

# Workers' Power Report – 2025

## Table of Contents

<b>INTRODUCTION .....</b>	<b>2</b>
<b>1. EMPLOYEES' VOICE AT WORK:.....</b>	<b>3</b>
1.1. CONTRACTUAL VULNERABILITY .....	3
<i>Fixed-Term Contracts</i> .....	3
<i>Oral Agreements</i> .....	4
<i>Part-Time Employment</i> .....	4
<i>Informal Employment</i> .....	7
<i>Non-Standard Employment</i> .....	7
1.2. VIOLATIONS OF ESSENTIAL CONTRACTUAL TERMS BY EMPLOYERS.....	9
1.3. DISCRIMINATION BASED ON GENDER .....	9
1.4. THE STRENGTH OF TRADE UNIONS .....	10
1.5 ACCESS TO ENFORCEMENT MECHANISMS.....	14
<b>2. WORKERS' EXIT OPTIONS FROM LABOR RELATIONS OR LABOR MARKET.....</b>	<b>16</b>
2.1. COMPETITION AMONG WORKERS.....	16
2.2. FINANCIAL STATUS OF WORKERS.....	16
<i>Wages in Georgia</i> .....	17
<i>Savings</i> .....	17
<i>Alternative Sources of Income</i> .....	18
<i>Indebtedness Indicator</i> .....	19
2.3. THE LABOR MARKET MONOPSONY .....	19
2.4. SOCIAL PROTECTION .....	20
<i>Unemployment Insurance/Benefits</i> .....	20
<i>Social Assistance System</i> .....	21
<i>Care Services</i> .....	21
<i>Healthcare Costs</i> .....	22
<i>Pensions</i> .....	23
2.5. EFFECTIVENESS OF EMPLOYMENT PROGRAMS.....	23
<b>3. EMPLOYER EXIT OPTIONS .....</b>	<b>24</b>
3.1. COMPETITION AMONG WORKERS.....	24
3.2. FLEXIBILITY IN HIRING AND FIRING.....	24
<i>The Law on Public Service</i> .....	27
<b>RECOMMENDATIONS .....</b>	<b>29</b>

## Introduction

In Georgia, there is rarely any discussion in the public and political sphere regarding the importance of empowering workers. Attention is primarily focused on the well-being of businesses and favorable conditions for their operation, which is perceived as the main prerequisite for employee well-being. However, the last few decades have shown that this is not the case. Even under conditions of low taxes and minimal regulations, we see that real wages are increasing insignificantly, the share of employees in total income is very low, and the scale of labor rights violations is vast. In the rare instances when ways to resolve the problems of workers become a subject of discussion, the main place in the discourse is occupied by labor legislation and the issues of its enforcement. Yet, the strength or weakness of workers is determined by many other factors. The purpose of this document is precisely to identify and review the main factors that determine the strength of workers. The wages, working conditions, and bargaining power of employees with the employer depend on their "voice" and "exit options."

"Worker voice" entails their ability to use mechanisms defined by labor legislation, contracts, or collective relations to express dissatisfaction with working conditions and organizational decisions, and to defend their own interests.

"Worker exit options" are related to how accessible alternative employment and income are if employees leave their workplace or the labor market. This strengthens or weakens the power of workers in negotiations with employers.

"Employer exit options" imply their ability to fire employees who are dissatisfied with poor working conditions, as the legislation allows for this, or to hire other, cheaper, and more vulnerable labor that they can replace existing staff with. If employers have broad possibilities to exit the labor relationship, the bargaining power of the workers is weak, and vice versa.

Thus, "voice" and "exit options" are two important mechanisms through which an employee can achieve better conditions in the workplace or leave poor working conditions to seek better options.

These two components, both within the workplace and outside of it, empower workers to protect their own rights and interests. Conversely, greater "exit" possibilities at the employer's disposal make the employer more flexible and weaken the position of the worker.

Furthermore, "worker voice" and "exit options" are interconnected and collectively determine the power of workers. These two concepts are influenced by factors such as labor market institutions (labor legislation, enforcement mechanisms, trade unions, etc.), social policy (social protection, unemployment benefits, care services, etc.), and macroeconomic policy.

In this report, we will analyze the situation of workers in Georgia by examining these specific factors. The indicators of worker power identified in this report should become a subject of systematic study and monitoring by various state agencies, in order to plan integrated approaches and multifaceted policies necessary for the empowerment of workers.

## 1. Employees' Voice at Work:

The indicators of "voice" strength are as follows:

Contractual Vulnerability.  
Frequency of Violations.  
Gender Discrimination Indicators.  
Strength of Trade Unions.  
Access to Enforcement Mechanisms.

