing industry. The Tskaltubo and Tsageri municipalities in Imereti have energy potential in the form of Namakhvani HPP, which is in Rioni ravine with an installed capacity of 433 MW and predicted annual generation of 1496 GW/h.[53] Its operation commencement date was set to 2025-2026, but the project is terminated at the given moment.

Agriculture can also be considered a field with significant potential, as greenhouses located in the region with total area of 462 ha comprise 2/3 of all greenhouses in the country.[54] In addition to greenhouses, important fields are animal husbandry and dairy production. Wine-making is also immensely important.

With available recreational resources in the region, Imereti is one of the most visited regions and has vast tourism potential. Not only for cultural-historical resources, but with its natural resources, Imereti has the prospect of developing medical **tourism** through utilization of the resources of Tskaltubo, Nunisi, Sairme, and other locations.

It is noteworthy that the operation of Kutaisi International Airport, as well as the development of a planned logistic center, will significantly affect the economic development of the country. Regular flights started in September of 2012 in Kutaisi airport and have crucial importance – with a 300 km radius it connects with neighboring countries of Georgia, which creates convenient conditions for inflow of tourists from neighbor countries. This will clearly affect the development of tourism in Imereti, abd due to affordable prices on flights it also stimulates domestic visits. In order to compete with other airports of Geogria, Kutaisi International Airport needs to focus on low prices for main services and budget-friendly flights.

As for the local economic development plan of target Sachkhere municipality, it was adopted in September of 2019 and focuses on 2019-2021.[55] Sachkhere municipality had three goals set: utilization and development of diverse tourism potential; support of entrepreneurial capacities and private business through adaptation, establishment, growth and development of small and medium-size business; and raising awareness of the municipality through supporting innovative and modern connections. Similar to other municipalities, there is no

[52] Study prepared with the financial support of Friedrich Naumann Foundation for Freedom – "State-owned Assets".
[53] JSC Georgian Energy Development Fund.
[54] Regional Development Programme of Georgia 2018-2021.
[55] Local economic development plan of Sachkhere.

progress report for Sachkhere which would state whether set goals were achieved and what the main goals of the updated strategy are.

It is also worth mentioning that the programme did not focus on much economic development of the municipality and improvement of specific economic indicators, and the only thing that can be said is that Sachkhere prioritizes tourism and its development.

As for Tkibuli municipality, in this case too, the local economic development plan is presented for 2019.[56] When discussing the economic condition of Tkibuli, it is noted that main field of Tkibuli industry is the coal industry, with a balance storage of coal of 307 million tons. The main problem of local self-government in Tkibuli is limited financial resources and experience, which would enable the stimulation of business development in the municipality and the establishment of innovative approaches. Strategic goals of the municipality include diversification of the economy, support for the establishment and development of a business-service system, support in the formation of diverse tourist products, and the empowerment of entrepreneurship capacities and development of business skills.

We can assume that together with the coal industry, Tkibuli municipality has vast potential in tourism development. In the case of utilization of the relevant resources, Tkibuli municipality can turn into an attractive location for those interested in mountain tourism.

4.1.4. Kakheti

The Kakheti regional economy, according to its development pace and volume, drastically falls behind Tbilisi and comprises a small portion in Georgian economy. This is reflected in the volume of investments, which is not even 1% of total investments made in the country. According to level of life, the comparison of average incomes clearly shows differentiation between the region and Tbilisi. In order to actually push economic development in Kakheti, it is necessary to study economic assets thoroughly, ensure their engagement in the economy, create attractive environment for investments, and fully utilize tourism potential whether this is the implementation of infrastructural projects or an information campaign that will make the region attractive for investments and economically capable.

TABLE #16. GDP IN BASIC PRICES, DISTRIBUTION OF DIRECT FOREIGN INVESTMENTS IN KAKHETI AND TBILISI, 2016-2020[57]

	Share of Kakheti GDP in Georgia's GDP (%)	Share of Tbilisi GDP in Georgia's GDP (%)	Share of direct foreign investments of Kakheti in total investments of Georgia (%)	Share of direct foreign investments of Tbilisi in total investments of Georgia (%)	Income per capita in Tbilisi (GEL)	Income per capita in Kakheti (GEL)
2016	5,0%	52,6%	0,2%	85,6%	**373,8**	**94,5**
2017	5,4%	51,4%	0,6%	77,2%	**372,6**	**87,1**

[56] Local economic development plan of Tkibuli.
[57] Geostat. *Regional statistics, GDP, direct foreign investments.*

2018	5,2%	51,7%	-0,6%	79,6%	**369,2**	**112,5**
2019	5,1%	51,2%	0,06%	70,0%	**365,7**	**108,3**
2020	5,1%	50,5%	-0,8%	57,0%	**339,1**	**102,5**

The Strategic goals of Development Strategy of Kakheti region 2014-2021[58] included agriculture, fields of economy (except for agriculture), infrastructure, environmental protection, healthcare, education, and social development of the region. It is worth mentioning that the document says little about specific mechanisms of achieving objectives. It is also worth mentioning that even though the updated strategy is not available, presumably, objectives for the years to come will not be drastically different.

The unemployment rate is one of the lowest compared to other regions (10,4%) but this does not necessarily mean that Kakheti does not have unemployment challenges. The relatively higher employment rate reported in Kakheti is achieved through its large self-employed population, who are mostly employed rurally. Regardless, the high self-employment rate does not ensure high living standards of self-employed citizens. Incomes received from self-employment in 2020 were 7.1% in total monetary and non-monetary incomes and fell behind social allowances (22.6%), and has almost the same financial effect as gifted money (6,9%).[59]

Commerce is one of the top priorities in Kakheti as, well confirmed with a 4.0 coefficient given by our indexing system. The average salary in the trade sector of Kakheti was 585,8 GEL in 2020, even though with this amount it stands in 7th place among 11 regions, but the dynamics of the last 10 years show a growing tendency which is a positive dynamic. Investment made in the commerce sector is 1%-1.5%. as for the share of commerce in Kakheti in GDP, it comprises 6.9% and holds one of the leading positions. As for international trade, mostly agricultural products are exported from Kakheti where leading positions are taken by the export of wine and wine materials. Leading countries of export are post-Soviet countries. When discussing domestic trade relations, Kakheti has the advantage of being close to Tbilisi. With the market volume, scales, and economic development, Tbilisi undoubtedly is a leader in Georgian regions, meaning that vicinity to the capital city gives Kakheti region certain advantages, ultimately in a logistical aspect.

The Manufacturing sector has a 4.0 coefficient in our indexing system which means that with the number of employed citizens and turnover, this sector is important. The vast potential this field has in terms of development prospects is indicated by the fact that there are 31 explored fields of mineral resources in Akhmeta, Gurjaani, Dedoplistskaro, Telavi, Lagodekhi, Sagarejo, Sighnaghi, and Kvareli. Minerals extracted in these municipalities include marbled chalk-stone, mortar, diabase, clay, chalk-stone, chalk-stone for cement, marble, brick clay, fluxing limestone, cement limestone, roofing slate, and sandstone. There are 17 explored sources of mineral and thermal waters providing mineral water, mineral-thermal water, and mineral mud.[60] These assets are 100% state-owned, their capitalization level is 0, and they

[58] Development Strategy of Kakheti region.
[59] National Statistics Office, regional statistics, household incomes.
[60] Study prepared with the financial support of Friedrich Naumann Foundation for Freedom – "State-owned Assets".

do not create an economic effect, which is why it is essential to fully engage them in the economy to help development of the manufacturing sector.

According to indexing principles developed within the scopes of our study, the index of **agriculture** is 1.5 in Kakheti, taking the third place after manufacturing (4.0) and commerce (4.0) which indicates the potential for agricultural development in Kakheti municipalities. At this point, incomes from sales of agricultural products in total monetary and non-monetary incomes is only 12.8%. According to LEPL National Agency of State Property, as of 2021, the total area of agricultural land in Kakheti is 696 thousand ha, of which 51.8% is state-owned and 48.2% is privately owned. As for municipalities, 42.3% of agricultural land in the target Dedoplistskaro municipality is privately owned; this index is 69.4% in Kvareli municipality. The situation is better in Kvareli municipality which means that the largest portion of land is processed and involved in the economy, while in the case of privatizing the remaining land and increasing capitalization, which will enable additional fundraising, the land fund will have more opportunities for its owners and those involved in agricultural activities to get more income.

Even though according to indexing, employees working in the **tourism** sector (accommodation) comprise only 5% of total employed population in Kakheti while turnover of the sector is only 2%, tourism is still a promising field considering its potential. Local economic development plans for Dedoplistskaro and Kvareli municipalities contain important aspects of tourism sector development and focus on the importance of the sector. In addition to Telavi, two target municipalities (Dedoplistskaro and Kvareli) have outstanding tourism potential: Dedoplistskaro has vast tourism potential with its protected areas (Vashlovani Protected Areas: Eagle Gorge, Chachuna Managed Reserve, and Takhti-Tepa mud volcanoes). It is also famous for its resorts such as Arkhiliskalo, Salty Lake, Small Lake, and Kochebis Lake. Museums and tourist routes presented in the municipality are also important. As for Kvareli municipality, here the leading field is viticulture (with famous Kindzmarauli acting as its brand image), and there are important tourist-recreational complexes in the municipality (Kvareli Lake and Ilia Lake) as well as historic and cultural monuments.

The largest portion in economic structure of Dedoplistskaro municipality is taken by the *mining industry (limestone)* with 57% share. Next comes *manufacturing* (21%), *agriculture* (14%), *commerce* (10%) and *service* (8%). The following goals of local economic development were set for Dedoplistskaro (has not been updated since 2019):

- Improvement of tourist infrastructure and services;
- Improvement of local business and service for investors;
- Supporting development of agriculture.

It is impossible to assess whether programme outcomes were achieved as official economic data are not available on the municipal level, while assessment of the project's success requires the relevant report and audit evaluation on how effectively the allocated budget was spent. At this stage, it is difficult to define how the plan worked till today; in addition, as an updated plan is not available yet, we can assume that economic development goals for the nearest years do not differ substantially.

As for **Kvareli municipality,** according to economic development programme adopted in September of 2019[61], the following main goals were set for the municipality:

- further development and promotion of the municipality's viticulture, wine-making, and tourist capacities;
- improvement of public and private infrastructure that will help the economic advancement of the municipality;
- improvement of the entrepreneurial environment and availability of qualified professionals tailored to the needs of the private sector.

Similar to Dedoplistskaro, it is difficult to assess whether these specific goals were achieved in Kvareli municipality. While there is no updated programme available, we can assume that these goals will remain topical in the near future.

4.1.5. Racha-Lechkhumi and Kvemo Svaneti

The share of the Racha-Lechkhumi and Kvemo Svaneti region in the total GDP of Georgia is minimal and does not even reach 1%.This negatively affects the development of the region and living conditions of the population. Even though unemployment is the most severe problem in Racha-Lechkhumi and Kvemo Svaneti, income rates are even higher than in Tbilisi, but this is not because of economic development. The explanation can be found in the following 2 components of the region's income structure: incomes received from sales of agricultural products (32.7 GEL per resident) being higher than the same index in Tbilisi (01. GEL per resident) and component of pensions, scholarships, allowances (124.3 GEL) being significantly higher than social allowances provided in Tbilisi (59.9 GEL).

TABLE #17. GDP IN BASIC PRICES, DISTRIBUTION OF DIRECT FOREIGN INVESTMENTS, 2016-2020[62]

	Share of Racha-Lechkhumi and Kvemo Svaneti GDP in Georgia's GDP (%)	Share of Tbilisi GDP in Georgia's GDP (%)	Share of direct foreign investments of Racha-Lechkhumi and Kvemo Svaneti in total investments of Georgia (%)	Share of direct foreign investments of Tbilisi in total investments of Georgia (%)	Income per capita in Tbilisi (GEL)	Income per capita in Racha-Lechkhumi and Kvemo Svaneti (GEL)
2016	0,49%	52,6%	0,08	85,6%	373,8	-
2017	0,49%	51,4%	0,18	77,2%	372,6	-
2018	0,55%	51,7%	0,02	79,6%	369,2	-
2019	0,61%	51,2%	0,13	70,0%	365,7	418,3
2020	0,58%	50,5%	0,38	57,0%	339,1	407,3

[61] Local economic development plan of Kvareli.
[62] Geostat. *Regional statistics. GDP, direct foreign investments.*

The manufacturing sector in Racha-Lechkhumi and Kvemo Svaneti has a high coefficient in our indexing system. In addition, this sector has economic potential. Namely, there are 21 explored mineral deposits in all four municipalities, where mineral resources can be extracted.[63] In addition, there are 32 explored sources of mineral and thermal waters where mineral and thermal waters are present. Together with vast mineral water resources, there are many locations in the region with high potential in the **tourism sector.** The latter is related to **agriculture, and** existing and future potential in the wine-making field. Through the utilization of this resource, the region has potential to achieve development in agro tourism.

When speaking about agriculture in the region, the vast potential in animal husbandry and beekeeping fields must be mentioned. The development strategy document of Racha-Lechkhumi and Kvemo Svaneti focuses on said potential, as beekeeping is widely practiced in all municipalities of the region. Honey produced in this region is outstanding with its taste and medicinal features due to local natural conditions, namely, its variety of trees, plants and flowers. Animal husbandry is one of the leading fields in the region, mostly cattle-breeding, which results in the growing production of meat and milk. In addition, reservoirs in the region, especially Shaori reservoir, indicate the significant potential of developing fish farms.

It is noteworthy that the local development plan of Tsageri[64] focuses on increasing the tourism potential of the municipality where one specific goal is the organization of an annual Georgian wine festival, arrangement of a tourist exhibition space, marketing activities and information-image campaigns, improvement of tourist infrastructure, and support of the local production.

The construction sector turns out to be important for the region with high index (4.0 points). Turnover in this field was 35.4 million GEL in 2020, investments – 1.3 million Gel. Even though the construction field shows growing tendency in terms of turnover, Racha-Lechkhumi and Kvemo Svaneti is on the last place out of 11 regions of Georgia. The number of citizens working in the construction sector decreased in 2016-2020. A positive tendency is detected in terms of raising the average salary in the field, but the number of employees decreases proportionally. With investments made in the construction field, Racha-Lechkhumi and Kvemo Svaneti is on 9th position. However, it is also worth mentioning that the scarcity of investments is detected not only in the construction sector, but in the economy of the entire region. 62 construction permits were issued in Racha-Lechkhumi and Kvemo Svaneti in 2020 and the total constructed was 15410 m^2. In addition, a growing tendency is detected in the last 5-year dynamics in terms of construction projects, and this will presumably continue to grow.

In addition, considering the natural water resources of the region, it is important to discuss the **hydro energy potential** of the region. Racha-Lechkhumi and Kvemo Svaneti is rich with water resources, with 2 reservoirs (Shaori and Lajanuri). There are two hydro power plants in the region: Ritseula HPP in Ambrolauri with an installed capacity of 6.1 MW and Lajanuri HPP in Tsageri with a 112.5 MW capacity. This region has vast potential in terms of small HPPs; this

[63] Study prepared with the financial support of Friedrich Naumann Foundation for Freedom – "State-owned Assets".

[64] Local economic development plan of Tsageri.

refers to the rivers of Rioni river basin with a potential installed capacity of 428.8 MW and annual electricity generation of 2390 million KW/h.

The commerce sector is an important field in Racha-Lechkhumi and Kvemo Svaneti, as it is for every other region. Its coefficient in our indexing system is 3.5. At the given moment, the share of commerce in the region's GDP is only 4.1% but shows positive dynamics which indicate the progress of development and potential of the trade sector. Similarly, a growing tendency is detected in salaries paid in the trade sector, with average income reaching 660.9 GEL in 2020.[65] Attracting investments is still challenging for the region; in addition to the low investment rate in the region overall, investments have not been made in the trade sector over the past 5 years which negatively affects the region's economic development. The volume of purchases in the wholesale and retail trade sector in Racha-Lechkhumi and Kvemo Svaneti increased from 19.9 million GEL to 29.0 million GEL in 2016-2020; according to the development strategy of Racha-Lechkhumi and Kvemo Svaneti[66], the trade sector is relatively more developed in Tsageri and Ambrolauri municipalities. According to the report, there is a large agrarian and industrial market in Ambrolauri, as well as large trade centers working particularly actively in the summer. From the service field, mostly guesthouse and other types of hotels are present in the region.

[65] Geostat. *Regional statistics, GDP, service field.*
[66] Development strategy of Racha-Lechkhumi and Kvemo Svaneti region 2014-2021.

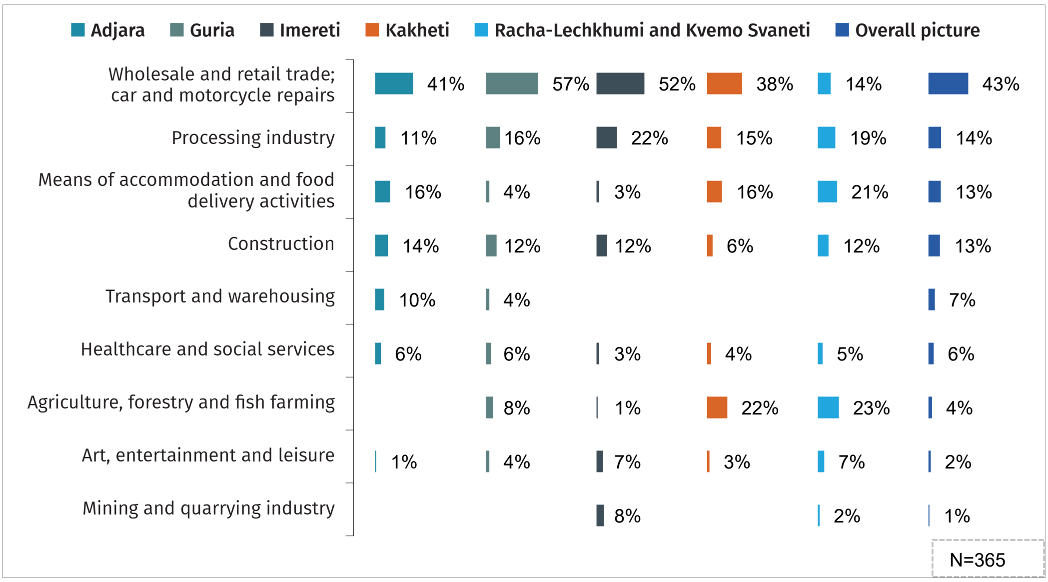
5 LABOR MARKET STUDY IN TARGET REGIONS

5.1. Description of Organizations

As for the results of the quantitative study, the absolute majority of employers participating in the study, by form of ownership are *private enterprises* (97%). Among them, 41% of organizations have been operating from *1 to 5 years*, 46% - *7 and more years.*

the main field of occupation for the vast majority of employers participating in the study is *wholesale and retail trade; car and motorcycle repairs* (43%). This is the main field of occupation in every region except for Racha-Lehkhumi and Kvemo Svaneti, where the largest portion of organizations work in the field of *agriculture, forestry and fish farming* (23%).

FIGURE #9. MAIN FIELD OF OCCUPATION



The main fields of occupation of organizations according to target municipalities are distributed as follows:

TABLE #18. MAIN FIELD OF OCCUPATION ACCORDING TO MUNICIPALITIES

	Batumi	Ozurgeti	Sachkhere	Tkibuli	Dedoplistskaro	Kvareli	Oni	Tsageri	Lentekhi
Wholesale and retail trade; car and motorcycle repairs	33	29	29	16	19	13	3	1	6
Processing industry	9	8	8	14	8	5	3	6	2
Means of accommodation and food delivery activities	13	2	1	2	1	10	6	3	5
Construction	11	6	8	1	3	2	4	1	3
Agriculture, forestry and fish farming	-	4	1	-	7	10	2	8	3
Healthcare and social services	5	3	1	2	3	1	1	-	3
Art, entertainment and leisure	1	2	4	2	1	1	2	2	-
Transport and warehousing	8	2	-	-	-	-	-	-	
Mining and quarrying activities	-	-	3	5	-	-	-	1	-
N=	***80***	***51***	***50***	***40***	***41***	***40***	***20***	***22***	***21***

Every organization participating in the study has *permanent employees*. 17% of them have seasonal, 11% - *project-based/temporary employees*. According to number of employees, the vast majority of organizations are small with up to 5 employees (69%). The vast majority of organizations have up to 5 (69%) and project-based/temporary (51%) employees. From all the participant organizations, companies in Ozurgeti, Tkibuli, and Dedoplistskaro municipalities have 101 and more employees.