### 1.1. Contractual Vulnerability

Contractual vulnerability of employees refers to the high risk of violations of contract terms or labor rights, as well as job instability arising from the form of the employment agreement. Indicators of this vulnerability include:

- Frequency of oral agreements
- Frequency of fixed-term contracts
- High rate of part-time employment
- High share of informal labor
- Scale of non-standard labor

#### Fixed-Term Contracts

Whether an employment contract is fixed-term or indefinite is directly related to how secure an employee is in their workplace. Those employed on a temporary (fixed-term) contract lack regular income. Consequently, it is difficult for them to plan for the future, allocate finances, and often even cover basic expenses. Their future employment status is also uncertain, as they do not know if or when they will be able to receive income.

Employees on fixed-term contracts are less protected in terms of the stability of the employment relationship. As a rule, in cases of economic fluctuation or organizational restructuring, it is precisely those employed temporarily who are among the first to be affected by the initial waves of layoffs.

In most cases, employment via a temporary (fixed-term) contract means limited access to career development, continuous learning, and various social benefits tied to the workplace. Furthermore, the result of a temporary contract can be low remuneration, weak protections upon termination of the labor agreement, etc.

According to legislation, if the duration of a contract exceeds 30 months, it is considered to be a permanent contract. Or, if a contract is concluded two or more times and the total duration exceeds 30 months, it is analogously considered a permanent contract.<sup>1</sup>

According to the data from the National Statistics Office of Georgia, a large portion (85%-87%) of surveyed hired employees respond that they are employed under a permanent (indefinite) contract.<sup>2</sup>

However, according to representatives of trade union organizations, the number of temporary contracts is significantly higher, because even contracts that are considered indefinite by law are often concluded with a specific fixed duration. Employers use such contracts to mislead uninformed employees. Trade union representatives also note that employees are often unfamiliar with the terms of their written contracts and are guided by information provided verbally by the employer. Consequently, the National Statistics Office of Georgia's surveys need to include more precise questions that will determine the employees' awareness of the terms stipulated in their written contracts. The state should rely on such precisely clarified information when measuring the vulnerability of workers using this indicator.

It should also be noted that if an employer is flexible in firing an employee and hiring a new one, then even an indefinite-term contract does not guarantee the employee's protection (regarding employer flexibility, see p. 42).

## Oral Agreements

According to legislation, if the duration of the labor relationship exceeds a month, the labor contract must be concluded in written form. A labor contract specifically outlines the employee's duties, working conditions, and benefits. In oral agreements, there is a high risk that the employer may arbitrarily, and without the employee's consent, change significant conditions such as remuneration, working hours, etc.

A high rate of oral agreements is one of the causes of the general vulnerability of workers. It is also a consequence of worker vulnerability and expresses the employer's power to determine the form of the contract themselves. The distribution of written contracts among hired employees between 2017 and 2023 is 79.5%-84%.<sup>3</sup>

## Part-Time Employment

An employee may work on a full-time or part-time basis. When part-time employment is voluntary, it provides the worker with a certain balance between their personal and professional life. However, often, an employee is forced to work part-time despite wanting more working hours or higher remuneration. Such employment weakens the worker's "voice."

---

<sup>1</sup> Article 12.4, Labor Code of Georgia

<sup>2</sup> National Statistics Office of Georgia, Labour Force Survey – 2017-2023, Permanency of the Job.

<sup>3</sup> Ibid; Written and Oral Contracts.

A part-time employee is in a weaker position because they lack a sense of financial stability. As a rule, part-time work means lower total remuneration for the worker. This usually has two causes: the scarcity of working hours and, in some cases, lower hourly wages compared to full-time employees. Furthermore, there is a high risk that a part-time employee may be performing at full-time intensity: completing a full-time workload within part-time hours.

Part-time employment is a significant source of inequality. On one hand, it implies inequality between full-time and part-time employees; on the other hand, it may also encompass inequality from a gender perspective: part-time employment often entails low-skilled work for women.<sup>4</sup> For example, at the end of 2023, 28% of working women in the European Union were employed part-time, while only 8% of men worked on such a schedule. The number of women exceeded that of men in all job categories. However, the largest discrepancy was found in fields requiring basic skills, such as support staff, cleaners, kitchen assistants, etc.

In this direction, 47% of employed women worked part-time, while for men, the figure was 19%. The smallest difference was recorded in managerial activities, where only 10% of employed women and 3% of employed men worked on a part-time schedule. In general, in poorer countries, part-time employment is less common due to low wages. Despite this, in Georgia, this indicator is over 6%. Data from the National Statistics Office (see Figure 1) reveals the common reason for employees not being employed full-time: they were unable to find such work.

---

<sup>4</sup> International Labour Office, Part-Time Work, factsheet.