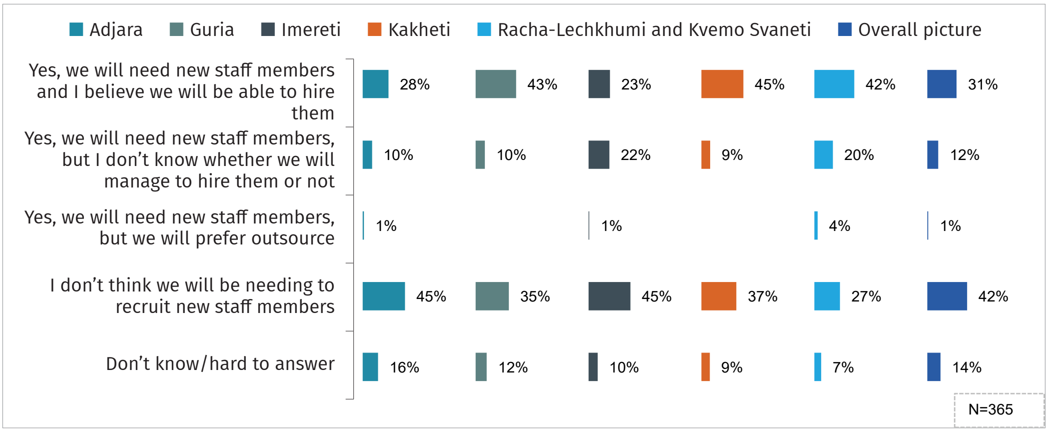
Employees are mostly classified in the following professional groups: *managers* (54%), *specialists* (49%) and *sales and service personnel* (40%).

5.2. In-demand Vocations

According to the study, an equal share of organizations will have (44%) or will not have (42%) the need for new recruits within the upcoming 1-2 years. The need for new recruits is most prevalent in *Racha-Lechkhimi and Kvemo Svaneti* (66%) and the least detected in *Adjara* (39%). It is also worth mentioning that Adjara is the region where the largest number of organizations find it difficult to define this need (16%).

It is noteworthy that those organizations that predict the need for new recruits in the near future also believe that they will be able to hire them (31%).

FIGURE #10. NEED OF NEW RECRUITS WITHIN THE FOLLOWING 1-2 YEARS



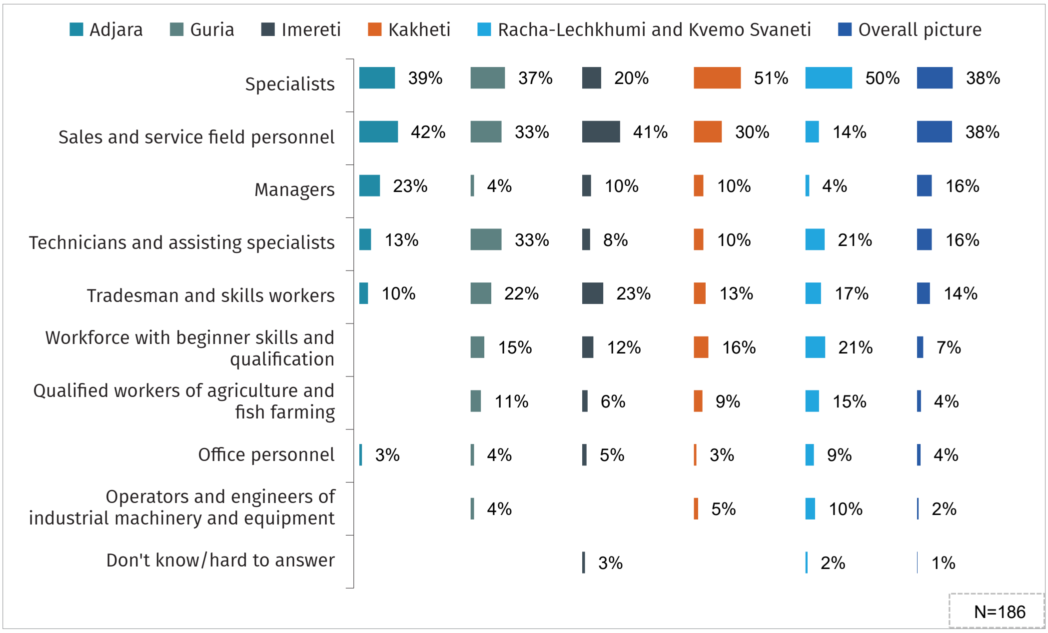
Need of new recruits within the following 1-2 years by municipalities is distributed in the following manner:

TABLE #19. NEED OF NEW RECRUITS WITHIN THE FOLLOWING 1-2 YEARS BY MUNICIPALITIES

	Batumi	Ozurgeti	Sachkhere	Tkibuli	Dedoplistskaro	Kvareli	Oni	Tsageri	Lentekhi
Yes, we will need new staff members and I believe we will be able to hire them	22	22	9	13	18	18	8	9	10
Yes, we will need new staff members, but I don't know whether we will manage to hire them or not	8	5	11	9	5	3	4	5	3
Yes, we will need new staff members, but we will prefer outsource	1	-	-	1	-	-	1	1	-
I don't think we will be needing to recruit new staff members	36	18	24	15	15	15	6	6	5
Don't know/hard to answer	13	6	6	2	3	4	1	1	3
N=	***80***	***51***	***50***	***40***	***41***	***40***	***20***	***22***	***21***

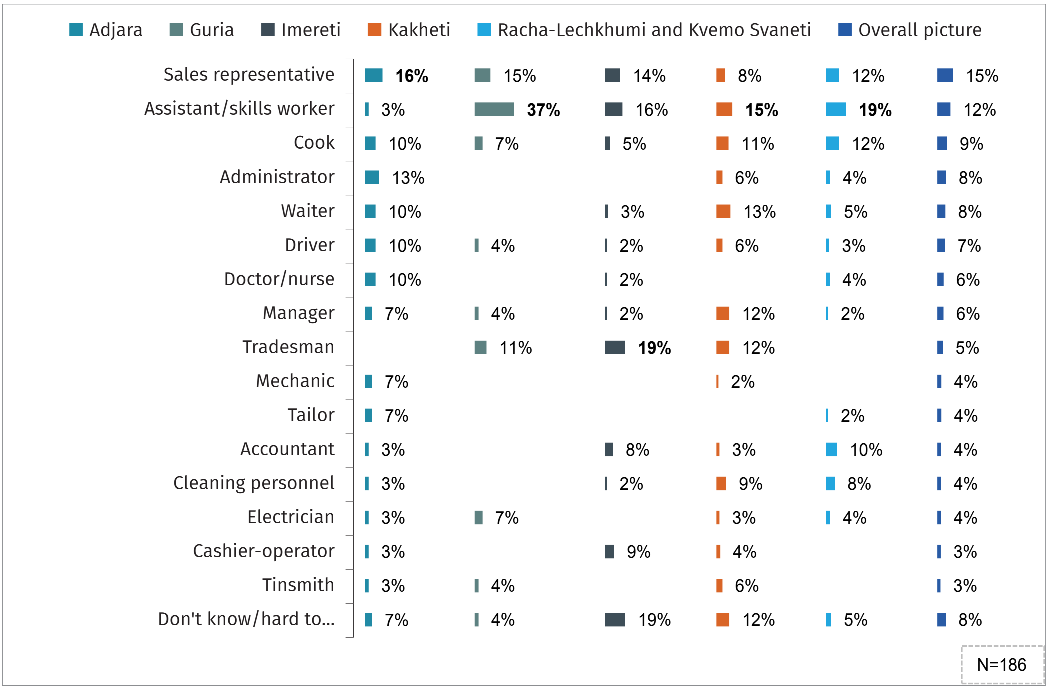
Those organizations that will need recruits mostly will need professionals from the *service and sales field* (38%) and *specialists* (38%). There are slight differences by regions. For example, organizations in *Racha-Lechkhumi and Kvemo Svaneti* see the need of technicians and assisting specialists (21%) and a workforce with beginner skills and qualification (21%) rather than service and sales personnel. Need of a workforce with beginner skills and qualification has not been reported in *Adjara* at all, which was predictable considering the study target being Batumi.

FIGURE #11. NEED OF NEW RECRUITS WITHIN THE FOLLOWING 1-2 YEARS BY VOCATIONS



As for the most in-demand vocations research participants will need to recruit within the next 1-2 years, overall, the most in-demand vocations are **sales representative** (15%) and **assistant/unskilled laborer** (12%). The latter vocation will be most in-demand in *Guria* (37%), *Kakheti* (15%) and *Racha-Lechkhumi and Kvemo Svaneti* (19%). As for *Adjara*, the most in-demand vocation will be sales representative (16%), and tradesman will be most in-demand in *Imereti* (19%).

FIGURE #12. THE MOST IN-DEMAND VOCATIONS WITHIN THE NEXT 1-2 YEARS [67]



Summing up the results of **qualitative survey**, the most in-demand vocations by regions are the following and they significantly coincide with the results of quantitative study.

[67] **Note:** vocations with lower than 3% are presented and the following qualifications have lower than 2% in total: *IT specialist, technician, masseuse, consultant, engineer, sonographer, Methodist, specialist of domestic tourism, rehabilitologist.* Total share of other vocations does not exceed 1%. Data according to municipalities are presented in graphic report.

TABLE #20. IN-DEMAND VOCATIONS BY REGIONS

Adjara	Guria	Imereti	Kakheti	Racha-Lechkhumi and Kvemo Svaneti
▪ Waiter ▪ Cook ▪ Hotel service (housekeeper/ cleaning personnel) ▪ Accountant ▪ Electrician ▪ Builder ▪ Plumber ▪ Unskilled laborer ▪ IT specialist	▪ Waiter ▪ Cook ▪ Guide ▪ Hotel service (housekeeper/ cleaning personnel) ▪ IT specialist ▪ Electrician ▪ Tailor ▪ Nurse ▪ Staff nurse ▪ Unskilled laborer	▪ Waiter ▪ Cook ▪ Confectioner ▪ Guide ▪ Nurse ▪ Accountant ▪ Unskilled laborer ▪ Tailor	▪ Waiter ▪ Cook ▪ Hotel service (housekeeper/ cleaning personnel) ▪ Guide ▪ Electrician ▪ Agronomist ▪ Vet ▪ Unskilled laborer ▪ Tradesman ▪ Driver (tractor) ▪ Nurse	▪ Waiter ▪ Hotel service (housekeeper/ cleaning personnel) ▪ Tehnical staff ▪ Agronomist ▪ Tinsmith ▪ Unskilled laborer ▪ Occupational Safety officer ▪ Agricultural mechanic (tractorist) ▪ IT specialist ▪ Accountant ▪ Notary ▪ Tradesman ▪ Builder

Looking at the results of qualitative study by regions, it turns out that **Adjara,** specifically the target city Batumi, has a vast potential for developing two sectors - construction and tourism. As it appears, the construction sector in Adjara was neither significantly affected by the pandemic and employers have continued working almost in an ordinary format. Research participants do not predict substantial changes in this field within the next few years and believe that the construction sector will continue to grow. Respectively, demand for different vocations will continue. In this context, the study identified a number of important tendencies. Namely, as it turns out, in the field of construction, employers demand vocational programmes on *reinforcement works* and *concrete casting.* Regardless of this demand and programmes offered by VETs locally, citizens are less interested in the programme. Thus, the employer with whom said vocational programme was developed made a decision to train his own employees and mostly those employees are students of the programme.

According to a representative of a vocational education institution, this was not because the relevant works have not been conducted in professional orientation and residents were not informed about the programme. The challenge is that employers are ready to hire recruits without the relevant training (e.g. waiter, unskilled laborer, panel technician). Moreover, as it turns out, this does not refer to the construction sector only, but to tourism field as well – and applies to not only Adjara, but to other regions too.

Exactly because employers hire new staff members without relevant training, according to one of pointof view, citizens are not motivated enough to train and do not deem it necessary to spend time and other resources on training. On the other side, employers "are forced" to hire recruits without special training and recruitment, as they constantly need new workforce. Moreover, the more recruits needed, the more difficult it is for the employer to focus on recruiting professionally trained staff members. In the field of tourism, this issue becomes even more topical during the peak season, when it is particularly critical to add staff members with different qualifications. Even so, the quality of service or performed work is relatively low, as even low quality services and products have customers anyway; therefore, making an effort to improve the standard is not in the priority list.

It is worth mentioning that this reality and accompanying challenges were mentioned by other segments of research in other regions,including with the segment of employers. According to one of the assessments, if certification becomes mandatory and employers in the construction sector will have the obligation to hire only certified employees, this will definitely increase interest in the relevant vocational programmes. In addition, it will also result in the improvement of the quality construction companies offer. On its side, according to decision-makers participating in the study, the requirement for improvement of the standard and certification should be coming from the private sector.

„As it in case of tinsmith and electrician that non-certified person is not allowed to work, if it becomes mandatory in all other vocations, it will automatically result in increased interest in training... unless no one asks them to have relevant education, no one will study"...

Employer, construction sector, Adjara

„...this needs to be regulated by Sector Skills Councils (SSCs), this needs to be done by the sector, education sector cannot do this, because this sector is very complicated... First, SSCs should develop and then they decide which sectors are regulated, in which of them to provide certification and so on. It won't work without the sector..."

Representative of the central government

Accordingly, we can assume that the way out from this enchanted circle is to align with the private sector to improve and regulate standards. For its part, the state can show its support through increasing quotas and funding for the relevant programmes. Obviously, in a short-term perspective, mandatory certification may result in a shortage of qualified personnel, but in this case, it is important to plan the timeline of the process in a way so that part of the personnel manages to train before the regulation enters into force. In the end, this will positively affect the creation of better quality products or services, which would be a substantial benefit for both the construction and tourism sectors.

Another issue emphasized in the context of Adjara was related to the water supply system. Namely, it is planned to rehabilitate the water supply system which will result in job generation in this direction. Respectively, demand for a relevant workforce, unskilled laborers, plumbers, and engineers will be high.

As for tourism, it will be further discussed in the context of Adjara and all other regions in the respective sub-chapter.

In the **Guria** region, together with agriculture and tourism, the vast potential of the fish farming sector was emphasized – this sector has recently started working actively in Guria. Considering the increased demand for salmon in the world, a large investment (approximately

8-9 million USD) has been made in Guria, where small trout farms have been operating for years; the investment was made to develop business: a fish farming company "Guria Fish" has been operating in Guria for years, producing salmon and different species of trout. In addition to Ozurgeti, the company started operation in Lanckhuti municipality as well. It has a fish firm at the sea side of Grigoleti where the first batches of product will be ready for sale in September.

It is also planned to make another investment in the fish farming sector in Guria, in Lanckhuti municipality where the investor has already purchased a land parcel with a total area of 10 ha and plans to start production of salmon.

In addition to the existing investments, as noted by regional government representatives, negotiations are being held with another investor who plans to arrange a Sea Bass farm. Their investment is supposed to be tens of millions USD. Respectively, the need for qualified personnel in this sector will only increase in the region. As already noted above, it is a major challenge not only in the region, but in the country to recruit personnel with qualification in ichthyology. As for other vocations, as fish farming is a completely new sector for the region, VETs currently operating in Guria do not train relevant vocations. However, considering this new reality, a multi-profile vocational educational institute operating in the region is in the process of immediately adding relevant educational programmes. It is worth mentioning that as the fish farming sector progresses swiftly in Lanckhuti municipality, a vocational programme will be provided locally. A VET will complete construction and equipment of the building in a couple of months and will be ready in September to offer programmes to applicants in the field of fishery; namely, the vocational education institution will train professionals in *fish breeding, fish processing* and to check the quality, in the direction of *fish laboratory research.*

As for Ozurgeti municipality, one of the largest employers is a *sewing factory.* Even though, as assessed by representative of regional government, there is no shortage of relevant personnel, the employer noted that due to high outflow, the need for new recruits is always in place, while finding qualified personnel is particularly problematic. As noted by the employer, job seekers are not qualified and the employer has to train them ("we have to teach them how to do the job"). Regardless of challenges related to qualification, any job applicant gets a job which can be explained by the shortage of personnel in the region in general.

There are also challenges in terms of the shortage of *medical personnel* (nurse and assistant nurse), which became particularly obvious during the pandemic. As noted, the training of the relevant personnel requires practical studies. This, as assessed by a government representative, essentially requires revision of the salary of professors who will be responsible for teaching and training personnel. On its side, as assessed by vocational education institute, regardless of the demand and attempt of the VET to create a programme in medical/health field, it is still not feasible. The main problem is having no access to facilities that would ensure practical classes. According to a vocational education institute, a programme in the medical/health vocations cannot be implemented solely with resources of the collage ("as collage cannot be a stationary"), while the VET has to pay for access to the respective health facilities. On its side, payment of the admission fee is not regulated by the legislation in a way to enable VETs to pay the fee and this results in an inability to implement the programme.[68] Thus, active engagement of the private sector and readiness to cooperate with vocational education institutions is crucially important.

In the field of agriculture, demand for the qualification of *veterinatians* is detected while local VETs cannot meet that demand.One of the main reason turns out to be an inability to provide the practical component of the programme. Considering that there is not a single automatized farm in the region that would act as the facility of practical classes, it is difficult for VETs to implement the relevant programme.

In the context of agriculture, it is worth mentioning that the respective vocational programme currently has a capacity to accept 10-12 applicants, but interest towards the programme is low. A representative of the vocational education institution participating in the study believes that in this context, it is important to promote not the actual programme, but the sector, agriculture, which is beyond limits of the specific VET and the region itselfThe main effect of promoting the field can be raising the awareness of society on the potential of self-employment in agriculture as well as the increase of qualified professionals among self-employed citizens.

Respondents also discussed the development of the forestry sector within the upcoming years which mostly includes *producing energy-efficient brickets* and and attempts to reduce the use of traditional energy sources. This does not apply to the target Ozurgeti municipality and refers to Chokhatauri municipality.

Considering the tendency of the recent years – increased production of blueberries – it turns out that demand is particularly high in the vocation of *agronomist;* another in-demand qualification is *trimming specialist,* which is hard to find locally. According to the region's employment center, the main challenge here is the low salary employers offer to qualified professionals (*"Employers and applicants fail to reach an agreement on reimbursement. As the professional is aware how demanded his qualification is, he does not agree to low salary").* However, according to employers, the problem is not related to low salary, but to the absence of qualified professionals in the region, which is why they are forced to invite agronomists and trimming specialists from other regions.

There is a reported shortage of unskilled laborers which is also related to salary-related challenges. The shortage of unskilled laborers occurs in many different fields (e.g. unskilled laborers at blueberry plantations, construction projects, etc.). The challenge is even more relevant considering that salaries are much higher for the same job in neighboring countries. Respectively, staff outflow is rather severe. Another interesting fact detected within the study is related to the gender-specific shortage of unskilled laborers. As it turns out, due to specific nature of the job, unskilled laborers at tea plantations should be women (*"picking tea is softer job and men are not that good at it"),* while finding employees is rather

[68] **Note:** cooperation between vocational school and facility that provides practical classes depends on the negotiation and agreement between the parties. As private company "Aversi" functions in Ozurgeti and offers medical service to the municipality, cooperation with it depends only on a good will and/or cooperation can be achieved if vocational school pays the respective fee, but according to the legislation, vocational schools are not allowed to do so.

challenging. In addition to the high migration rate from the region the seasonality of the job is also problematic. As noted above, citizens can get that kind of seasonal job with a higher salary in neighboring countries. Consequently, it is not a surprise that local job seekers prefer to get seasonal job in neighboring countries. On its side, employers hire workforce from other regions to Guria; this practice is widely applied in all other regions (e.g. bringing workforce from Shida Kartli to Guria, from Samegrelo-Zemo Svaneti to Kakheti, etc.).

As for **Imereti**, the potential of the manufacturing sector is traditionally assessed as high and changes in this direction are less expected. Respectively, Tkibuli municipality will still have a shortage of personnel for mines and the local VET will ensure to provide for that shortage. As for other sectors, together with the tourism sector, more or less potential is detected in the construction sector. The latter results from the construction of the central highway and different road infrastructural projects, which increases the need for the relevant personnel (builders, unskilled laborers) within the next few years.

In the field of agriculture focus was made on the potential of blueberry, strawberry, and watermelon production and its development prospects. It is worth mentioning that in addition to unskilled laborers, there is a need for specialists in fields such as irrigation, warehousing, and cold storage; employers also have the need for branding or sales specialists.

The textile sector is identified as one of the most promising fields in Imereti. Interestingly, regardless of the high demand of employers for the relevant personnel and high interest in vocational programmes, employers permanently have a shortage of staff members. It turns out that motivation to get a job locally is rather low due to low salary and work schedule. Similarly to Guria, citizens with the relevant qualification prefer to go abroad not only for seasonal work, but also to work with the relevant qualification. Thus, the fact that there is demand for specific vocations on the labor market, high interest in vocational programmes, and a certain number of trained personnel, does not necessarily mean that trained professionals will choose to work on the local labor market.

Agriculture and tourism are two sectors in the **Kakheti** region which are now considered more or less developed, and their potential is believed to be the most powerful in this direction. Moreover, research participants believe that the development of these two sectors will complement each other. In the field of agriculture, the development of *viticulture-wine-making* first of all, supporting local production and strengthening agro tourism are assessed as an important precondition for the further development of tourism in the region. In addition to high class hotels or guesthouses, the development of chateaus in the region over the past years and growing demand for them makeresearch participants think that this process will most probably continue. Consequently, vocations important for the tourism and agriculture fields will be most in-demand in the future. In addition, the study also identified that if the tourism sector is dominant for *Kvareli municipality,* for Dedoplistskaro municipality, construction is one of the potential sectors where demand is and will be for vocations such as *electrician, unskilled laborers, tradesmen with different qualifications.* It is also worth mentioning that similar to Adjara, representatives of vocational education institutions stress the high demand for employers in the field of construction, which does not necessarily mean that citizens are interested in relevant programmes. As noted above, in addition to low salary, the explanation behind this is that vocational education is not required to get a job in the construction field.

Sectors with development potential in **Racha-Lechkhumi and Kvemo Svaneti** turn out to be agriculture, energy, and tourism. In the context of **agriculture**, the development potential of two fields are emphasized: *viticulture-winemaking,* including planting new species of grapes along with traditional ones (more or less every municipality has the potential to develop this field, especially Ambrolauri and Tsageri). As for animal husbandry, here should be mentioned the vast potential of expanding the production line of Rachuli ham, which involves switching from family, so called "homemade" production to business production of this product. Oni municipality bears particular importance in this direction. Both of these fields support the development of tourism. In addition to the potential of developing summer and winter resorts in the region, there is a vast potential for developing agro tourism which will be discussed in the respective sub-chapter. As for the energy sector, the potential of Lentekhi municipality is emphasized in this context where the construction of small hydro power plants is a promising prospect. Respectively, there will definitely be a need for specialists who will serve HPPs locally. In order to identify narrow specializations, it will be important to have active communication with employers; creation of vocational programmes based on their requirements and training relevant professionals will be essential in the near future.

Another issue identified within the scopes of qualitative study must be discussed; namely, demand for different vocations does not necessarily mean high demand for all of them. In reality, an employer may have the need for only several or even just one specialist with a specific specialization. Therefore, as it is important to know the demand for the specific vocation, it is also crucial to know the number of personnel employers plan to hire in their organization *("... I am sure they say they need professionals, that they need an agronomist and there is not one available. But when it comes to reality, when you ask them the specific number of recruits they will hire, they won't respond, there can be 2-3 in the specific field... this is it, small business talks about the need of recruits and on the other side, when it comes to action, they do not hire as many as they promise").* Thus, it becomes of critical importance for VETs to study the labor market which they are obliged for authorization of programmes. By doing so, it becomes possible to specify information on very narrow specializations that are in-demand in specific municipalities and to somewhat define the numbers employers can potentially hire locally.

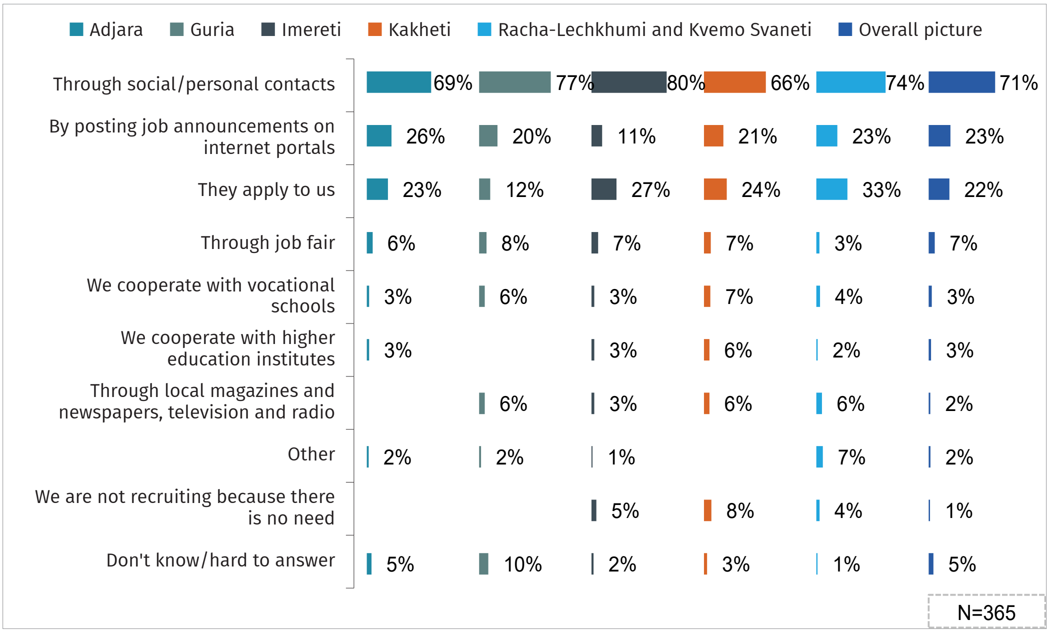
5.3. Personnel Recruitment

As for **personnel recruitment,** according to the study results, in general, the most prevalent practice is using *personal contacts* (71%). As noted within the scope of the desk research, the assumption that recruiting personnel through social/personal contacts is the most prevalent practice everywhere was confirmed with the qualitative study results.

In addition to social capital, recruitment is done through posting job announcements on *internet portals* (23%) as well as based on *application of job seekers* (22%). Recruitment through personal contacts is the most prevalent mechanism in every region. The study identified slight differences in regard to other mechanisms. For instance, the practice of posting vacancies on internet portals is the least used in *Imereti* (11%), while job seekers applying for jobs is most prevalent in *Racha-Lechkhumi and Kvemo Svaneti* (33%).

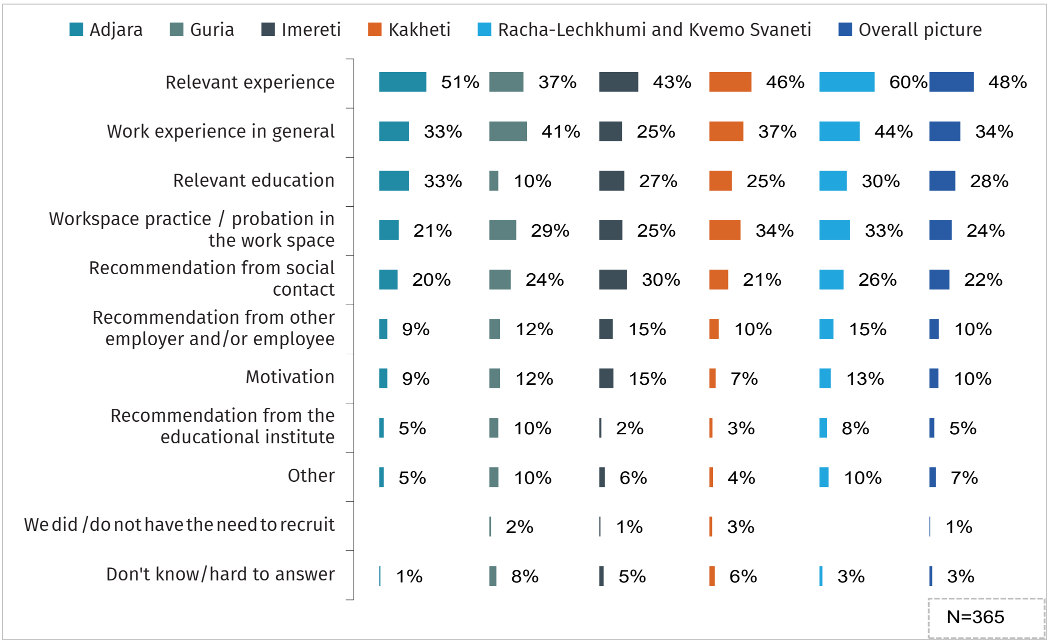
It is noteworthy that *cooperation with VETs* as a recruitment mechanism is applied by only 3% of employers.

FIGURE #13. RECRUITMENT MECHANISMS



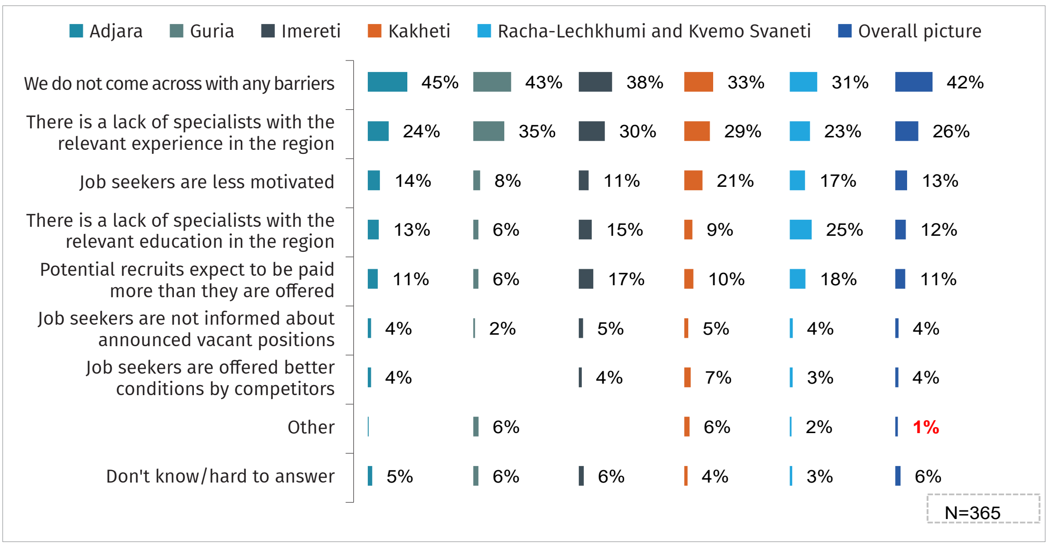
As for the criteria employers apply most frequently in the process of **personnel recruitment,** it turns out that what matters the most is *having relevant experience* (48%). It is also worth mentioning that *working experience in general* is an important factor for a significant portion of employers (34%). One third pays attention to *relevant education* (28%); for one fourth what matters the most is *practice/test in the work space* (24%); one fifth pays attention to *recommendation provided by someone they know* (22%).

FIGURE #14. CRITERIA EMPLOYERS APPLY IN THE PROCESS OF PERSONNEL RECRUITMENT[69]



Even though a significant portion of employers in every region reported not having difficulties when recruiting, more than half of respondents in every region identified certain difficulties. It is noteworthy that the absence of personnel with *relevant experience* in the region is the **main challenge** employers come across in the recruitment process (26%). Other challenges identified by employers include *lack of motivation of job seekers* (13%), *absence of relevant education* (12%) and applicants' *expectation to get higher salary than offered* (11%).

FIGURE #15. CHALLENGES EMPLOYERS COME ACROSS WITH IN THE RECRUITMENT PROCESS



[69] **Note:** „Other" factors include testing, age limit, personal features and knowledge of foreign language. It is worth mentioning that the last one was named only in Batumi.

On its side, the **qualitative study** identified a number of main barriers *job seekers* come across. These are:

- Absence of work experience;
- Challenges related to knowledge of foreign language;
- Low salary.

According to *employers,* the following challenges are critical on the labor market:

- Shortage of personnel with relevant qualification locally;
- Shortage of seasonal, as well as daily workforce, including unskilled laborers;
- Outflow of trained personnel.

It is noteworthy that when discussing barriers for job seekers, young participants of the study emphasized the absence of work experience and knowledge of foreign language. The latter ultimately implies insufficient or no literacy in English language. In addition to English language, in order to get a job in the tourism sector, as reported by young respondents, the preference is literacy in Russian language and Turkish language in Adjara.

As the narratives of young respondents clarify, employers often require work experience, but not for beginners and not for all positions. As a result of the discussion, young respondents conclude that work experience is more required for the positions where more knowledge and actual experience is required (e.g. specialist in the public or private sector and not a waiter or bartender); respectively, salary offered for these positions is higher.

As for literacy in English language, opinions are split on this matter. According to one viewpoint, employers unfairly require knowledge of English language for all positions. As for the other point of view, this requirement does not refer to every position in every sector *(„I've never seen any employer requiring knowledge of English or German in the field of agriculture").* In fields where this skill is required, it is clear that literacy in foreign knowledge is essential *("when it comes to tourism field, one definitely needs to speak at least English").*

According to representatives of employment centers, young citizens up to 25 years somewhat comply with the requirement in regard to foreign language skills, while in the case of older age groups, there is a major challenge in terms of foreign language and computer skills. As for the fact that a significant portion of young people still have a hard time complying with the requirement of foreign language skills, according to young respondents, this comes from insufficient level of education in schools and/or lack of interest from pupils *("I studied English at school, in the summer I worked at a bar I complied with their requirement [level of my English was satisfactory]. I was able to talk to customers in English…").*

Even though social capital is the most prevalent mechanism for recruitment, not having proper social contacts as barrier for employment was almost never mentioned by young respondents anywhere except for in Kakheti. Narratives of employers clarify that applying social capital for recruitment does not mean nepotism and giving privileges to people you know. Finding potential employees through social contacts is a tried-and-true and relatively efficient practice considering the outflow of personnel in regions as well as the not so frequent use of internet resources by job seekers which was already discussed above.

Low salary as barrier of employment was mentioned by job centers and third sector representatives participating in the study. As noted by respondents, this is the reason highly qualified specialists do not agree to job offers, especially when they have a qualification that is in high demand (e.g. electrician who can generate more income in the case of self-employment compared to a fixed 800 GEL offered by employer, which is not considered to be a low salary for regions). On the part of job seekers, a way out of this situation is to move to neighboring countries to work there (e.g. outflow of specialists in the sewing sector, outflow of workforce to work on plantations in neighboring Turkey, etc.).

Employers have a slightly different vision in regard to low salary. According to them, in order to attract and keep employees on board, they offer reimbursement close to medium ("if not more"). Offering more is difficult for employers considering their financial resources and the not so high qualification of job applicants. In addition, according to employers, job seekers tend to have low motivation and improper assessment of their capacities. Representatives of the third sector speak about challenges related to motivation. For example, respondents in Guria noted that young people are not interested in development and training. Furthermore, they believe that participation in study and training programmes is a waste of time. In addition, another challenge is that young people are not that willing to take low positions or low-paid jobs.

Representatives of job centers confirm the fact that job seekers inadequately assess their knowledge and skills. However, they also noted that in some cases, in addition to inadequate assessment of knowledge and skills, "unrealistic" requirements set by employers is also challenging factor (for example, requiring higher education for the position of housekeeper). However, taking into account that none of the other segments mentioned that fact, we can assume that this is more likely a rare exception than prevalent practice.

As for **the most problematic/deficit vocations**, the quantitative study revealed that one third of employers find it difficult to name the specific qualification which is in shortage most of all. Based on the results of the qualitative study we can assume that as there are many vocations in shortage; it is difficult to identify one specific qualification. Speaking on specific qualifications, it turns out that the most problematic vocations are from the groups of technicians and assisting specialists, and workforce with beginner's qualification. Namely, the following vocations were identified as most in-deficit in target regions: *driver* (9%), *assistant/unskilled laborer* (7%), tradesman *(6%),* cook *(6%), sales representative (5%), manager (5%), cashier-operator (5%) and so on.*

The majority of employers believe that after graduating from educational institutions, *graduates are good at their profession but still need trainings to some extent* (65%). This is how six out of ten respondents think in every region. In addition, different competences of employees are assessed more or less problematically. Among them, the most problematic competence is *foreign language skill* in every region. The least problematic competence assessed by employers was *being organized and team work*.[70]

[70] **Note:** assessment on 10-point scale where "1" means that this competence "is not a challenge/problem at all" and 10 means that there are "serious challenges/problems" with this competence.

TABLE #21. ASSESSMENT OF DIFFERENT COMPETENCES OF EMPLOYEES

	Adjara	Guria	Imereti	Kakheti	Racha-Lechkhumi and Kvemo Svaneti	Overall picture
Foreign language skills	**3.7**	**3.6**	**5.1**	**4.0**	**4.8**	**3.9**
Practical competence relevant to profession	3.3	3.3	3.3	3.6	3.4	3.3
Relevance of theoretical knowledge to practical requirements	3.1	3.2	3.4	3.4	3.1	3.2
Adequate ambition	2.9	2.9	3.8	3.4	3.4	3.0
Time management	2.9	2.5	3.2	3.2	2.9	2.9
Basic computer skills	2.7	3.0	3.5	3.6	4.1	2.9
Business-like oral communication	2.9	2.6	3.3	3.2	2.7	2.9
Written communication	3.0	2.2	3.3	3.0	2.7	2.9
Leadership	2.8	3.0	3.3	3.1	3.1	2.9
Problem-solving skills	2.8	2.4	3.1	2.7	2.9	2.8
Decision-making	2.6	3.0	3.1	2.6	2.7	2.7
Motivation to perform work efficiently	2.7	2.1	2.8	3.0	3.1	2.7
Sense of responsibility	2.6	2.1	2.7	2.5	2.6	2.5
Being organized	2.4	1.9	2.8	2.8	2.8	2.4
Team work	2.4	1.8	2.7	2.5	2.5	2.4

Competences of employees by target municipalities were assessed in the following manner:

TABLE #22. ASSESSMENT OF DIFFERENT COMPETENCES OF EMPLOYEES BY MUNICIPALITIES

	Batumi	Ozurgeti	Sachkhere	Tkibuli	Dedoplistskaro	Kvareli	Oni	Tsageri	Lentekhi
Foreign language skills	3.7	3.6	5.3	4.6	4.2	3.8	4.8	4.2	5.6
Practical competence relevant to profession	3.3	3.3	3.3	3.4	3.7	3.6	3.3	3.6	3.0
Basic computer skills	2.7	3.0	3.3	3.7	3.5	3.6	3.7	4.1	4.6
Adequate ambition	2.9	2.9	3.9	3.6	3.3	3.4	3.9	3.6	2.5
Relevance of theoretical knowledge to practical requirements	3.1	3.2	3.2	3.8	3.3	3.5	3.1	3.3	3.0

Leadership	2.8	3.0	3.3	3.4	2.8	3.4	3.3	3.4	2.3
Time management	2.9	2.5	3.2	3.3	3.1	3.3	3.6	3.1	1.9
Business-like oral communication	2.9	2.6	3.1	3.6	2.8	3.5	2.6	3.0	2.4
Written communication	3.0	2.2	3.1	3.9	2.6	3.3	2.4	3.4	2.1
Problem-solving skill	2.8	2.4	3.1	3.3	2.7	2.7	3.1	3.3	1.9
Decision-making	2.6	3.0	3.1	3.1	2.4	2.7	3.1	2.8	2.0
Motivation to perform work efficiently	2.7	2.1	2.8	2.8	3.0	3.0	3.1	3.5	2.3
Being organized	2.4	1.9	2.7	2.9	2.4	3.0	3.0	3.1	1.9
Sense of responsibility	2.6	2.1	2.7	2.9	2.5	2.5	2.9	2.9	1.7
Team work	2.4	1.8	2.7	2.7	2.6	2.4	3.1	2.6	1.9

In regard to foreign language, it turns out that work is currently in progress to incorporate a new approach in teaching foreign language. According to one of the approaches, outsourcing foreign language classes and cooperation with language centers is being considered. The development of short-term courses is also being consdiered. In addition, VETs may have foreign language courses they will be able to offer not only to their own students, but local community members too, which will enable vocational education institutions to gain a much more important function locally than vocational training.