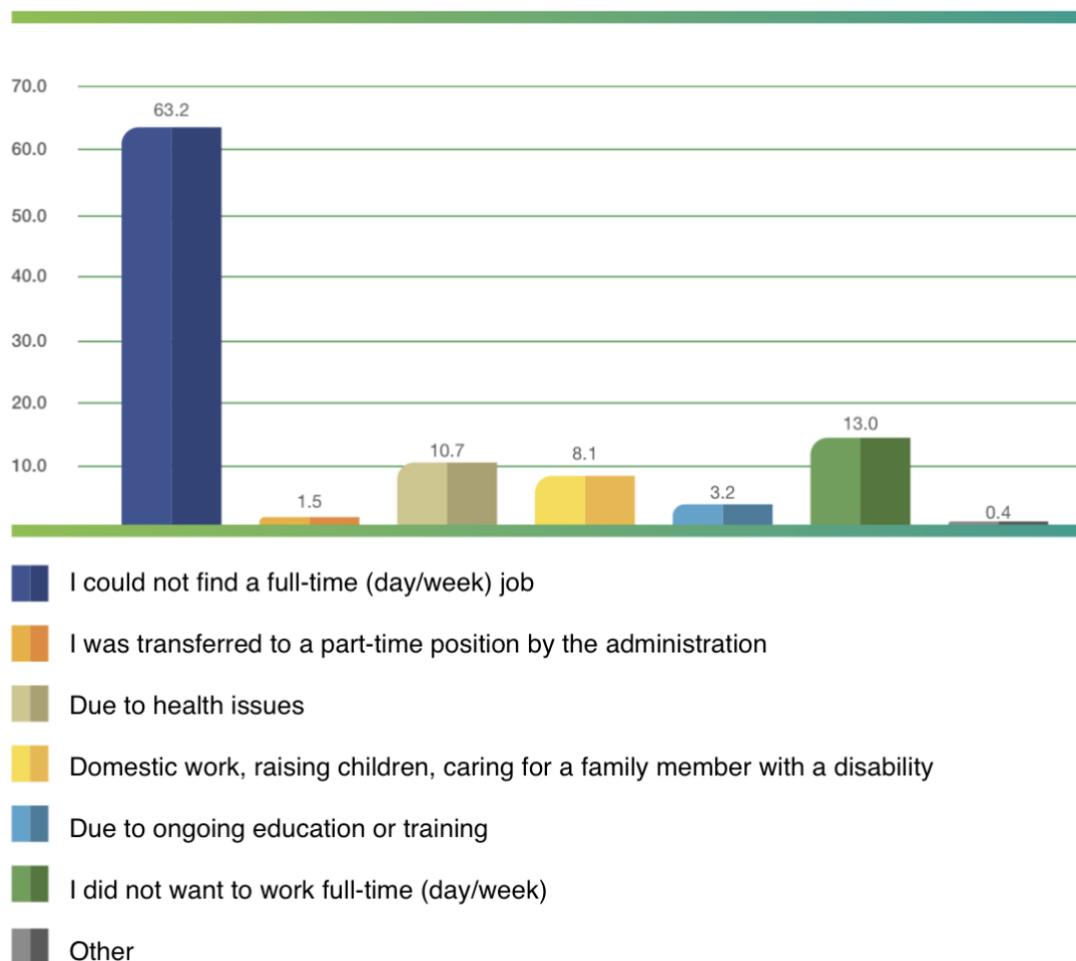


Figure 1. Reasons for part-time work (2023)

Figure 2 shows that women account for more than 90% of those employees who are unable to start full-time work due to family responsibilities (household chores, raising children, or caring for sick or disabled persons).

This finding highlights that domestic labor obligations and the lack of supportive state services make women significantly more vulnerable. This situation forces them to dedicate more time to unpaid domestic and care work, which in turn leads them to settle for worse working conditions and more limited opportunities in the labor market (for more details on care services, see page 47).

Unpaid domestic and care work refers to cleaning in one's own home/family, cooking, childcare, caring for sick family members or those with disabilities, and more. This type of labor is often not perceived as "real work," and it is one of the most widespread forms of discrimination against women, as women perform this care work in disproportionately large volumes within the home or family.

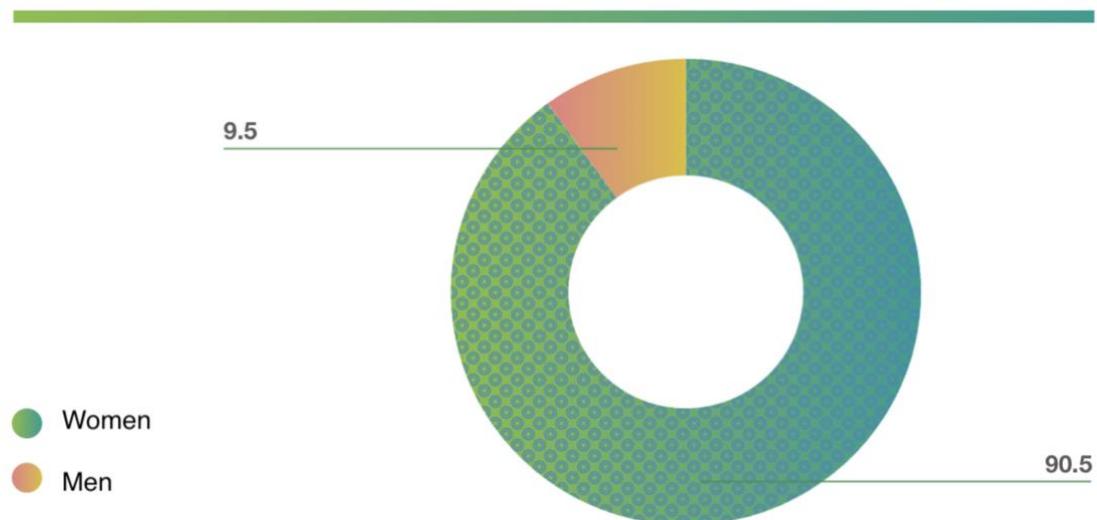


Figure 2. Distribution of individuals by gender who are unable to work full-time due to family responsibilities and unpaid care work

### Informal Employment

The scale of informal employment is a significant indicator of worker vulnerability. The National Statistics Office of Georgia calculates the share of informal employment only among those employed in the non-agricultural sector, which stands at 27.6%.

Informally employed individuals do not benefit from the guarantees characteristic of formal employment, such as: Regulations related to hiring and dismissal; Maternity leave; Anti-discrimination legislation; Participation in the cumulative pension system; Regulation of working hours; Monitoring and enforcement of labor rights by the Labor Inspection Office, etc.

There are also differences in remuneration between formal and informal employment. According to a UN Women report, the remuneration of informally employed women in Georgia is 42% lower than that of women employed in the formal sector. Furthermore, 54% of informally employed individuals believe that formalizing their employment would have a positive effect on them.<sup>5</sup>

### Non-Standard Employment

We must isolate a specific category of vulnerable workers: those involved in the so-called "gig economy," working on digital platforms, such as couriers, taxi drivers, etc.

The work performed by individuals in these positions, by its nature, generally does not differ from a typical labor relationship. Despite this, they work on the basis of a formal service

<sup>5</sup> UN Women, Women's Economic Inactivity and Engagement in the Informal Sector in Georgia, 2018, <https://georgia.unwomen.org/en/digital-library/publications/2018/12/womens-economic-inactivity-and-engagement-in-the-informal-sector-in-georgia>;  
[https://rshiny.ilo.org/dataexplorer46/?lang=en&id=SDG\\_0831\\_SEX\\_ECO\\_RT\\_A](https://rshiny.ilo.org/dataexplorer46/?lang=en&id=SDG_0831_SEX_ECO_RT_A)

contract rather than a labor contract. Such contracts make it impossible for those employed in the gig economy to benefit from the guarantees provided by labor legislation.

Workers involved in non-standard labor relationships face challenges such as: Unstable working hours and, consequently, unstable income. Stress caused by these factors: working long hours to earn more. Emotional labor: dependence on ratings left by customers, the fear of losing one's rating, etc. Fatigue: extreme exhaustion from long working hours creates high risks. For example, in delivery services (courier services), numerous road accidents have been recorded, some of which have resulted in fatalities. Lack of protection: couriers are not insured against physical violence or other types of incidents.<sup>6789</sup>

Despite the fact that the Public Defender of Georgia and the Labor Inspectorate have issued recommendations regarding granting employee status to "gig" workers, the workers themselves have varying opinions on the matter.

Research shows that "gig" workers who previously worked for other employers under a formal labor contract state that they rarely used, or could not use, the rights guaranteed by the Labor Code, such as leave, overtime pay, and so on.<sup>10</sup> Consequently, the absence of such guarantees in non-standard labor does not cause them discomfort. Platform workers also do not perceive access to universal healthcare and pension systems as a guarantee of social security under standard employment.<sup>11</sup>

Such problems with the enforcement of labor legislation discourage "gig" workers from obtaining employee status, as it is associated with an additional tax burden for them. With the new mechanism, workers involved in platform labor—specifically delivery couriers—register as individual entrepreneurs to perform their work. In this way, their tax burden is reduced, and they are taxed at a rate of 0% or 5% on their income.<sup>12</sup> Accordingly, employee status for them means an increased tax burden, as they do not find the 20% tax on their income worth the

---

<sup>6</sup> In 2023, out of a total of 4,943 recorded traffic accidents, 752 involved motorcycles; of these, 16 resulted in fatalities, and 808 people were injured. While data from the Ministry of Internal Affairs does not allow us to specifically identify how many of these cases involved couriers, the mass usage of motorcycles in delivery services suggests a high level of workplace risk ([info.police.ge](http://info.police.ge)).