„We would like our institutions to have the service and offer foreign language courses not only to their students, but local community members too, because as you know, our collage is the only provider of educational services in many municipalities. Thus, we are gradually switching to this model because in many municipalities where our collages are operating, implementing only vocational programmes may not be the only function of the collage". ***Representative of the central government***

It is worth mentioning that regardless of challenges, a large portion of employers *do not take special measures to eliminate them* (40%). In addition, one third of employers *provide additional trainings* (29%). The majority have experience with conducting trainings *to improve qualification in specialty* (54%). Trainings are often held in *communication and self-presentation* (17%). As it turns out, trainings are most frequently held for specialists (74%) and middle rank managers (30%).

As organizations always need trainings in different competences, vocational education institutions, in addition to foreign language centers, may act as service providers of trainings. Considering that it is difficult to find different specialization training centers in every region or municipality, this gap can be easily filled by VETs. In addition, assuming that the price of the service provided by VETs can be much more attractive than the price of the training centers invited from another region or capital city, it is absolutely realistic to interest local employers in organizing trainings. On one hand, this will improve the qualification of personnel on site; while on the other, financial resources of VETs will also increase. As a new rule of economic activity went in force, enabling vocational education institutions to generate income in return for certain services or economic activity, it is already realistic to offer such a service. In addition to increasing the self-efficiency and independency of vocational education institutions, their ability to develop more through generated financial capital, this will also help the promotion of vocational education. By offering trainings, engagement in vocational education becomes accessible for far more professionals while also positively raising awareness of vocational education institutions.

5.4. Cooperation with VETs

Based on the research results, the vast majority of employers *do not cooperate with VETs* (88%) and this is the reality in every target region. The main reason identified by respondents is that organizations do not see any benefits from cooperation with VETs (31%).

On the other side, only 42 employers have experience of cooperating with vocational education institutions and the majority of them *offer workspace practice* to students (69%). In addition, employers in every region deem cooperation with VETs more or less important.

The respective assessments according to municipalities look as follows:

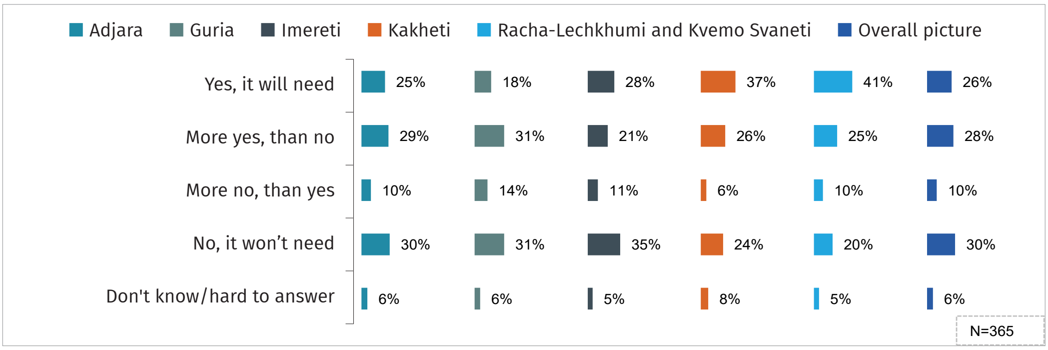
TABLE #23. ASSESSMENT OF IMPORTANCE OF POTENTIAL COOPERATION WITH VETS BY MUNICIPALITIES

Please tell me, how important is cooperation with VETs for your organization? Use 10-point scale for evaluation where "1" means "completely unimportant" and "10" means "very important".	Batumi	Ozurgeti	Sachkhere	Tkibuli	Dedoplistskaro	Kvareli	Oni	Tsageri	Lentekhi	Overall picture
Average score	5.57	4.9	5.89	6.08	5.45	4.61	5.05	6.3	3.95	5.38

Organizations that noted that cooperation with VETs is important/more or less important for them (regardless of current cooperation status) provide two main reasons behind their assessment. Namely, according to them, cooperation with VETs *simplifies recruitment of relevant personnel* (63%) and *ensures practice-based teaching that makes personnel more or less prepared for real work environment* (42%).

As demonstrated by the research results, an important portion of organizations will *need* (26%) or *will more likely need personnel with vocational education than not* (28%) within the next 2-3 years. One third of organizations reported on not having such need (30%). This is the reality in *Adjara* (30%), *Guria* (31%) and *Imereti* (35%). As for *Kakheti,* one fourth of employers inquired in this region will not need professional personnel within the next 2-3 years (24%) and one fifth won't have such need in *Racha-Lechkhumi and Kvemo Svaneti* (20%).

FIGURE #16. NEED OF PERSONNEL WITH VOCATIONAL EDUCATION IN THE NEXT 2-3 YEARS



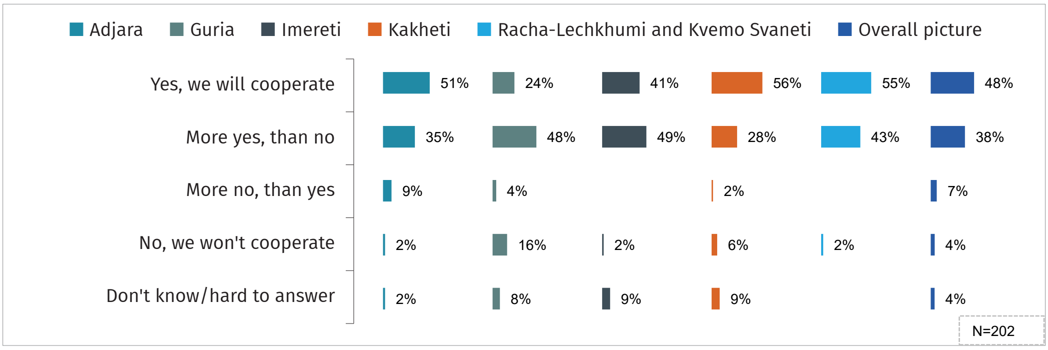
The reality by municipalities is as follows:

TABLE #24. NEED OF PERSONNEL WITH VOCATIONAL EDUCATION IN THE NEXT 2-3 YEARS BY MUNICIPALITIES

	Batumi	Ozurgeti	Sachkhere	Tkibuli	Dedoplistskaro	Kvareli	Oni	Tsageri	Lentekhi
Yes, it will need	20	9	13	13	13	16	8	10	7
More yes, than no	23	16	11	8	8	12	2	7	6
More no, than yes	8	7	5	5	3	2	2	2	2
No, it won't need	24	16	19	11	12	8	6	3	4
Don't know/hard to answer	5	3	2	3	5	2	2	0	2
N=	***80***	***51***	***50***	***40***	***41***	***40***	***20***	***22***	***21***

It is noteworthy that half of organizations that see the need for professional recruits within the near future also *plan to cooperate with VETs* (48%), while 38% would more likely cooperate than not. As for regions, the vast majority of employers report cooperation/potential cooperation in every region.

FIGURE #17. INTENTION TO POTENTIALLY COOPERATE WITH VETS WITHIN THE NEXT 2-3 YEARS



The fact that the cooperation of VETs with the private sector is both critically important and problematic at the same time was revealed within the scope of the **qualitative research.** Regardless of the effort of VETs and business associations to make employers more actively engaged in the training process and regardless of some positive changes, according to research participants, the issue of cooperation still remains challenging. Engagement of the private sector in vocational education is multi-component. It can be engaged in defining knowledge and skills that a specific vocation requires, in development of an educational programme or in the direct implementation of the programme, which mostly involves participation of employers in practical training and is not even realistic for every employer. Obviously, there are differences by sectors and vocations, but mostly large and in some cases, medium-size businesses can offer practical classes. As it turns out, engagement of small enterprises as providers of practical classes is often impossible due to relevant infrastructural challenges and lack of material-technical equipment.

In addition to this, awareness turns out to be a challenge. According to the narratives of our research participants, the private sector often does not realize importance of personnel with vocational education for business activity and particularly fails to realize its role in vocational education. Thus, strategic communication should include employers as a separate segment. It is important to raise awareness of the importance of vocational education while also realizing the role of the private sector in the process.

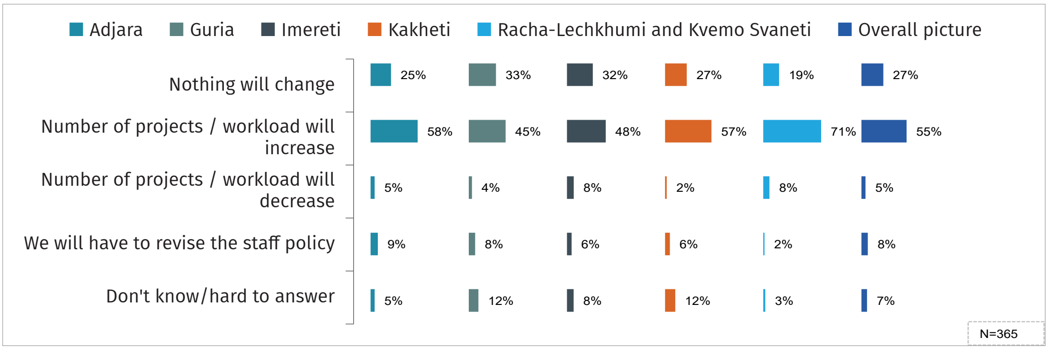
5.5. Views on Future

As the pandemic affected every sector, a relevant question was asked to every employer. Employers in every region reported the negative impact of the pandemic. The largest number of employers reported a negative impact such as *decreased amount of orders/sales* (54%) and *part of branches getting closed* (33%).

As for those who saw a certain positive effect of the pandemic (38 organizations in total), they report the incorporation of a remote work format and/or improvement of the existing online work format.

In regard to future perspectives, 55% of organizations believe that the *number of projects/ workload will increase* within the next 12 months, while 27% of organizations believe that *nothing will change.*

FIGURE #18. ASSESSMENT OF THE PROSPECTS OF THE NEXT 12 MONTHS



As for the preferable type of support, half of organizations *would like tax exemptions* (54%), 35% - *subsidies on interest rate of loans.* Even though only one out of ten organizations *would like support in training staff members* (11%), this is the opportunity of cooperation for VETs. As a result of planning relevant activities, it is quite realistic to increase the number of such organizations.

The distribution of preferable support by municipalities is given below:

TABLE #25. PREFERABLE SUPPORT WITHIN THE NEXT 12 MONTHS

	Batumi	Ozurgeti	Sachkhere	Tkibuli	Dedoplistskaro	Kvareli	Oni	Tsageri	Lentekhi
Tax exemptions	46	25	26	18	24	18	9	6	7
Subsidies on interest rates of loans	27	17	20	18	18	12	2	8	9
Support in training employees	**9**	**4**	**5**	**4**	**5**	**8**	**4**	**5**	**2**
Subsidies on salaries of employees	1	6	8	5	5	8	3	4	2
Postponing credit payments for certain period of time	7	3	2	5	2	2	-	6	3
Funding/grants	1	-	1	1	3	3	4	-	1
I do not want support	3	2	3	-	-	1	1	-	1
Other	4	3	4	-	1	1	2	1	-
Don't know/hard to answer	9	10	5	1	3	1	-	3	4
N=	***80***	***51***	***50***	***40***	***41***	***40***	***20***	***22***	***21***

Thus, to sum up this component of the study, it can be concluded that there are no drastic differences among the regions of Georgia in terms of need for recruits in the context that the main demand is not on non-managerial positions, but on the personnel whose training through vocational education is not only sufficient, but even desirable. In addition, finding unskilled laborers is particularly difficult in different fields. Together with other challeng-es, attention needs to be paid not only to problems related to reimbursement, but to the lowqualification of job seekers and lack of motivation. The main mechanism of recruitment is social contacts, while the practice of cooperating with VETs is rare.

6 TOURISM AND HEALTH/WELLNESS SECTOR

This part of the study is dedicated to tendencies in the tourism and health/wellness sector specifically. For this component of the study, target municipalities were Batumi and Kobuleti (Adjara), Ozurgeti (Guria), Kutaisi (Imereti), Telavi and Kachreti (Kakheti), Ambrolauri (Racha-Lechkhumi and Kvemo Svaneti). Within the scope of the qualitative study, 160 interviews were conducted with employers, 7 in-depth interviews with representatives of VETs and 2 focus discussions with employers of the tourism and health/wellness sectors from different regions.

The tourism sector is important for every target region. Even though the share of the tourism sector does not play any special part in the GDP of any region (regardless of being very important for Adjara, Guria and Kakheti), it is believed to be one of the fastest growing sectors with vast potential. The study identified that the development of tourism in all regions is also related to the development of agro tourism. One of the important components of agro tourism is the development of winemaking and related activities not only in the *Kakheti* region.

In case of *Guria*, in addition to mountain and sea resorts, respondents believe it is important develop fields of tourism such as utilization of tourism potential of tea plantations and development of winemaking as a result of restoring authentic Gurian vine species.

In addition to traditional kinds of vine, respondents in *Racha-Lechkhumi and Kvemo Svaneti* deem it important to grow new species and develop winemaking as an important component of agro tourism. In addition, business production of Rachuli ham was assessed as an important component for the development of agro tourism.

As for *Imereti,* its tourism potential is related to historical monuments and recreational places rather than agro tourism, but the development potential of agro tourism is assessed as important.

Winemaking is the least topical for the *Adjara region,* but the importance of agro tourism is mentioned in this case too. According to the respondent narratives, regardless of the importance of sea and mountain tourism traditionally for the region, it becomes necessary to think about the development of rural tourism in order to raise the interest of European tourists in the region. According to one of the assessments, it will be important for Adjara to develop eco tourism and rural tourism so that the region can attract tourists with better financial capacity (mostly European tourists). According to main viewpoint, sea resorts are interesting for tourists from post-Soviet countries, while in order to make European tourists interested, it is essential to develop agro and adventure tourism with all related services. This is important for attracting tourists with better financial capacity, for supporting local production, and for generating jobs locally.

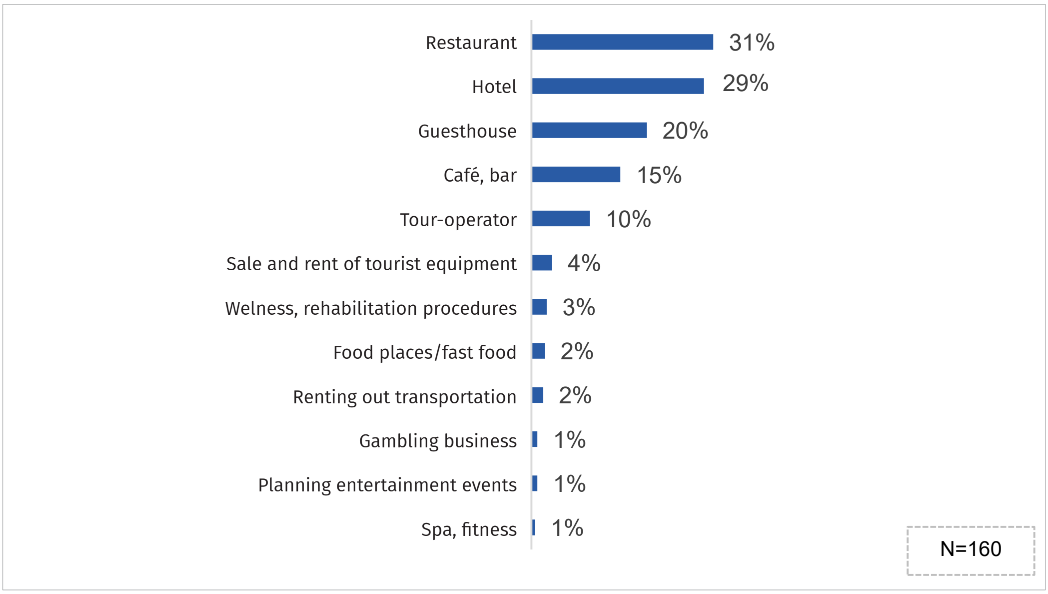
As for other tendencies identified by quantitative or qualitative research, those will be discussed in sub-chapters below.

6.1. Description of Organizations

99% of employers participating in the quantitative study are *private enterprises* according to form of ownership. 43% of organizations have experience in operation *from 1 to 5 years*, 44% - *7 and more years.* It is noteworthy that an absolute majority (94%) of organizations plan on functioning/operating within the next 1-2 years, while the rest of the organization still debate whether or not to continue operation.

For the vast majority of employers participating in the study, the main field of occupation is related to *means of accommodation and food delivery activities* (85%). One third of organizations operate in the field of *restaurant* (31%) and *hotel* (19%). One fifth of research participants represent *guesthouse* (20%), 10% - *tour-operators. Wellness/rehabilitation procedures* are the main field of occupation only for 3% of organizations participating in the study.

FIGURE #19. MAIN FIELD OF OCCUPATION



All the organizations participating in the study have *permanent employees.* 48% reported on having *seasonal employees,* 18% - *project-based/temporary employees.* According to number of employees, the majority of organizations are small with up to 5 permanent members (58%). The vast majority of organizations have up to 5 seasonal and project-based/temporary employees (54% and 77% respectively). The number of medium-size and large (50 and more employees) organizations participating in the study are based in Batumi and their total number is two.

As for the main professional groups working for organizations, the largest portion of employees belong to groups of *managers* (59%), *specialists* (49%) and *service and sales personnel* (46%).

6.2. In-demand Vocations

As verified by the results of the quantitative study, the majority of organizations will *need new recruits* within the next 1-2 years. Moreover, 43% of organizations believe that *they will be able to hire them, 17% will most probably need new recruits but those organizations do not know whether they will be able to hire them or not.* 27% of organizations will *not need new recruits in near future,* while one out of ten finds it difficult to predict (12%). It is also worth mentioning that the probability of using *outsource* is almost zero (1%).

The need for recruits within the next 1-2 years by municipalities looks as follows:

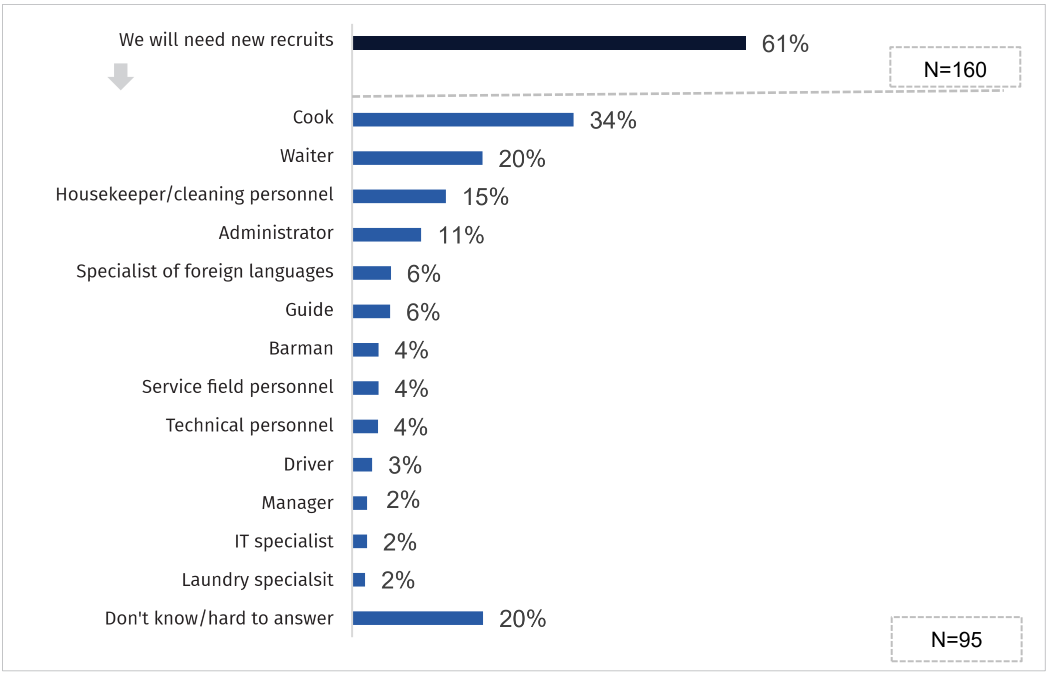
TABLE #26. NEED OF NEW RECRUITS WITHIN THE NEXT 1-2 YEARS BY MUNICIPALITIES

	City of Batumi	Kobuleti municipality	Ozurgeti municipality	City of Kutaisi	Telavi municipality	Kachreti	Ambrolauri municipality
Yes, we will need new staff members and I believe we will be able to hire them	21	9	7	14	10	2	3
Yes, we will need new staff members, but I don't know whether we will manage to hire them or not	9	2	4	5	2	1	5
Yes, we will need new staff members, but we will prefer outsource	1	-	-	-	-	-	-
I don't think we will be needing to recruit new staff members	13	7	6	6	7	2	7
Don't know/hard to answer	6	2	3	5	1	-	-
N=	***50***	***20***	***20***	***30***	***20***	***5***	***15***

Among those who will have the need to recruit new staff members within the next few years, half of organizations see this need in the group of *service and sales personnel* (50%), and 42% will need new recruits from the professional group of *specialists.* 13% will need *technicians and assisting personnel.*

As for the most in-demand vocations research participants will need to hire within the next 1-2 years, it turns out that the most in-demand vocations are **cook** (34%), **waiter** (20%) and **housekeeper/cleaning personnel** (15%). It is worth mentioning that one fifth of employers cannot specify the qualifications they will need (20%) and regardless, still predict they will need to hire new recruits.

FIGURE #20. IN-DEMAND VOCATIONS WITHIN THE NEXT 1-2 YEARS



Distribution by municipalities:

TABLE #27. THE MOST IN-DEMAND VOCATIONS WITHIN THE NEXT 1-2 YEARS BY MUNICIPALITIES

	City of Batumi	Kobuleti munici-pality	Ozurgeti munici-pality	City of Kutaisi	Telavi munici-pality	Kachreti	Ambrolauri munici-pality
Cook	11	4	4	6	4	2	1
Waiter	7	3	2	3	1	1	2
Housekeeper/ cleaning personnel	2	4	-	4	4	1	2
Administrator	2	-	2	5	-	-	
Specialist of foreign languages	2	-	-	1	2	-	1
Barman	1	1	-	1	-	-	2
Guide	2	1	-	1	1		
Technical personnel	1	1	2	-	-	-	1
Service field personnel	2	-	-	-	1	1	-
Manager	-	2	1	-	-	-	-
Driver	1	1		-	1	-	-

Specialist	1		1	-		-	-
Tradesman	-	1	-	-	-	-	1
Baker	-	1	-	-	-	-	1
Sales representative	-	-	-	-	1	1	-
Laundry specialist	-	1	-	1	-	-	-
Electrician	-	-	1	-	1	-	-
Don't know/hard to answer	6	-	2	7	1	-	-
N=	31	11	11	19	12	3	8

In addition to that, the need for vocations such as *accountant, cameraman, designer, masseuse, consultant, engineer, mechanic, host* were each named only by one organization.

Tendencies revealed as a result of **qualitative research** confirm the aforementioned data. According to those working in the tourism field, the most in-demand vocations are *service field specialists* (e.g. waiter, cook) as well as *assisting personnel* (e.g. housekeeper, cleaning personnel). Within the scope of the qualitative component of the study, as a result of analyzing assessments provided by employers, job centers, third sector, regional government and representatives of vocational education institutions, the picture in regard to in-demand vocations in each target region is as follows:

TABLE #28. CURRENTLY/SOON-TO-BE DEMANDED VOCATIONS BY REGIONS

Adjara	Guria	Imereti	Kakheti	Racha-Lechkhumi and Kvemo Svaneti
▪ Waiter ▪ Cook ▪ Hotel service (housekeeper/cleaning personnel) ▪ Accountant ▪ Electrician	▪ Waiter ▪ Cook ▪ Guide ▪ Hotel service (housekeeper/cleaning personnel) ▪ IT specialist ▪ Electrician ▪ Tailor	▪ Waiter ▪ Cook ▪ Confectioner ▪ Guide	▪ Waiter ▪ Cook ▪ Hotel service (housekeeper/cleaning personnel) ▪ Guide	▪ Waiter ▪ Hotel service (housekeeper/cleaning personnel) ▪ Technical staff

It is noteworthy that respondents in **Adjara** discussed emerging demand on the market requiring not just waiters, cooks and electricians, but qualified personnel with competences essential for cruise ship specifications (cook who knows the specifics of working on a ship; not just a waiter, but crew member; not just electrician, but specialist with more complex knowledge and skills who knows foreign language, specifics of working on a ship and can provide first aid). This was emphasized in Kobuleti. As noted by a representative of a vocational education institution, demand for those vocations will definitely increase quite soon, which on one hand will be related to the situation in Ukraine and shortage of ship crew on the other;these needs come from the fact that similar resources in Georgia (sailor or other specialists) are fully utilized by the international labor market.

In addition to the abovementioned vocations, respondents inquired in Adjara mentioned that after legislative changes, demand has increased for occupational safety specialists, which is important for the tourism sector as well. Even though this was not particularly emphasized in other regions, we can assume that demand on specialists and relevant programmes will remain relevant everywhere within the next years.

It is also worth mentioning that in some cases, demand is situational and keeping this tendency in long-term perspective is not expected. For example, increased demand for nurse qualifications in Adjara hotels is related to the post-pandemic reality. However, the study revealed interesting tendencies. Namely, in the case of Batumi, it was noted that this vocation is no longer in-demand and returned to the pre-pandemic situation. According to a representative of Kobuleti VET, demand for nurse qualification is high, cooperation with employers is very efficient, and the employment rate of graduates is high.

Increased demand for nurses and nurse assistants during the pandemic was discussed by respondents in **Guria.** However, unlike in Adjara, here it was also noted that alongside development of medical tourism, demand will increase for both vocations and masseuse as well. All of these vocations become important in the case of utilizing the resources of Ureki magnetic sand and Bakhmaro health benefits, which is planned within the development of medical tourism. Respondents in Guria also mentioned that there is demand for IT specialists, electricians and tailors not only in general, but specifically in the tourism and hotel sector. Another need identified in Guria was related to guides. Namely, alongside the development of tea culture, the region sees the potential for using tea plantations as interesting tourist locations. In addition, winemaking has already started developing in the region. As winemakers started restoring Gurian species and building wine cellars, research participants see potential in turning winemaking into tourist attractions. Respectively, in the near future the region will have the need not for just guides, but guides specializing specifically in winemaking and tea plantations.

As for **Imereti,** it turns out that there is demand for confectioners not only from employers, but also from potential students. In addition, it was emphasized that demand will increase for tour operators in general, which means increased demand for different vocations in the field of tourism (guide, companion, driver, etc.).

In the case of **Racha-Lechkhumi and Kvemo Svaneti,** the study revealed that so far, the tourism and especially wellness direction is not that developed in Ambrolauri municipality yet. However, based on the experience of the tourism sector represented in Oni municipality and several tourist sites in Ambrolauri municipality, it turns out that there already is and in future will definitely increase the demand for housekeepers, cleaning personnel, assistants and waiters, as well as for technical personnel. This latter includes group of people with the qualification to work with heating systems and electricity wires in order to ensure the technical safety of hotels.

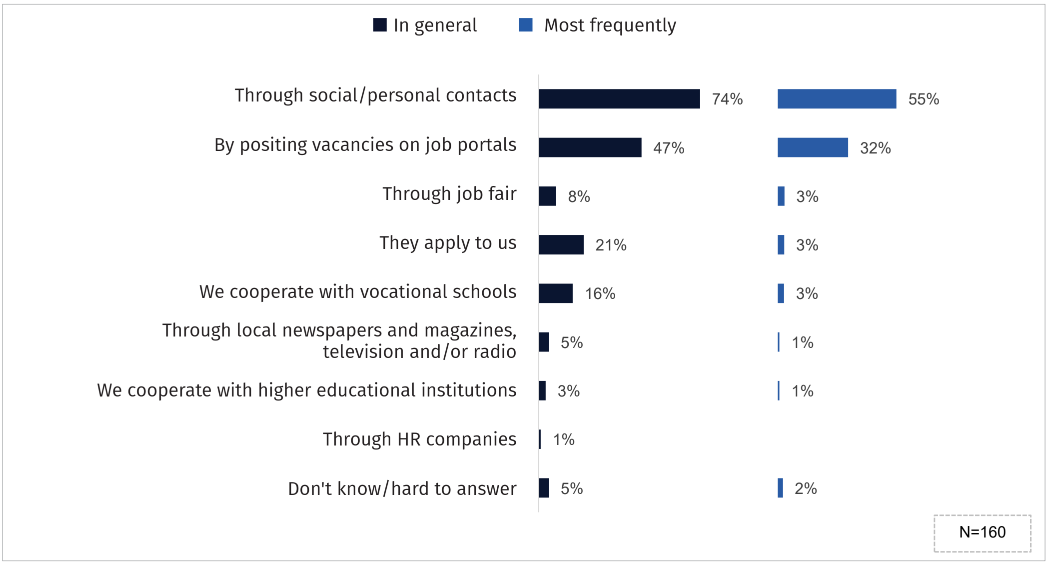
Similar to other regions, demand for waiters, cooks and in general, hotel service personnel is identified in **Kakheti too.** In one of the developed tourism region, demand is high for guides and tour operators in general, and research participants predict even more demand for vocations related to this field.

In addition to specific vocations, respondents in every region emphasized demand for applicants with foreign language skills, especially English, which will become even more relevant in the future.

6.3. Personnel Recruitment

As for **personnel recruitment mechanisms,** as confirmed by research results, the majority of organizations in the tourism and health/wellness sector use *social/personal contacts* (74%). This is the most frequently applied mechanism to recruit new staff members (55%). Posting job announcements on *internet portals* is also a generally (47%) and frequently (32%) applied mechanism for recruitment.

FIGURE #21. RECRUITMENT MECHANISMS

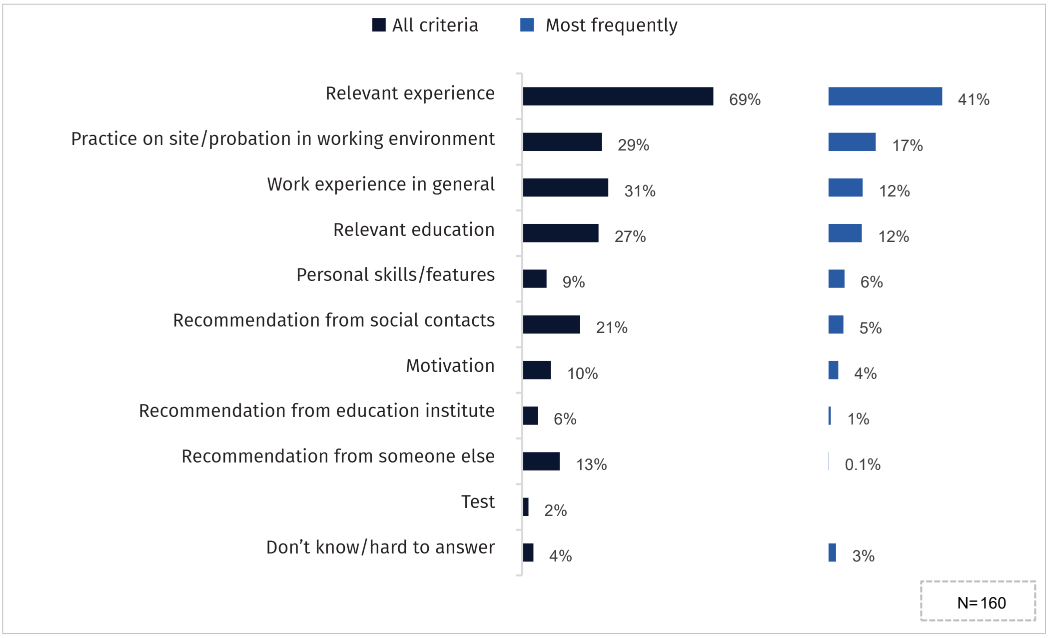


It is worth mentioning that recruitment through personal/social contacts is prevalent in every target municipality, which is also confirmed with results of qualitative study.

16% of organizations cooperate with *VETs* to recruit new staff members. A similar experience is reported in every target municipality except for Ambrolauri, where posting job announcements on the internet portals is a rare practice. As noted above, the reason for this is that everyone knows everyone in municipalities, and finding recruits through social contacts is easier. Accordingly, employers rarely spend resources to find recruits through internet portals. It is also worth mentioning that recruitment through social/personal contacts is a prevalent practice in large cities/municipalities as well (Batumi, Kutaisi, Telavi), the reasons for which were discussed in previous sub-chapters.

In the process of **recruitment,** employers deem *relevant experience* as the most important factor out of all criteria. The largest portion of employers pay attention to this factor in general (69%) as well as most frequently (41%). In addition, it is noteworthy that *work experience in general* is important for one third of employers (31%). One third of employers are interested in *practice/probation in working environment* (29%) and *relevant education* (27%).

FIGURE #22. CRITERIA EMPLOYERS PAY ATTENTION TO IN THE PROCESS OF RECRUITMENT



Absence of applicants with *relevant experience* (32%) and *relevant education* (28%) are the **main barriers** employers face in the process of recruitment. In addition, according to 16% of respondents, barriers are *low motivation* of job seekers (they are less motivated) and *expectation of higher salary* (14%).

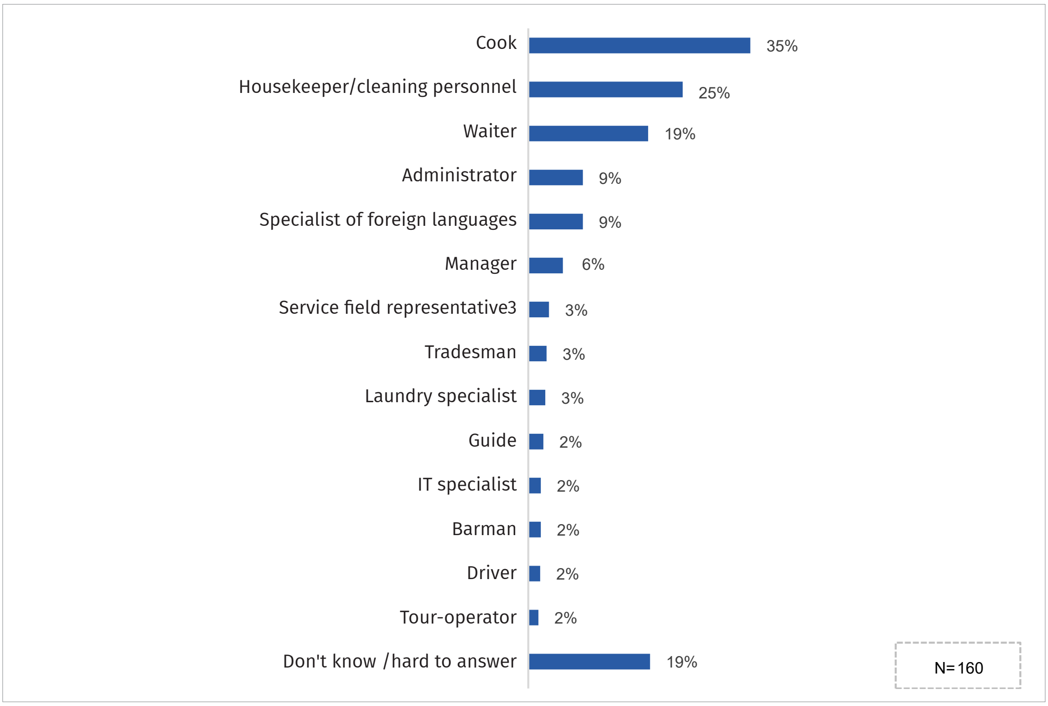
The importance of all these factors is confirmed with the results of the **qualitative study. The** importance of experience was paid attention to within this component as well. However, according to research participants, motivation and focus on development of job seekers, which is in shortage, is much more important. Considering that there is a shortage of applicants, especially qualified professionals, it is far more important for employers to hire a *motivated recruit* and train him/her. Moreover, due to the crucial importance of *foreign language skills* for the tourism sector, often times the only criteria for hiring applicants are motivation and basic foreign language skills. According to the majority point of view, it is easier to train new recruits than teach them foreign language in case basic knowledge is absent.

„You can rarely meet a new recruit who is ready and prepared to work. Based on my practice, I prefer to hire more talented young people who will be trained in our company and it turned out be right approach as they turned into qualified professionals... I have never met trained recruited who I hired and was satisfied with". ***Employer [hotel owner], tourism field, Adjara***

"Almost no one has foreign language skills and this knowledge is more important than experience. It's better to teach them on site [job specifics] providing that they have at least basic foreign language skills".
Employer [hotel manager], tourism sector, Racha-Lechkhumi and Kvemo Svaneti

As for **the most problematic/in-shortage vocations**, the quantitative study revealed that exactly those vocations which are hardest to find will be most in-demand within the next 1-2 years. Namely, from those employers who reported that they have come across difficulties in the recruitment process, the biggest portion has problems when trying to hire recruits with the following vocations: *cook* (35%), *housekeeper/cleaning personnel* (25%) and *waiters* (19%). It is noteworthy that one fifth of inquired respondents find it difficult to name specific qualifications which are particularly hard to find (19%).

FIGURE #23. VOCATIONS WHICH ARE THE HARDEST TO FIND



This is verified with the results of the **qualitative research,** where employees in the tourism sector confirm that employers find it particularly difficult to find recruits with the qualification of cook/chef, waiter, housekeeper, cleaning personnel and assistants, as well as receptionists. According to the study, this situation is attributed to *low awareness on vocational education and relevant programmes and stereotypical attitude.* The latter, in addition to potentially implying that vocational education is less prestigious, is also related to a somewhat negative attitude towards working in hotels, especially in the case of women *("Even in Batumi, society thinks and has the attitude that it's not acceptable for a woman to work in hotel").* In addition, some vocations are perceived to be prestigious (e.g. cook) and some are non-prestigious (e.g. waiter). This is why, according to research participants, it is important to promote vocational education in general by focusing on specific opportunities and high employment probability. In addition, it seems important to work on eliminating gender-based stereotypes and increasing the prestige of professions.