<sup>7</sup> According to a study by the Social Justice Center, in 2020, the Labor Inspectorate imposed sanctions on courier service companies several times for failure to report accidents. (Social Justice Center, Legal Assessment of Contracts of Delivery Service Companies Operating in Georgia, 2021, <https://shorturl.at/4ZxTy>)

<sup>8</sup> News reports on fatal incidents: (<https://rustavi2.ge/ka/news/235071>; <https://shorturl.at/KKX3N>; <https://netgazeti.ge/news/703358/>; <https://shorturl.at/EjRK4>)

<sup>9</sup> In a survey conducted by the International Labour Organization in various countries, couriers assess their work as dangerous (83.4%) or high-risk (93.3%) activity. (Psychosocial Risk Analysis of the Delivery Sector Employees, ILO, 2022, pp. 14-15, [www.ilo.org/sites/default/files/wcmsp5/groups/public/@europe/@ro-geneva/@ilo-ankara/documents/publication/wcms\\_837231.pdf](http://www.ilo.org/sites/default/files/wcmsp5/groups/public/@europe/@ro-geneva/@ilo-ankara/documents/publication/wcms_837231.pdf))

<sup>10</sup> Diakonidze, A., "Gig" Workers and Their Social Protection Needs in Georgia, *Environment and Society*, 2022, pp. 19-20, <http://es.tsu.ge/index.php/es/article/view/43/37>

<sup>11</sup> Ibid.

<sup>12</sup> Interviews were conducted with Bolt and Glovo couriers who have been organizing courier protest movements since 2020. When asked if they wanted to have employee status and whether it was a demand during the protests, we received a uniform answer: couriers are not interested in obtaining employee status because they associate it with an increased tax burden (20% income tax).

rights guaranteed by the Labor Code: they believe that labor standards are not fully implemented in practice anyway.

Employment relationships disguised as service contracts are also widespread in the construction sector. However, data regarding this type of violation and, in general, non-standard employment is either non-existent or rarely available.

Failures in the enforcement of legislation in Georgia and the weakness of the employee within the labor relationship dampen the interest of individuals involved in non-standard labor to have the guarantees provided by the Labor Code. Consequently, this type of labor is unbalanced and unprotected. In this case, a comparatively competitive salary in the current labor market and a low tax burden may be more profitable for the workers.<sup>13</sup>

## 1.2. Violations of Essential Contractual Terms by Employers

The law determines the minimum conditions that must be included in a contract—the so-called "essential terms." When these essential terms of the labor relationship change during the course of employment, it must be agreed upon with the employee.<sup>14</sup> Although this legal requirement appears simple at first glance—existing to protect and strengthen the worker's voice, it is among the most frequent violations identified by the Labor Inspectorate (violations regarding the modification of employment contract terms account for 4% of all violations identified by the inspectorate).<sup>15</sup> Even more frequent are cases of direct violations of the essential terms of the contract themselves (24% of violations identified by the inspectorate).<sup>16</sup> On one hand, the frequent violation of essential terms is a consequence of the workers' weak position. On the other hand, the very environment where essential terms are systematically violated further weakens the workers.

The contractual weakness of employees is also confirmed by the 2024 report of the International Trade Union Confederation (ITUC). According to the report, Georgia belongs to the group of countries where labor rights are regularly violated. The report notes that the government and/or companies regularly violate labor rights or fail to provide full guarantees for the exercise of these rights.<sup>17</sup>

## 1.3. Discrimination Based on Gender

Georgia has an international obligation to ensure equal pay for work of equal value for both men and women, free from discrimination. However, in practice, the gender pay gap remains significant. According to 2022 data, the overall gender pay gap is 20.9%.<sup>18</sup> The gender pay gap represents the ratio of the difference between men's and women's average salaries to men's

---

<sup>13</sup> Diakonidze, A., "Gig" Workers and Their Social Protection Needs in Georgia, *Environment and Society*, 2022, pp. 19-20, <http://es.tsu.ge/index.php/es/article/view/43/37>

<sup>14</sup> Article 20.2, Labor Code of Georgia

<sup>15</sup> Labour Inspection Office Annual Report, 2023, p.31 [https://lio.moh.gov.ge/editor/upload/20240606033109-FINAL%20REPORT\\_2023\\_GEO.pdf](https://lio.moh.gov.ge/editor/upload/20240606033109-FINAL%20REPORT_2023_GEO.pdf)

<sup>16</sup> Ibid, p.30.

<sup>17</sup> 2024 ITUC GLOBAL RIGHTS INDEX, pp. 5; 17; [www.ituc-csi.org/IMG/pdf/2024\\_ituc\\_global\\_rights\\_index\\_en.pdf](http://www.ituc-csi.org/IMG/pdf/2024_ituc_global_rights_index_en.pdf)

<sup>18</sup> Geostat, Gender Pay Gap, 2022, available at: <https://www.geostat.ge/ka/modules/categories/39/khelfasebi>

average salary. It is clear that against the backdrop of the general weakness of the worker's voice in Georgia, even more vulnerable and weak groups emerge, including women.

#### 1.4. The Strength of Trade Unions

A strong trade union means a strong voice for workers during negotiations. Strong trade unions allow workers to constantly strive for and obtain improved working conditions. In countries where professional unions operate smoothly and without obstruction, we see tangible results: wage inequality between high- and low-income professions is much lower. The higher the union membership, the stronger this effect.<sup>19</sup> Research also indicates that, thanks to trade unions, the gender pay gap is smaller. Their active involvement promotes the formalization of labor, especially among low-skilled workers.<sup>20</sup>

Sectoral or industry-wide labor negotiations also have a positive impact on workers.<sup>21</sup> Sectoral or industrial contracts are concluded between unions (or associations of workers) and employers in a single industry or sector.

**According to Georgian Trade Unions Confederation there are:** Up to 157,000 members and 57 collective agreements, covering 109,727 employees

However, as representatives of independent trade unions note, in a large portion of existing unions in Georgia, members are only recorded formally. They are not involved in union activities and may not even be aware that they are members.

According to 2022 data, the union "density" in Georgia was 18%.<sup>22</sup> Density refers to the ratio of persons covered by collective agreements to the total number of employees. The European Union average is 23%, while in Scandinavian countries, it averages 70%.<sup>23</sup> Comparing specific countries in Eastern Europe, membership density in Armenia is 20.5%, while in Moldova, it is 42%<sup>24</sup> (see Figure 3).

---

<sup>19</sup> J. Berg, *Labour Markets, Institutions and Inequality: Building Just Societies in the 21st Century* (Edward Elgar Publishing Limited, 2015), p. 104, 106.

<sup>20</sup> Berg, p, 110, 113.

<sup>21</sup> Berg, p. 106

<sup>22</sup> Labour Market Profile – Georgia 2022-2023, Danish Trade Union Development Agency, 2023, <https://www.ulandssekretariatet.dk/wp-content/uploads/2022/10/LMP-Georgia2022-final.pdf>

<sup>23</sup> Trade Unions, ETUI, <https://www.worker-participation.eu/National-Industrial-Relations/Across-Europe/Trade-Unions2>

<sup>24</sup> Labour Market Profile – Moldova 2023-2024, Danish Trade Union Development Agency, 2024.

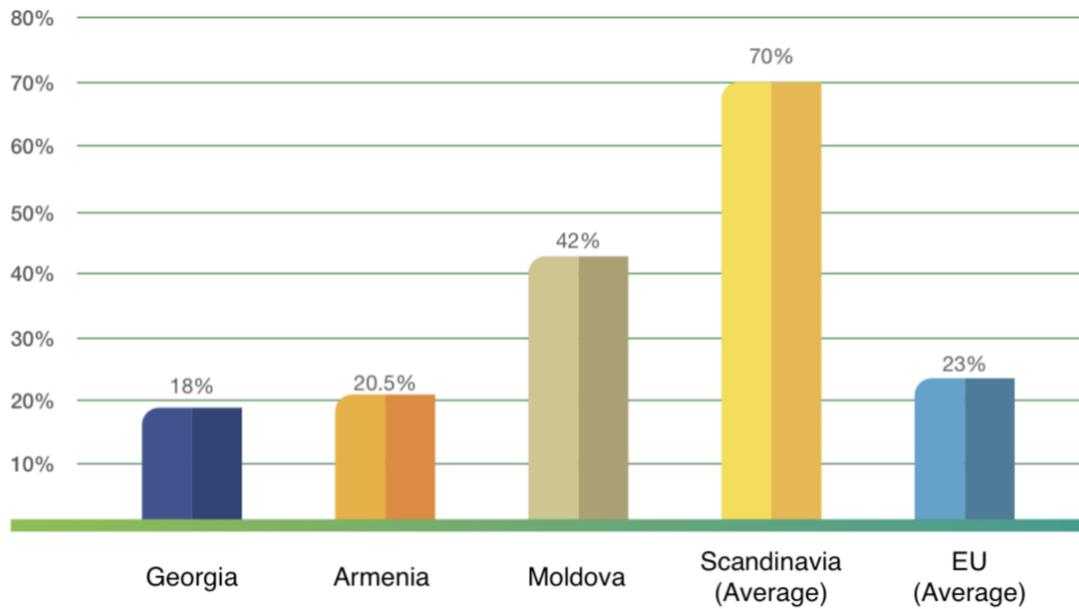


Figure 3. Trade Union Density

As for the number of collective agreements<sup>25</sup> among employees, according to the latest data from the International Labour Organization, this indicator in Georgia was 20% (2020), in Armenia – 19.4%, in Scandinavia – 87% on average, while in the European Union, on average, 58% of employees are covered by collective agreements (2018)<sup>26</sup> (Figure 4).

<sup>25</sup> A collective agreement is concluded between one or more employers/employer associations and one or more employees' associations (trade unions).