From this point of view, it is important to mention the popularity of cooking TV shows. This is explained with good prospects and good reimbursement, but not only. For example, employers highly demand waiters as well, and while their salary is not drastically different from the salary of cook, the waiter's profession being less prestigious is the reason why interest is low towards programmes that train waiters. According to one of the assessments, the profession of chef/cook'spopularity comes from popular cooking TV shows. According to a representative of a vocational education institution participating in the study, programmes for cooks/chefs were not popular years ago, but as years passed and cooking shows became more and more popular, citizens got more and more interested in culinary programmes. That is why the research participant believes that through creating similar content, it is quite possible to promote other vocations and increase their prestige *("we can do something to make other professions popular. If they did similar shows on waiters, cleaning…").*

In addition to being not so prestigious, low interest towards vocational programmes for waiters can be explained by the fact that due to high demand, employers are forced to hire under-qualified personnel. On the other side, job seekers who know that they will get a job without special training prefer not to spend time on training *("demand is so high during the season [on waiters], that they are hired anyway and why waste a year in that [they think]").* Respectively, in addition to making the profession more prestigious, improvement of standards on the part of employers is a condition that may raise interest towards vocational programmes for waiters, resulting in an increased number of qualified personnel on the market.

One more and potentially the most substantial reason for the shortage of personnel is related to *reimbursement.* On one side, it was noted that beginners and/or under-qualified applicants inadequately assess their skills and knowledge while having exaggerated expectations towards reimbursement. On the other side, salary is mostly not so high. In addition, jobs are often seasonal. Thus, employers do not find outflow surprising.

Another issue particularly emphasized within the scope of the qualitative research was the importance of **drivers** and **guides** in the tourism sector. In the case of guides, what matters the most is their ability to leave the respective impression on the country, while in case of drivers, safety is a critical issue.

In regard to guides, it was noted that regardless of having the Association of Guides, there is no control exercised in this direction in Georgia. Respectively, every guide independently decides on what locations to show and what to tell. Respectively, the chances of misinformation and misinterpretation are high. Hence, research participants believe that it is important to provide a license for guides and to allow only certified guides to work.

„First of all, [guide] should be certified. No one controls me what I'm telling, to whom I'm telling, where I go and how I go… this will no good to the country. Guides may make money and have certain income, but it will result in more harm to the country… there are many guides with Pro-Russian attitudes and they share their attitudes with tourists, then tourists think that entire country has this point of view… we are not speaking about specific topics, let's take 5th July, I've hard many different interpretations on this topic from guides…" ***Self-employed guide, Tbilisi***

As for drivers, it turns out to be quite a problematic issue for the tourism sector. As nothing is regulated in this field, providers of tourist services (hotel, guesthouse, tour-operator) determine their own criteria for hiring drivers. As noted by research participants, obviously, it would be preferable if drivers had foreign language skills, but it is very difficult to comply with this requirement. In addition, recipients of service prefer "reliable drivers". Employers are those who define the criteria of credibility. This mostly includes knowledge of routes, having a car in due condition, and safe transportation of passengers. However, the problem is that the decision whether requirements are truly met (whether the vehicle meets safety standards, the number of drivers is sufficient for the specific routes, the vehicle and driver are ready to drive on a road of any difficulty, etc.) is made by the employer without any official standard guidelines (as there is no such guideline). That is why standardization of the process and introduction of a certification mechanism is deemed of vital importance by field representatives.

> *„Drivers I trust, I mean drivers I trust with our tourists who will drive safely, will take tourists to the place of destination safely and we have several reliable drivers we call from time to time, they come and ensure transportation of our tourists".* ***Employer, guesthouse owner, Kakheti***
>
> *„When you tell them that tour is for two days and it's hard, there should be another driver [additional]. Some drivers claim that can drive this route alone".* ***Employer, tour-operator, Adjara***

In addition to the aforementioned issues, those working in the tourism sector highlighted a set of different issues and addressing those issues requires involvement of local or central government. Namely, the following was deemed important for tourism development:

- Proper care and maintenance of cultural heritage monuments *("Gelati territory and Monastery now has astonishingly poor situation, in fact, it is no longer attractive for tourists");*
- Addressing general infrastructural issues which means arrangement of infrastructure and doing it in a timely manner. It involves the arrangement of roads, lavatories, and waiting or entertainment locations in municipalities to avoid inconvenience for tourists; addressing infrastructural issues when it is appropriate *("They start rehabilitation of roads when season comes");*
- Requirement of HACCP system for guesthouses too, as believed by owners of these facilities, is an additional problem for small entrepreneurs. Respectively, it may be essential to provide entrepreneurs with more information on this issue and/or open discussions on means of solution *("they have the same requirements for us as to five star hotels, but we are a guesthouse; when guests arrive, they are willing to look into the kitchen, cook something. This project is inappropriate and related to expenses").*

As noted above, foreign language skills and adequate assessment of ambitions are important factors for employers, which was emphasized within the scope of the qualitative research. It is noteworthy that according to the results of quantitative research too, when assessing the competences of their own employees, employers identify the most problematic issues as *foreign language skills* (4.54 points) and *inadequate ambitions* (4.46 points).[71] Another challenge is *irrelevance of theoretical knowledge to practical requirements* (4.39 points) and problems with *sense of responsibility* (4.46 points).

Speaking of the target municipalities, the most problematic issue identified in Batumi (4.85 points), Kachreti (7.2 points) and Ambrolauri municipality (4.87 points) is *foreign language skills*. The most challenging factor in Kutaisi (4.77 points) and Telavi municipality (4.65 points) is *irrelevance of theoretical knowledge with practical requirements*. In case of Kobuleti (4.7 points) and Ozurgeti (4.33 points) municipalities, employers identify *inadequate ambitions of employees* as the most problematic issue.

TABLE #29. ASSESSMENT OF DIFFERENT COMPETENCES OF EMPLOYEES BY MUNICIPALITIES

	City of Batumi	Kobuleti municipality	Ozurgeti municipality	City of Kutaisi	Telavi municipality	Kachreti	Ambrolauri municipality	Overall picture
Basic computer skills	4.05	3.56	4.06	3.25	3.17	6.00	4.29	3.80
Foreign languages	4.85	4.35	4.29	3.90	4.26	7.20	4.87	4.54
Practical competence relevant to profession	4.28	4.10	3.58	4.03	4.40	5.40	4.13	4.16
Relevance of theoretical knowledge with practical requirements	4.25	4.05	3.59	4.77	4.65	5.40	4.73	4.39
Business-like oral communication	3.98	3.80	4.06	3.93	3.55	4.00	3.80	3.89
Written communication	4.00	4.00	4.00	3.74	3.42	3.80	3.64	3.83
Problem-solving skill	4.21	3.4	3.76	4.07	3.63	3.25	3.33	3.84
Decision-making	3.72	3.7	3.82	4.18	3.42	3.25	3.4	3.73
Leadership	3.93	4.05	3.63	4.19	3.89	3	3.8	3.92
Sense of responsibility	4.35	4.15	4.21	4.48	3.9	2.8	3.53	4.15
Team work	3.9	3.85	4.24	4.25	3.65	2.4	3	3.83
Being organized	3.55	3.95	4.05	4.71	3.75	2.4	3.67	3.87
Time management	3.87	3.65	4.16	4.34	4.21	3.8	3.93	4.01
Adequate ambition	4.35	4.7	4.33	4.3	5	5	4.07	4.46
Motivation to perform work efficiently	3.92	4.35	4.11	3.97	4.39	3	4.07	4.04

As it turns out, regardless of challenges, one fourth of employees *do not take any measures to address them* (25%). A large portion reported the practice of *organizing additional trainings* (45%). In the case of one third, a way to address challenges is to *replace old staff with new one* (27%). As for those who conduct trainings, a large portion *implies qualification*

[71] **Note:** assessment on 10-point scale where "1" means that this competence "is not a challenge/problem at all" and "10" means that there are "serious problems/challenges" with this competence.

improvement courses. 69% of employers who conducted trainings over the past 2-3 years reported focusing trainings on qualification improvement. 23% of employers conducted trainings in *communication and self-presentation;* 14% and 10% reported having conducted trainings in *foreign languages* and *computer skills.* It is also worth mentioning that trainings were mostly held for specialists (78%) and middle rank managers (40%).

6.4. Cooperation with VETs

As it turns out, the vast majority of employers *do not cooperate with VETs* (71%). 24% of employers reported having such experience, the majority of whom offered *workspace practice* to students (74%). 18% of them are involved in *work-based teaching.*

Those organizations that noted that cooperation with VETs is important/more or less important for them (regardless of their current status of cooperation) named two main reasons: *this simplifies recruitment of relevant staff members* (55%) and *this ensures practice-based teaching which more or less prepares students for real work environment* (49%).

It appears that 45% of organizations will need *personnel with VETs* within the next 2-3 years, while one third *will more likely need, than no* (28%).

The collected data according to municipalities look as follows:

TABLE #30. NEED OF PERSONNEL WITH VETS WITHIN THE NEXT 2-3 YEARS BY MUNICIPALITIES

	City of Batumi	Kobuleti municipality	Ozurgeti municipality	City of Kutaisi	Telavi municipality	Kachreti	Ambrolauri municipality
Yes, it will need	**25**	**8**	**9**	**12**	**8**	**3**	**2**
More yes, than no	**13**	**5**	**4**	**10**	**6**	**2**	**6**
More no, than yes	2	4	1	2	2	-	2
No, it won't need	6	1	3	3	4	-	2
Don't know/hard to answer	4	2	3	3	-	-	3
N=	***50***	***20***	***20***	***30***	***20***	***5***	***15***

It is noteworthy that the vast majority of organizations that see the need for personnel with vocational education in the near future also *plan to cooperate with VETs* (we plan – 52%, more yes, than no – 34%).

The fact that cooperation with VETs in general is interesting was confirmed with the results of the **qualitative research.** However, employers expressed certain skepticism. Based on their experience of cooperating with personnel who had vocational education, employers declare that their qualification is not proper and beginners definitely need additional training. Consequently, they prefer to hire motivated applicants even without vocational education and ensure their training. This practice is applied in a significant portion of organizations, and small and even medium size business organizations refer to this practice. As for relatively larger employers who permanently need new recruits, they hire personnel with vocational education, but the challenge is that VETs cannot train an adequate number of personnel in most of the fields (e.g. waiter, housekeeper, etc.). This is why relatively larger employers ensure the training of new recruits with their own resources in the workspace. Thus, there is a level of skepticism related to the quality (qualification of those with vocational education should be better) and number of personnel (VETs should train and teach more students). Even though employers believe that cooperation with vocational education institutions is interesting and even important, they rarely perceive VETs as actors that can be utilized to recruit a sufficient number of qualified professionals. The legitimacy of this vision is backed by assessments provided by a segment of VETs participating in the study. For instance, VETs in Batumi mostly cooperate with large employers, while medium-size and especially small business is left beyond the process. This has its specific reason: due to the inability of many employers to comply with requirements and to offer their own space to VETs as places of practice, VETs naturally concentrate on larger employers. This compounds with challenges related to so-called capacity. As the number of students to be enrolled into programmes is limited in sectors where demand for specific vocations is high, there is a noticeable mismatch between demand and supply (e.g. positions of waiter or cook). Thus, the tourism sector faces the challenge that graduates of VETs are mostly hired by large business actors whose demand is higher than the supply that can be provided by VETs. Respectively, the private sector is forced to provide resources to train recruits. This practice is prevalent in medium-size and small organizations where job seekers are rarely with vocational education and the main criteria for recruiting them include motivation and basic knowledge of foreign language.

6.5. Impact of the Pandemic and Prospect of Digital/Blended Learning

The impact of the pandemic on organizations is *negatively* assessed by research participants in every municipality. Participants of **qualitative research** speak about the harm done by the pandemic but mention some positive aspects too. As it turns out, regardless of the many difficulties caused by the pandemic including in the tourism and health/wellness sector, in some cases, employers saw development opportunities in this process. Namely, those tourist business operators that used to be focused on attracting foreigners discovered a new segment – domestic tourists. Business operators developed new offers for the local segment that they can continue to offer in the post-pandemic period *("I will continue to offer it after pandemic if I have the room")*.

As for negative effect of the pandemic is that *those working in tourism switched to other sectors*. As business operators were not able to keep employees on board, they had to find jobs in different sectors. It will presumably be hard to get those people to return. As a result, the tourism sector may suffer an even more severe shortage of personnel than before.

The qualitative study has also identified the impact of the pandemic on the *consumer behavior of tourists.* Namely, travelling dates have changed and tourists plan shorter trips. In turn, the length of bookings decreased. Bookings have also decreased in the long-term perspective: if before the pandemic bookings in tour agencies were made several months before the trip (by domestic and international tourists), now agencies receive bookings several *weeks* earlier. This factor significantly limits the sector's long-term planning and opportunity to work on development strategies. Due to the pandemic effect as well as the military conflict in the region, we can assume that this tendency will continue to occur for the next few seasons.

One of the most crucial effects of the pandemic is that the importance of the acquisition and development of digital competences has not only been realized, but efforts have also been made to develop them further. In addition to the fact that VETs ensured the development and improvement of digital competences of their employees, another positive effect identified in Adjara was the opportunity to *invite non-local personnel.* Digital/blended learning enables schools to invite a teacher from any location to teach a theoretical course which is particularly important for attracting specialists in shortage. As it turns out, specialists of different fields are ready to cooperate with regional vocational education institutions. Consequently, establishment of the existing practice in post-pandemic reality and digital/blended learning can be considered among the most positive effects of the pandemic.

> *„We currently have highly qualified professional hired from Tbilisi in the field of occupational safety and theoretical part of the programme is managed from Tbilisi. When there is shortage of specialists in the region and this refers to theoretical part and it is easily managed online, this is very comfortable and convenient".* ***Representative of vocational education institution, Adjara***

Teaching theoretical components in online formats is considered to be quite realistic for representatives of VETs as well as central government and young respondents. However, as vocational education, first of all, is practice-based education, digital/blened learning in VETs is still limited. As it turns out, there can be specific modules and even entire programmes that can be fully taught in an online format (e.g. accounting); in other cases, courses that can be digitalized and taught in an online regime should be defined.

As it turns out, work is already in progress to develop an electronic platform (by Vocational Skills Agency) which will incorporate different online courses. It is believed that it will ensure online teaching in general education modules, such as communication, entrepreneurship, literacy, etc. In addition to a specific course, they are considering providing accessibility to distance learning resources which teachers will be able to incorporate in classes.

6.6. Health and Wellness Sector

As the health and wellness sector is the main field of occupation for a very minimal portion of employers participating in the study (3%), research results mostly reflect the tourism sector and its tendencies. However, interesting issues were discussed around the wellness (health/healthy lifestyle environment) field within the scope of the qualitative research. This field faces serious challenges, which applies to every region. Due to the condition that an important portion of wellness specialists (rehabilitologist, masseuse, physiotherapy specialist) require the education of a nurse and in some cases, medical education (higher), it is difficult for employers to find specialists. In addition to specialists such as rehabilitologist, physiotherapy specialist and so on, it is also difficult to find yoga and Pilates instructors, as a significant portion of patients need to work with those specialists within the rehabilitation course.

In addition to human resources, another challenge in the wellness direction is exploring and sharing natural resources. For example, a resort in Tskaltubo has to import treatment mud from Israel as it cannot do so from Kakheti (resort Akhtala). Thus, it is problematic for Akhtala to regulate the reasonable utilization of its resource (*"We avoid giving out mud... because mud is solid, multi-use product. We had many cases when someone took 200 kg, even 500 kg mud and worked on it for entire three years")*. Thus, the role of the state in regulating the field as well as establishing standards in the distribution of resources is obvious here.

As already noted above, human resources represent a major challenge in the field. Even though challenges are more serious in regions than in the capital city, this problem is relevant in Tbilisi too. It appears that it is problematic to find not only practitioner rehabilitologists, masseuses and physiotherapy specialists, but even teachers. In order to respond to this challenge even partially, Tbilisi Balneology Resort founded its own teaching/masseuse courses that train specialists. Considering that specialists in rehabilitation and medicine, including wellness professionals, need special training in compliance with quality control mechanisms, a substantial number of specialists can be trained at Tbilisi Balneology resort base.

Research participants agree that it is substantial to **create Development Strategy of Georgian resorts,** where the development plan of recreational tourism and medical tourism will be created based on the specifications of natural resources available in the country.

Another important issue identified by respondents was **development of electronic medicine (eHealth).** The pandemic made field specialists see new opportunities. The initiative of implementing remote rehabilitation projects is already in place and field specialists deem donor support in this area to be important. According to one of the assessments, the support of donors will be important in terms of planning and implementing the study, as well as practical and scientific projects. Development of remote or tele medicine creates opportunities for qualified specialists from Tbilisi to provide specialists in regions with consultations.

At this point, it is difficult to say whether VETs in regions are ready to develop in this direction in their establishments. Moreover, as they have almost no information on wellness, recreational and medical tourism, it is difficult for them to identify relevant needs. From this point of view, it will be important for representatives of VETs to get to know the field in general and start discussions on the potential that can be explored locally. In addition to VETs being uninformed about the potential of the field, it turns out that neither employers nor citizens are interested in it. Within the scope of our study, it was revealed a VET in Guria had an attempt to create programme for massage specialists several years ago, as there was demand for masseuse service. But it turned out that the business sector was not ready to develop in a way to provide a practical component for VETs. Thus, the vocational programme could not be created. Moreover, the VET does not see this need on the labor market even now, and is not interested in preparing the programme.

Another challenge identified by the study in the field of wellness is related to unawareness of the importance of rehabilitation procedures, which does not only mean low awareness of the general public. According to field representatives, the state allows anyone without relevant medical education to attend a short training course after which s/he is allowed to work not only as a masseuse, but even to open his/her own center. Specialists believe that it is important for **the state to develop standards and control** establishments and specialists with the right to provide rehabilitation procedures, while at the same time it is important to **raise awareness in society** and inform citizens on differences between rehabilitation and relaxation procedures.

As it turns out, field specialists are currently involved in the process of creating a standard which will define what rehabilitation means in general, what rehabilitation is, whether it just recreational and preventive treatment, and so on. In addition, the standard will envisage the need for essential infrastructure or human resources for relevant courses and other important issues.

Centers that offer not rehabilitation, but recreational and sports procedures to customers (e.g. spa and fitness centers) face challenges. Here the study identified specifications in two parts. Those organizations that offer only sports-recreational procedures (e.g. fitness) try to cooperate with personnel with sports experience. According to the majority point of view, considering that sports activity bears certain risks for human health, business operators believe that having personnel with sports experience and relevant training is more relevant *("we try to recruit personnel who have experience in sports, who knows basic things, anatomy, muscle…")*.

As for establishments that work exclusively on offering recreational/health-related procedures, they try to hire personnel with medical education *("it is important for us to hire a nurse or someone with medical education to know right "spots" and to avoid further problems")*.

However, the **absence of a unified standard monitoring mechanism** is challenging and decisions on the cooperation of personnel with specific qualification depend on employers and not on a unified standard. Respectively, at this point, it is important to have standards developed and define clearly who is supposed to have the status of rehabilitologist and rehabilitator (including, who will work with children) or masseuse, and who will be allowed to perform specific procedures *("Based on current regulations, if rehabilitator has 4-year training, he can be called rehabilitator. If it's doctor, he is called rehabilitologist. Masseuse is someone who graduated from at least nurse programme and has knowledge in anatomy and physiology")*.

Similar to tourism, the wellness sector also faces the problems related to seasonality. As resorts, including rehabilitation centers, may have the need for personnel for only several months per year (as is often the reality), it is especially difficult to "hold" qualified professionals *("when you are a highly qualified professional of your field, would you agree to go somewhere for three months, work there and not know what to do for six months? What would you do?").* Research participants find it difficult to speak about a way out of this situation, but they agree that financial motivation is the most crucial factor.

Unlike tourism, where regardless of many challenges, employers and VETs in every region assess potential or define needs, the reality in the health/wellness sector is that it is still in in an early stage of development. Based on the research results, it can be clearly declared that it is of essential importance to demonstrate potential in the health/wellness sector locally to employers and VETs. It is important to develop standards that will draw a sharp line between rehabilitation/health and relaxation procedures. In addition, it is critically important for field representatives to start broad discussions on the potential of different resorts, standards, and field development strategy, as well as on raising awareness about wellness/healthy lifestyle environment and medical tourism in general.

6.7. Assessment of VETs' Capacity

As assessments provided by VETs and representatives of the central government clarify, the readiness of VETs to respond to local demand varies. Based on the research results, we can conclude that vocation education institutions most effectively respond to local needs in Adjara and Guria. Firstly, the programmes they offer are diverse, and secondly, geographic coverage is wide. In **Adjara,** vocational education institutions in Batumi (Black Sea) and Kobuleti (New Wave) and their branches cover Keda, Khulo, and Shuakhevi municipalities. In addition, there are plans for cooperation with public schools in Gonio and Mukhaestate where schools as providers will be concentrated on providing specific programmes. Namely, Gonio school will offer potential students programmes in restaurant and hotel specialties, while Mukhaestate school will provide programmes in the wellness field.

In Guria, Horizon College is represented in Ozurgeti and in Chokhatauri municipality, while a branch is under construction and is planned to be opened this year in Lanchkhuti municipality.

Iberia College in **Imereti** offers diverse programmes to potential students. In addition, the college Construct2 actively works in the construction field. There is also the LLC Academy of Business and Technologies in Sachkhere, while Georgian Technical University ensures the training of personnel with relevant qualification to work in mines in Tkibuli. In addition, there are plans to build a college in Tskaltubo that will be solely focused on the wellness field. It is also worth mentioning that Iberia College is considered to be regional hub; thus, it is planned to make its role more dominant.

Aisi College in **Kakheti** has branches in Kachreti as well as in Gurjaani, Akhmeta, and Lagodekhi municipalities. There are also colleges in Telavi and Dedoplitstskaro, but according to central government representatives, there is a need to add more VETs in Kakheti.

In Racha-Lechkhumi and Kvemo Svaneti, a VET is present only in Ambrolauri municipality and its programmes are less diverse. Respectively, this region has the lowest accessibility to vocational education. This challenge willbe more or less responded to through collaboration with schools in Oni, Tsageri, and Lentekhi municipalities. It is noteworthy that the school in Utsera (Oni municipality) will be specifically focused on health/wellness sector specialties.

In terms of assessing establishments providing vocational education, it turns out that working on strategies with involvement of different stakeholders is of vital importance. Namely, according to one viewpoints, it is crucial to include the role of VETs when working on the economic development strategy of a given region. When developing a strategy in the field of education, regional context should be considered as along with the capacities of the specific municipality and those human or material-technical resources that are currently available on site and can be utilized in the near future. It is essential to see the overall picture and plan the process in a way that ensures that vocational education in the region is represented with each VET to cover all regional need, and at the same time to define the function of VETs on the level of specific municipalities and define their role for them.

> *„Each establishment will have their own role. One thing is when you do not have financial resources to strengthen the same direction in every establishment and the other thing is when you do not have human resources. That is why, main thing is this collage to contribute into regional development".*
> ***Representative of the central government***

This is why, considering limited resources, it is unrealistic to open VETs in every municipality and develop many different fields at the same time; it is also critically important to focus on diversifying providers. An example of this is the practice of cooperation with schools. As a result of this collaboration, public schools that provide general education teaching will strengthen in order to cover regions through schools, while VETs will be able to offer the most tailored programmes to the needs of specific municipality.

In addition, institutional development of vocational education institutions will be ensured with the right of conducting economic activity, which enables them to offer different services to local community.

6.7.1. Vocational Education Programmes

In addition to the importance of knowing employers' demand for different vocations, it is also important to know whether there is a capacity for teaching in-demand vocations and provide relevant training on site. The study of the vocational education environment conducted for said purpose showed that every municipality of the target regions offers various programmes in the field of **tourism**. The only exception applies to Racha-Lechkhumi and Kvemo Svaneti.

It is noteworthy that from the existing programmes, the most diverse ones are offered in Batumi and Kobuleti municipalities. Interested individuals in Adjara have a chance to study restaurant, hotel service, culinary, and confectionery. Furthermore, Kobuleti offers narrow vocation to potential students such as hotel service and serving, as well as manager of hotel operations department.

Even though programmes of VETs do not cover every vocation in other regions, potential students can master the most in-demand vocations of waiter and cook in every region.

The lengths of programmes differ by types and cover a timeline from 12 weeks to 36 months.

TABLE #31. PROGRAMMES OFFERED BY VETS IN THE FIELD OF TOURISM BY REGIONS

VET	Programmes in the field of tourism	Length of programme
Adjara		
Batumi		
Black Sea College	Confectionary	16-24 months
	Culinary	15-24 months
	Restaurant service	24 months
	Hotel service	Dual – 2 years / module (integrated) – 3 years / module (non-integrated) – 16 months
Black Sea Business Academy	Hotel management	9 months
	Hotel management system OPERA (PMS)	1 month
Kobuleti		
New Wave College	Confectionary	15/20 months
	Culinary	15/20 months
	Restaurant service	15/20 months
	Hotel service	15/20 months
	Hotel service and serving	12 weeks
	Manager of hotel operation department	12 weeks
Guria		
Ozurgeti		
Horizon College Branches: • Chokhatauri • Lanchkhuti	Art of culinary	20 months
	Restaurant service	24-36 months
Imereti		
Kutaisi		
Iberia College Branch in Baghdati	Restaurant service	17 months
	Hotel service	17 months
Vocational Education and Training Center (VETC)	Culinary	6 months
Kakheti		
Kachreti		

Aisi College Branches: • Dedoplistskaro • Alvani • Lagodekhi	Programme for tour-operator (terminated)	28 months
	Art of culinary	14-18 months
	Guide of Georgian Cultural Heritage (terminated)	22 months
Prestige College	Hotel service	14 months
	Art of culinary	14 months and 3 weeks
	Confectionery	17 months and 3 weeks

As noted above, regardless of having VETs in Ambrolauri municipality, programmes in the field of tourism are not implemented yet. As it turns out, one VET only thinks about preparing short-term culinary programme after seeing the demand for it. As for longer programmes in the field of tourism, the establishment has active communication with business representatives and plans on making a decision on preparing the programme or regarding specific vocations in the near future.

Even though the vocational education institute itselfdoes not speak much about it, according to a representative of the third sector participating in the study, the reason Ambrolauri municipality does not have a programme in the field of tourism is the shortage of human resources. According to this respondent, the vocational education institute should definitely think about developing programmes such as foreign language courses, culinary, receptionist, and hotel manager, as all of them are very important for the tourism sector. Here should be mentioned the position of employers in the tourism sector, who believe that foreign language skill is the most challenging issue in the region (Racha-Lechkhumi and Kvemo Svaneti). According to one of the assessments, tourism is just now starting active development in the region and it is no surprise that the VET does not train relevant personnel. It is also highlighted that in addition to the absence of foreign language skills and lack of other competences which are essential for employment in many factors, another challenge is related to lack of motivation. It was also mentioned that in general, not knowing labor ethics and underestimation of its importance poses another challenge *("they are not disciplined. Everyone is everyone's relative, friend or acquaintance and thus, they find it difficult to differentiate work and home").* This is why focusing on these issues and paying attention to it in training programmes will be important in the process of working on vocational programmes. In addition, it will be crucial to interest locals in working in the tourism sector, which is not only related to reimbursement and is somewhat more of a cultural issue. Namely, it is vital to work on raising awareness and breaking stereotypes so that working in this field is deemed prestigious.

As for vocational programmes in the **/health/wellness environment field,** vocational education institutions in none of the regions offer programmes to stakeholders. The only programme in the medical field which is important for this sector is nurse/courses for nurses, and those programmes are only present in Adjara and Imereti from our target regions. Together with Batumi and Kutaisi, the Academy of Business and Technologies in Sachkhere municipality offers a programme in nurse specialization which can be explained by existence of a large medical center in the municipality and relevant demand.

TABLE #32. PROGRAMMES OFFERED BY VOCATIONAL EDUCATION INSTITUTIONS IN THE FIELD OF WELLNESS/HEALTH BY REGIONS

VET	Programmes in health and wellness field
Adjara	
Batumi	
Batumi Medical Academy	Nurse education
Batumi Independent Institute LLC	Nurse specialization
Imereti	
Kutaisi	
Kutaisi Medical School	Practitioner nurse
Kavkasioni Public College	Nurse specialization

According to the study results, in the process of developing programmes, VETs ultimately depend on the existing demand. The latter can be identified through several mechanisms. These are:

- Study of local labor market needs;
- Communication with employers;
- Applications from potential students and their interest in programmes or specific themes;
- Cooperation with local/regional government.

VETs participating in the study do not speak about particular interest of employers in cooperation. It was more emphasized that except for isolated cases, VETs make an effort to persuade employers that personnel with vocational education can be interesting for them. In rare cases when employers are interested in cooperation with VETs, this process is assessed to be successful. One positive is that the number of such cases increases by years reported by representatives of VETs in every region. In addition, the importance of more engagement of employers was emphasized in every region.

The research results have also identified that good experience of cooperation between VETs and local/regional government is accumulated in Guria. According to a vocational education institute, along with a labor market study, active cooperation with the local government in the process of developing programmes and active engagement of VETs in development of economic development plan is a widely applied practice. One component of this cooperation is the commencement of communication with an investor at an early stage, which is also ensured by the local/regional government. Namely, government officials introduce the investor to the vocational education institute which takes responsibility for training a certain number of students in a relevant vocation. One example of this is the construction project for a sewing factory in Guria where up to 300 citizens are employed, who were trained by a local VET. Another example of successful collaboration is the project of Hotel Paragraph. 3 years before the construction was completed, hotel management had consultations with a VET on what vocations they would need, what competences were required for recruits, and how this could be reflected in the relevant programmes. According to a representative of the VET participating in the study, based on employer's requirement, changes were made in the relevant programmes (e.g. intense foreign language courses, master classes in housekeeping vocation and so on). Respectively, at the moment when the hotel was ready to be opened, there were qualified professionals on site who complied with standards set by the employer.

Based on this experience, it can be said that similar collaboration will be important in other cases as well and will assist the timely reflection of employers' interests as well as the creation of programmes tailored to actual needs.

In addition to such experience and response to the needs of the labor market itself, VETs also prepare programmes in response to high demand from citizens. For example, the programme focused on accounting is not in high demand by employers, but is interesting for citizens. Another example of this is the case of Adjara, where none of the labor market studies reveal that there is demand for graduates of the leather-shoe programme in Batumi, but the programme is in-demand by citizens. As it turns out, this programme is rather popular. Graduates are self-employed, as they open their own atelier and utilize acquired knowledge there *("Lots of our graduates do not go to other ateliers and open their own studies, this leather-shoe programme is very trendy").*

6.7.2. Assessment of Resources of VETs

As for specific challenges VETs have on site, they are classified in two categories in every target region. Respectively, VETs have challenges in terms of human capital and material-technical resources.

VETs in **Adjara** speak about challenges in terms of human capital and infrastructure. For example, Black Sea College in Batumi emphasizes how critical it is for their building to be renovated. Specific steps have been made in this direction and the decision has already been made to constructa new building for the college. As for human resources, there are not many challenges in terms of tourism, which is not as true for programmes in the construction field where it is desired to interest qualified professionals in cooperating with VETs due to low salary. As for the tourism sector, VETs in Adjara rarely have challenges in this direction. Human capital, as well as facilities for practical classes, are sufficiently mobilized. The only field with a need for human resources is related to mobilizing personnel for programmes that train ship crew cooks, waiters, or electricians. Along with expected growth of demand for these vocations, it will be worth taking into consideration that there is major shortage of professionals in the marine sector.

As for **Guria,** here emphasis is made on challenges related to the material-technical base. Namely, this is the reason why the high demand for confectionery programmes cannot be supplied at the moment. However, the construction of a 2-storey building in Ozurgeti municipality has already been approved; the first floor will be equipped for car repair mechanics and tinsmiths, while the second floor will service students studying at the confectionery programme. As soon as the facility is completed, the VET will be ready to launch the confectionery programme.

It is worth mentioning that the VET itself does not speak much about any challenges related to human capital. However, assessments of other participants that the VET cannot fully supply the demand of large employers in the tourism sector such as Paragraph Hotel, makes us conclude that there is a challenge in this direction. Even though the shortage of personnel with waiter's qualification is related to other factors too (e.g. the vocation being not so prestigious which was already discussed above), based on one of the assessments, inability to train larger number of waiters is related to a shortage of human resources.

In Imereti there are not many of challenges in terms of human resources in the tourism sector, but they still see the need for support. Representatives of vocational education institutions ultimately emphasized the need for trainings that will be focused on strengthening capacities in modern technologies, the establishment of modern approaches, and knowledge of legislative regulations.

As for infrastructure, in this context, Iberia College explains their inability to provide the high-demand confectionery programme because of the unavailability of the respective area. Hence, it will be important to support VETs to address this challenge.

Vocational education institutions in **Kakheti** speak about the need for consistent training for teachers. According to the majority point of view, this kind of training is important in order to incorporate tendencies of the market and equip the teaching programme in a way that responds to modern challenges. VETs would like to receive support from the state as well as from the private sector.

In case of *Telavi,* challenges are related to a shortage of human resources on site. As it turns out, teachers for vocational programmes can be found locally, but it is rather difficult interest them due to *low salary.* Local professionals agree to cooperate with VETs because of enthusiasm and "love of the job" and not because of financial benefit.

VETs have challenges in terms of material-technical base and materials. Even though, as mentioned during the interview, VETs have state support in this component, it turns out to be insufficient as in some cases (e.g. kitchen) and the material-technical base requires frequent updates. Consequently, it is recommended to support VETs more in this direction.

One of the challenges named in Telavi was absence of student dormitories.

As for challenges VETs face in *Kachreti,* it turns out that it cannot supply the demand of the local labor market and in some cases, there is serious misbalance between demand and supply. Regardless of the demand coming from the labor market, the VET does not offer a programme for waiter's specialization and one of the reasons is less the lack of human resources that than the absence of infrastructure and material-technical base.

Material-technical equipment turns out to be problematic for an already functioning programme in culinary working with full capacity and with an employment rate of students of 100%. In this case as well, the admission quota of the programme cannot be extended because infrastructure does not allow this. The VET cannot admit more than 30 students annually, while in case of being able to admit 100 students, all of them would be soon employed. The VET has already started specific activities to address the challenge. Namely, they have started the construction of workshops where not only practical works will be conducted, but theoretical teaching will also be ensured as it is planned to arrange a classroom in the same space. In addition, another positive piece of news is that in compliance with changes made in the legislation, VETs are now allowed to rent spaces and plan implementation of the programme this way.

Racha-Lechkhumi and Kvemo Svaneti faces challenges in terms of human capital as well as infrastructure. Even though the VET does not currently implement programmes in the wellness and tourism fields and only considers providing a short-term course in culinary, similar to other programmes this programme will also have a shortage of personnel. This is explained by the high migration rate from the region and difficulty of finding professionals locally.

In addition to human resources, a VET in Ambrolauri municipality has problems in terms of infrastructure. Namely, in addition to the absence of a dormitory, there is shortage of teaching spaces. As it turns out, there are only 7 classrooms for theoretical teaching in the college which is not sufficient not only for new, but even for the current programmes. This is a major challenge in combination with problems of transportation. As it is problematic to travel to Ambrolauri from other municipalities, VETs are forced to appoint courses in the first half of the day which makes problems related to space even more severe. This is why addressing the transportation problem is immensely important. This will also contribute to increasing the number of potential students from other municipalities, which in a relatively long-term perspective will also be positively affected by the availability of dormitory. In the short-term perspective, addressing the problem of transportation would eliminate the need for scheduling lectures in the first half of the day, thereby enabling the use of space more efficiently.

As it turns out, the decision has already been made to add a new building in Ambrolauri municipality. Respectively, it will soon be possible to address the challenge related to teaching space.

Another challenge particularly emphasized by young respondents of the study in combination with the need for a dormitory and transportation issues was the absence of a cafeteria.

Thus, the assessment of resources of vocational education institutions clarifies that the reality is somewhat different between regions, but that two major challenges VETs face are related to the absence or shortage of human capital and relevant infrastructure. In regard to an important part of infrastructural challenges, decisions have already been made (e.g. construction of workshops and buildings). As for human capital, it is clear that in order to motivate qualified professionals to cooperate with vocational education institutions, it is important to offer better reimbursement and increase the prestige of vocational education. As for short-term teaching-training programmes, research participants do not see important challenges in this direction as the system is quite flexible and soon after the demand emerges, VETs have the capacity to offer short-term programmes to potential students.

6.7.3. Attitude towards Vocational Education

In addition to identifying in-demand vocations, as well as the readiness of VETs to offer relevant programmes and other discussed topics, the study has already revealed that it is critically important to change attitudes towards vocational education. This was emphasized by every target segment of the study. Even though respondents agree that attitudes have changed positively over the years , as claimed by respondents it is necessary to increase positive attitudes even more.

The main reason for less positive attitudes towards vocational education compared to higher education is stereotypical mindset. Positive changes in attitudes can be explained with two reasons. According to research participants, these changes come from the opportunity to master the vocation in short period of time and get a job soon after graduation.

Research results clarify that the **promotion** of vocational education is critically important. Additionally, respondents in every target segment emphasize the importance of raising awareness of vocational education among young citizens as well as elder generations. Here, first of all they mean group of parents who have school-age children as they significantly affect their children's choice of profession and in general, decisions regarding education. Exactly because of this influence, school and teachers are perceived as important actors. Accordingly, research participants, ultimately young respondents, deem it important to raise awareness of vocational education among school teachers *("they should not be telling children that studying in the college is bad").* Furthermore, it may be interesting to teach professional orientation as an independent subject – it may even include visits in VETs and different places where practical classes are provided. According to representatives of schools which have experience with implementing similar pilot projects, incorporation of this practice in schools can be very interesting and efficient. Thus, we can assume that restoration of such practice in schools can still be efficient, and furthermore that every target segment of the study agrees on the significant role schools play in the promotion of vocational education. From this point of view, positive evaluation should be given to activities planned in terms of implementing vocational education programmes with public schools in regions. Namely, in some cases, public schools are selected purposively according to geographic locations, and professional programmes are implemented in cooperation with them. As noted above, one example of such cooperation is the school in Utsera village in Racha-Lechkhumi and Kvemo Svaneti. Selection criterion for the specific public school was its infrastructural readiness (space). In addition to enabling vocational education institutes to use the school space, school teachers who will be trained beforehand can also be involved in the teaching process (e.g. math, foreign language). Such collaboration between vocational education institutes and public schools should be assessed positively. Importantly, this is not just a way to increase the accessibility of vocational education, but also to be a direct mechanism for promoting vocational education in local communities; it also provides additional opportunities of employment for school teachers. In addition, cooperation with schools enables VETs to better mobilize resources as they find it challenging to invite teachers with different specializations and to interest them in cooperation.