<sup>26</sup> Eurofound, Collective Bargaining Coverage, 2022, <https://www.eurofound.europa.eu/en/european-industrial-relations-dictionary/collective-bargaining-coverage>

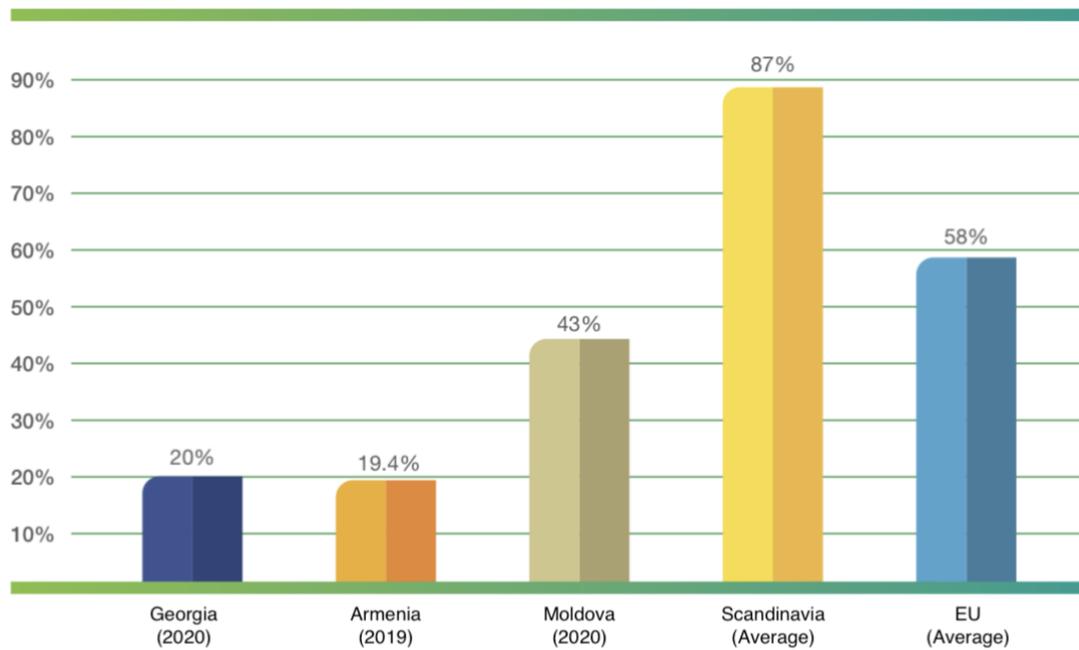


Figure 4. Collective Bargaining Coverage (%)

The number of strikes is an important indicator of the strength/weakness of employees. In Georgia, employees rarely go on strike. Between 2021 and 2023, 11 strikes occurred in the country. Of these, the notification of the strike was sent to the Ministry of Health in only 7 cases. In many cases, the number of employees participating in the strike is inaccurate, and the ministry does not keep statistics on the duration of strikes, as there is no legal obligation to notify about the duration of a strike (see Table 1).<sup>27</sup>

Table 1. Strike Statistics in Georgia (2021-2023)<sup>28</sup>

Number of Strikes	Industry	Number of strikers as indicated in the notification
<b>2021</b>		
1	Beverage production	199 (unspecified)
1	Payment services	Every member of the primary trade union (unspecified 34)
1	Social work	381
1	Maritime transit	Not indicated
<b>2022</b>		
1	Beverage production	400 (unspecified)
<b>2023</b>		
1	Beverage production	Every member of the primary trade union (unspecified 27)

<sup>27</sup> Response of the Ministry of Health to the letter N.1059786 (8 November, 2024).

<sup>28</sup> Ibid.

For comparison, in the Netherlands, 53 strikes took place in 2023, with over 17,000 people participating<sup>29</sup>; in Cyprus, work was halted in 26 cases, with the participation of 136,723 employees<sup>30</sup>; in Austria, over 110,000<sup>31</sup> employees participated in 35 strikes<sup>32</sup>; while in Spain, 278,183 employees took part in 778 strikes<sup>33</sup>.

Table 2. Number of Strikes and Their Participants by Country in 2023

Country	Number of Strikes	Number of Participants
Netherlands	53	>17,000
Cyprus	26	136,723
Austria	35	110,400
Spain	778	278.183
Georgia	2	63

It is worth noting that the listed countries have better working conditions and remuneration.<sup>34</sup> In Georgia, employees have far more reasons to strike - low wages; problems related to overtime pay, use of vacation leave, and maternity leave compensation; as well as obstacles in the enforcement of occupational safety standards, among others. However, the number of strikes and participants in them remains low in the country. In short, the low number of strikes in Georgia is a significant indicator of the weakness of trade unions and, more generally, of employees.

<sup>29</sup> Netherlands – Largest number of strikes in half a century – May 31, 2024, <https://www.lrd.org.uk/free-read/strikes-and-other-industrial-action-increase-across-eu>; <https://www.dutchnews.nl/2024/05/more-strikes-in-nl-last-year-but-fewer-people-were-involved/>

<sup>30</sup> Ibid.

<sup>31</sup> Strikes and other industrial action on the increase across EU, Labour Research Department, 22. 08.2024.