On their side, representatives of business associations, government, and VETs believe that in addition to the mentioned groups (young people, parents, teachers), promotion of vocational education in the private sector is substantial. As noted by representatives of VETs, employers still rarely trust the quality of vocational education (they still believe it to be "Soviet"). In addition, they do not realize the significant benefit (qualified personnel) employers can get from engaging in the process. Thus, we can conclude that persuading employers on the importance of cooperation with VETs and demonstration of potential benefits can be a key topic in the development of a relevant communication strategy.

Another effect of promoting vocational education can be the engagement of more qualified professionals in the educational process. Considering that at the moment, vocational education is less prestigious and salary is not that high, professionals do not feel enthusiastic about teaching at VETs. In the case of promotion and as a result of increased prestige of vocational education, more professionals can be interested in and attracted to vocational education.

It will be important to improve the quality of vocational education and demonstrate positive dynamics in the process of communication. As this is a complex issue and planning and implementation of communication campaigns focused on increasing trust towards vocational education goes beyond the competence of one or several VETs, the role of the state becomes critically important. As the research results clarify, development of the concept for the relevant communication strategy has already started.

Promotion of vocational education is directly related to choosing the profession and educational platform wisely. As verified by the research results, young people believe that **choosing profession wisely** is the key for a successful career afterwards. This ultimately includes choosing a profession based on your interests. In addition, research participants agree that it is important to know and keep in mind requirements of the market where a young person is going to have a career to make the decision.

One of the criteria for selecting a profession correctly is the opportunity for self-employment. In addition, other selection criteria could include recognition of diploma and opportunity to study abroad. Thus, internationalization of vocational programmes can become an additional motivation for making young people interested in vocational education.

Two main criteria for choosing vocations in VETs are relevant interest and demand of the market, respectively, high probability of employment.

„If I choose the specific vocation, I need to make sure to foresee future, further chances of employment, reimbursement too, of course".
Woman, 22 years old, graduate of the VET, Guria

„I chose the vocation of electrician because I can do self-employment, I can do electric work by myself or work at the company"
Man, 19 years old, student of the VET, Adjara

„I read through internet that the collage had programmes for electricians. I studied it. I was very interested in this vocation. It's the kind of vocation that leaves no chance of not getting a job in Ozurgeti. We have hydro power plants, you can work as a freelancer. If you can't get a job, it means you do not want this profession, otherwise, it's completely impossible not to get electrician's job in Ozurgeti".
Man, 20 years old, graduate of the VET, Guria

Development of certain mechanisms to motivate young people can be important in terms of the promotion of vocational education. According to one of the assessments, this mechanism can be a database of local professionals with vocational education that will be shared with investors. On one hand, this will motivate young people to get interested in the vocational education. On the other hand, it will make it easier for investors to recruit new personnel and they will not need to spend resources on mobilizing personnel from other regions/municipalities. From this point of view, it can be interesting to develop a certain module of cooperation between VETs and local youth organizations.

Thus, according to the study, several mechanisms of promoting vocational education can be incorporated. Namely, it is important to:

- Conduct awareness-raising campaigns for specific segments (young people, school/teachers, employers, local government, wide society);
- Demonstrate successful stories through different media agencies;
- Organize visits of young people to VETs together with job fairs.

As for the main message that can be applied in the process of promoting vocational education, two key aspects can be emphasized here: *acquiring qualification in short period of time and high probability of employment.*

SUMMARY AND RECOMMENDATIONS

Labor Market Study is a rather complex matter. Identification of market needs on the regional and municipal levels presents a variety of difficulties. However, the triangulated methodological approach applied throughout the given study enables the identification of specific tendencies on both the regional and municipal levels. The study, through incorporating quantitative and qualitative methods as well as desk research, gathers data on the needs of the labor market in Adjara, Guria, Imereti, Kakheti, Racha-Lechkhumi and Kvemo Svaneti. It also assesses the resources of vocational education institutions and reveals challenges, responding to which will help empower vocational education institutions locally on one hand and responding to employers' needs on the other.

As the study results demonstrate, the demand for certain vocations differs from region to region. The study also identified challenges that employers face in the process of recruiting staff. In addition, the study revealed opportunities that are in place locally in terms of receiving vocational education. Furthermore, the study revealed challenges faced by vocational education institutions which hinder them in properly responding to the demands of the labor market.

According to the study results, regardless of slight differences, in all regions **the most in-demand vocations are in** the professional groups of service and sales personnel and technicians and assisting specialists. A major challenge is reported in relation to qualifications of assistants and unskilled laborers. As for the tourism sector, the most in-demand personnel are cooks (34%), waiters (20%) and hotel service personnel (assistant / housekeeper- 15%) in all regions.

According to the quantitative study results, the most in-demand vocations in the labor market in general are distributed as follows by regions: Adjara – sales specialists (16%), Guria – assistant/unskilled laborer (37%), Imereti – craftsman (19%), Kakheti, Racha-Lechkhumi and Kvemo Svaneti – assistant/unskilled laborer (15% and 19% respectively).

The main barriers for both employers and job seekers are united in three main categories:

- Low qualification of job seekers which often accompanied by *insufficient work experience (or no experience at all), improper assessment of own knowledge and skills, and excessive expectations regarding reimbursement.*
- Demand for the seasonal workforce (especially in the tourism and agricultural sectors). Recruitment of said personnel is a major challenge due to the high outflow of job seekers to other regions and/or other countries for seasonal jobs. This is related to the prospect of getting higher compensation, and the local labor market fails to compete with this (especially considering the level of compensa-

tion offered by other countries to seasonal unskilled laborers).

- Jobs seekers being under-motivated.

The given data identified as a result of the qualitative study are confirmed by the results of the quantitative study, according to which relevant experience (48%) and work experience in general (34%) are the main criteria employers apply when recruiting personnel. As for motivation, it was named as a selection criterion by 10% in general. As for employers in the tourism and health/wellness sector, relevant experience (41%) and on-site training/test (17%) are the two main criteria employers depend on in the recruitment process.

It is also worth mentioning that four out of ten respondents in general (42%) and three out of ten (27%) in the tourism and health/wellness sector do not have problems in terms of recruitment. The **main challenges,** as noted above, are related to the absence of recruiters with relevant experience (in general – 26%, tourism and health/wellness sector – 32%).

Regarding **low qualifications,** a focus was made on *the lack of knowledge of foreign language, low awareness of work ethics,* and *absence of skills essential for the specific position.* In terms of foreign language, employers assess this parameter most negatively when evaluating competences of employees (3.9 points from maximal negative 10). Furthermore, employees' competence in foreign language was assessed at 5.1 points in Imereti, 4.8 points in Racha-Lechkhumi and Kvemo Svaneti, and 3.6 points in Guria. It appears that vocational education institutions have already started working on strengthening this component; to this end, one of the models being discussed is the opportunity for cooperation with language centers.

As for **motivation,** it was emphasized that *the absence of both this factor and the desire to engage in self-development* is often a more serious barrier than having no work experience or relevant skills and knowledge. Moreover, employers report that they often pay much more attention to recruits' motivation than knowledge and experience. In addition, in the tourism sector, motivation and basic knowledge of foreign language(s) are already enough for an applicant to be hired. Having a document that proves vocational or other types of education is not the most important factor for employers. Employers rarely pay much attention to certifications or other types of documents; therefore, citizens are not highly interested in vocational programmes. Another factor must be emphasized here: the importance of **the specific vocation's prestige**. While an official document proving an applicant's qualifications may not be of interest to employers, a programme can be in-demand because of how prestigious it is. For instance, qualified cooks and waiters/waitress in high demand by employers and compensation does not significantly differ for each of them, but considering the prestige factor, culinary vocational programmes are in high demand while programmes for waiter/waitress are not in demand at all. **Thus, promoting specific vocations, as well as making decisions regarding regulations (requirement of certification) in specific vocations will be important for raising interest in vocational programmes.** This, in the long-term perspective, will lead to a more qualified workforce in the labor market and better quality of service and other types of products.

As for **recruitment of personnel,** the most widely utilized method is social/personal contacts in general (71%) and in the tourism and health/wellness sector specifically (74%). This is not necessarily related to nepotism. According to the majority point of view, municipalities are small and everyone knows everyone; thus, finding the person with right qualifications is quicker through social contacts. In addition, the most in-demand vocations are those where job seekers with relevant qualifications rarely use internet resources (e.g. unskilled laborers). This is why employers rarely spend resources on announcing vacancies on internet portals. In general, approximately one fifth of employers use this method (23%). This index is as low as 11% in Imereti. The situation is different in the tourism and health/wellness sector, where almost half (47%) of employers post vacancy announcements on internet sites.

Cooperation with vocational education institutions as a mechanism of recruitment is almost non-existent in general among employers, where only 3% utilize this method for recruitment. As for the tourism and health/wellness sector, cooperation with vocational education institutions is incorporated by 16% of employers as a recruitment mechanism. In general, a large majority (88%) of employers do not cooperate with vocational education institutions – the largest portion stated that they do not see how they would benefit from this process (31%). One fourth (24%) of representatives of the tourism and health/wellness sector report having such experience, with the majority of them offering students work practice (74%) and one fifth engaging in practice-based education (18%).

It is also worth mentioning that 45% of employers in the tourism and health/wellness sector will have **need of a professional workforce** within the next 2-3 years. One fourth of employers in general will also have such a need (26%). An inevitable need of a professional workforce is reported by 25% of employers in Adjara, 18% in Guria, 28% in Imereti, 37% in Kakheti, and 41% in Racha-Lechkhumi and Kvemo Svaneti. Thus, potential cooperation of employers with vocational education institutions is noticeable in every region. Regarding more intensive communication with schools, this process can become much more effective, which implies more engagement of employers in vocational education. In this context it is worth noting not only the cooperation of vocational education institutions with private sector, but also the outstanding support of the state institutions that are responsible for policymaking and implementation. As verified by the research results, vocational education institutions make a rather significant effort towards increasing private sector interest in vocational education and collaboration. Nevertheless, their effort alone is not sufficient. A unified approach focused on raising the awareness of the private sector is vital, but this is beyond the capabilities of separate vocational education institutions.

As verified by the study results, two main sectors are distinguished by relatively **higher potential** in regions: agriculture and tourism. When it comes to agriculture, specific fields vary by regions. For example, if agriculture in the Guria region is related to the development of berries and tea species as well as fishery, animal husbandry and wine-making are two particularly important fields in Racha-Lechkhumi and Kvemo Svaneti. Every region is capable of having different potential in the tourism field. In addition, all regions are distinguished by high potential for agro tourism development. In addition, all of them have the prospect of development of health/wellness; however, it is worth mentioning that different groups are not highly informed on this potential. It is immensely important to demonstrate this potential to vocational education institutions as well as to employers and the general public. The study identified that if different stakeholders (employers, job seekers, vocational education institutions) are aware of needs, challenges, or ways to address them in the tourism sector, serious work needs to be done regarding the health/wellness sector. In this regard, **it will be of great importance to start discussions around the relevant potential of different regions, ways to explore it and vocations essentials for the field, as well as potential mechanisms to train-recruit them.**

As for **resources of vocational education institutions** for responding to the demands of the labor market, a major challenge is reported in Racha-Lechkhumi and Kvemo Svaneti regions. Resources of vocational education institutions can be more positively assessed in Imereti and Kakheti, while resources of vocational education institutions are most positively evaluated in Adjara and Guria. In addition to offering diverse programmes to interested parties, these vocational education institutions also cover different municipalities. Batumi and Kobuleti vocational education institutions have branches in the Keda, Khulo and Shuakhevi municipalities. In the Guria region, Ozurgeti VET has branches in Chokhatauri municipality, while a branch in Lanchkhuti municipality is currently under construction. In the Imereti region, vocational education institutions are mostly present in Kutaisi, while vocational programmes are offered in Sachkhere and Tkibuli municipalities as well. As for the Kakheti region, important players are present in Kachreti and Telavi as well. In addition, the region offers vocational education in the Gurjaani, Akhmeta, Lagodekhi and Dedoplistskaro municipalities.

As for Racha-Lechkhumi and Kvemo Svaneti, here the challenge is geographic coverage (only in Ambrolauri municipality does a VET operate) as well as scarcity of programmes.

It is also worth mentioning that work is already in progress in terms of establishing the practice of cooperation between public schools and vocational education institutions, which will significantly assist growth in the availability of vocational education. For example, cooperation with public schools in Gonio, Mukhaestate, Utsera and other locations is planned, through which schools will offer specific vocational programmes. The school in Gonio will focus on the restaurant and hotel sectors, while the Mukhaestate and Utsera schools will focus on the health/wellness sector. The latter is particularly critical – as verified by research results, there are currently no vocational education institutions in regions which offer vocational programmes in the area of health/wellness. The only programme that is more or less related to the sector is one focusing on nursing qualifications, and this programme is covered by vocational education institutions only in two regions (Adjara and Imereti). In addition, as noted above, the challenge is low awareness of different actors (employers, vocational education institutions) on the potential of this field as well as the need for regulating the field (e.g. development of standards that will define who will have a right to be a rehabilitologist, rehabilitator, masseuse, etc.).

In addition to increasing access to vocational education, cooperation with vocational education institutions should also be considered an important step towards the empowerment of vocational education institutions. In this context, granting them the right to carry out economic activities should be considered a particularly important step. This will contribute to financial and institutional strengthening of vocational education institutions as well as increase accessibility of diverse services for local communities. Vocational education institutions have an opportunity to serve as important places of education for local communities. This will undoubtedly aid in the **promotion of vocational education.**

As verified by the study results, working actively in this direction is critically important. Along with the fact that raising awareness on the importance of vocational education is essential in general, it is also vital to raise awareness among employers. As the narratives of the research participants demonstrate, the private sector often does not realize the importance of vocational education and qualified professionals for them; they also do not realize the role they can play in the development of vocational programmes and in the process of training personnel and developing or improving different standards. Therefore, the **promotion of vocational education is one of the central issues along with strengthening vocational education institutions and the proper utilization of different potentials in the regions.**

Effective mechanisms that can be incorporated into the promotion of vocational education:

- Development of television content that includes separate reports focusing on demonstrating successful cases, e.g., a weekly television programme that will concentrate on covering different aspects related to vocational education;
- Supporting internationalization of vocational education institutions. as participation in exchange programmes can provide additional motivation for young people to get interested in vocational education;
- Planning awareness-raising campaigns in which the civil society sector can play a role. In this context, it would also be interesting to engage local youth organizations and develop projects where young people tell their peers about the importance, role and opportunities of vocational education, including their own examples;
- Active cooperation with schools, which involves organizing meetings in a public lecture format, as well as tours for school pupils at vocational education institutions where they will be able to see how lab activities are carried out, participate in masterclasses, etc.

With regard to the **expert opinion** based not only on the results of this study, it should be noted that all the main findings mentioned in the summary and many other results of the study have been gathered in the given document will help decision-makers in policy-making as well as in the process of working on specific strategies. In addition, tendencies revealed with the help of the study will enable the planning of activities in different directions, the implementation of which will most likely help to achieve the desired outcome. Additionally, it is important to keep in mind that strengthening the regions is a complex process and involves working on many different aspects. In the context of strengthening the regions, the following is of vital importance:

- **Access to finances** – The main challenge in regional development strategies developed by the government or local economic development documents is access to finances. Georgian municipalities do not have sufficient financial resources; therefore, the accessibility of finances is a major problem. The reality is that the development of any economic establishment depends on finances. Thus, if finances are available, entities can purchase material-technical means as well as hire qualified personnel. Hence, the main problem that needs to be addressed on the central as well as on the local level is access to finances. This requires economic assets owned by the state in the regions, such as agricultural land parcels, solid mining resources, mineral and thermal waters, ground and surface water resources, buildings, facilities, etc. to be transferred to private ownership, which means that these assets will participate in the economy. Participation in the economy will automatically result in increased capitalization, while by ensuring its assets, the private sector will be able to easily raise additional funds and develop and will no longer be depended on donations from the central government, while financial independence will result in the decentralization and economic development of the regions.
- **Decentralization of the regions** – Economic programmes developed by the government are managed centrally. Instead of centralized management, it is important for municipalities to have access to finances independently and to do planning locally, thereby helping self-governments achieve decentralization. In order to achieve decentralization of the region, the first thing is to achieve the economic independence of municipalities by ensuring accessibility to finances. Economically independent municipalities will have free choice when planning budgets or implementing necessary infrastructural or other economic projects on the municipal level. An increase in local budget is also important for the decentralization of regions, which can also be achieved through changes in tax policy.
- **Development of regional statistics** – The National Statistics Office of Georgia offers regional statistics, but presented statistical data are available only on the regional level. Presenting statistical data that reflects the main social-economic situation on the municipal level will be practical for municipalities' Mayor's Offices and Council representatives, and enables them to study the socio-economic condition on the municipal level and present development plans developed in consideration with municipality priorities based on statistical analysis. Statistical data will also enable potential investors, business representatives, and other stakeholders to have a clear picture of the economic condition of the self-governing unit, perform and comparative analysis with other municipalities, and make decisions to start business activity or other social activities in the municipality.
- **Use of comparative advantage** – Each municipality should use the advantages and capacities it has, whether this is in the field of agriculture, industry, tourism, energy or something else. One of the components of strategic development documents developed by state agencies should be dedicated to the advantages of

regions – what makes them outstanding, which fields are promising, where the development opportunities are – in order to fully utilize the potential of each region. Prepared documents need to be attractive for investors to become their roadmap for which fields to invest in and which regions will be attractive to them. Based on our indexation, the field of commerce is common for all regions and the value of the relevant coefficient is 3.5-4.0. The following findings have been made for specific regions: Adjara region – Here it is important to effectively utilize the potential of tourism, port as transport corridor, and the construction and energy sectors. Promising fields in the Guria region include agriculture, fishery, and production. The Imereti region has substantial potential in the industry, energy and tourism sectors. The Kakheti region has outstanding potential in the agriculture (especially in wine-making), industry, and tourism fields. The Racha-Lechkhumi and Kvemo Svaneti region is distinguished by its potential in the industry and agricultural sectors (animal husbandry and bee-keeping) as well as for hydro energy potential. As new opportunities emerge, it is important to regularly revise strategic development documents and take new challenges into consideration in future documents.

- **Infrastructural projects** – As noted above, the field of commerce is equally important for every region, as are trade relations. Regions also show significant tourism potential. Properly organized infrastructure in the country is immense important for this. For timely and comfortable travel and accommodation of the international or domestic tourist, for strengthening trade relations, and for the timely movement of cargo and the organization of other logistical issues, it is important for central and local governments to work in coordination and complete high priority infrastructural projects.
- **Economic development documents of the government** – The Regional Development Strategy 2014-2021= document is used as a sample for every region of Georgia. While the document presents the main goals and objectives of the strategy, it says nothing about ways of achieving the objectives or the phases for implementing plans. The document also does not provide methods for measuring control mechanisms or the results of objectives to be achieved. Thus, it is recommended for economic development state documents developed on the local level to include the following: assessment methods for programme goals and objectives, risks of completing the programme and ways to eliminate those risks, and stages of the plan included in the document and mechanisms to control them. Municipalities should present an annual action plan in a reasonable timeframe, and after the timeframe included in strategic document is completed it should present the report on completing the strategy.

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ANNEXES

TABLE #33. SHARE FOR TOTAL INDICATORS OF THE REGION, SCORE, DEFINITION OF THE SCORE

Share in the region (Number of employees/ turnover)	Score	Definition
0-4%	0	Not important
5-9%	0.5	Less important
10-14%	1	Somewhat important
15-19%	1.5	Important
20% and more	2	Very important

TABLE #34. NUMBER OF ENTITIES, SAMPLING SIZE IN TOURISM AND HEALTH/WELLNESS SECTOR

Target area	Number of entities	Sampling size
Ambrolauri Municipality	59	15
Telavi Municipality	202	20
Kachreti	15	5
Ozurgeti Municipality	223	20
Batumi City	1373	50
Kobuleti Municipality	269	20
Kutaisi City	610	30
Total	***2 736***	***160***