<sup>32</sup> Die neue Streikfreudigkeit in Österreich – Ursachen, Ausdrucksformen und Perspektiven, 19.02.2024, <https://www.awblog.at/Arbeit/Die-neue-Streikfreudigkeit-in-Oesterreich#:~:text=Die%20Webseite%20des%20ÖGB%20weist,Warnstreiks%20und%20unbefristeten%20Streiks%20reichen.>

<sup>33</sup> Strikes and other industrial action on the increase across EU, Labour Research Department, 22. 08.2024.

<sup>34</sup> Labour Rights Index, Cyprus, 2024, <https://labourrightsindex.org/lri-2024-documents/cyprus.pdf>; Labour Rights Index, Georgia, 2024, <https://labourrightsindex.org/lri-2024-documents/georgia.pdf>; Labour Rights Index, Spain, 2024, <https://labourrightsindex.org/lri-2024-documents/spain.pdf>; 38-g: Labour Rights Index, Spain, 2024, <https://labourrightsindex.org/lri-2024-documents/spain.pdf>

## 1.5 Access to Enforcement Mechanisms

Regarding the mechanisms of enforcement available to employees, the Labor Inspection Service is potentially one of the most effective. It oversees the enforcement of both labor rights and occupational safety rules. The inspection conducts both planned and unplanned inspections of employers, both on its own initiative and upon request from interested parties.

A problematic issue is the transparency of the Labor Inspection. The inspection does not proactively publish all information required by law, and even upon request, it provides incomplete information and, consequently, fails to satisfy the inquiries of interested parties.

In terms of the number of inspections, the activity of the Labor Inspection does not lag behind the average indicators of European Union countries. Below is a comparison of the number of inspectors and inspections by country based on the latest available data.

In terms of the number of inspections, the activity of the Labor Inspection does not lag behind the average indicators of European Union countries. Below is a comparison of the number of inspectors and the number of inspections by country, based on the latest available data. Three upper-middle-income<sup>35</sup> countries are provided (Georgia, Bulgaria, Moldova), as well as three high-income countries (Estonia, Germany, France). The median ratio of inspectors to employees in high-income countries is 0.84, while in middle-to-high and lower-income countries, it is 0.47<sup>36</sup> (see Table 3).

Table 3. Number of Inspectors and Inspections by Country

Country	Number of Inspectors	of Number of Inspectors per 10,000 workers	Average Number of Visits per Inspector	Sum of Visits
Georgia	86	0.65	116	3,765
Bulgaria	355	1.13	120	42,396
Moldova	65	0.42	49	3,212
Estonia	46	0.68	100	4,638
Germany	6,009	1.41	97	586,205
France	2,175	0.80	67	139,068

The Inspection uses various types of sanctions for violations of labor rights and safety standards; however, several areas do not fall within the scope of the Labor Inspection's activities under the Labor Code of Georgia. These include the termination of employment relationships and the rules for such termination, mass layoffs, and the transfer of

<sup>35</sup> According to the World Bank classification, upper-middle-income countries are those where the Gross National Income (GNI) per capita ranges between \$4,036 and \$12,475 USD.

<sup>36</sup> Safety in Numbers: what labour inspections data tells us, 2024, ILO, <https://ilostat.ilo.org/blog/safety-in-numbers-what-labour-inspection-data-tells-us/>

undertakings<sup>37</sup>. Consequently, the employee's voice is weak. An employee whose rights have been violated in breach of these rules is left only with the hope of a court.

The fact that the Inspection's mandate does not extend to the termination of labor contracts is particularly problematic when employees are dismissed from their jobs precisely because they cooperated with the Labor Inspection. Without going through a long and costly judicial process, the Inspection is unable to protect the employee, even in such cases. The effectiveness of the judicial system is also a determinant of the protection of labor rights and, accordingly, the strength of employees' voices. In Georgia, the rate of recourse to the courts for labor issues is low.

### **Labor disputes in Georgia account for only 1.4% of the total number of court cases.**

In 2023, the courts of general jurisdiction in Georgia reviewed 1,123 cases. Accordingly, the share of labor disputes per 10,000 employees is also very small. Table 4 below makes it clear that in countries where employees are better protected, their voices are stronger, and this is reflected in the number of court disputes. In the given European countries, employees, including through trade unions, frequently turn to the courts to restore violated rights.<sup>38</sup>

Table 4. Number of Labor Disputes by Country

Country	Total Number of Labor Disputes	Share of Labor Disputes per 10,000 workers
Georgia <sup>39</sup>	1,123	13
England and Wales <sup>40</sup>	92,000	29
Spain <sup>41</sup>	340,837	160
France <sup>42</sup>	100,268	39

It is clear that in Georgia, the ratio of both court disputes and inspections conducted by the Labor Inspection to the number of employees is significantly lower than in any of the countries discussed above. When taking into account the frequency of labor rights violations, the rate of

---

<sup>37</sup> Labor Code, 77.1.

<sup>38</sup> The Spanish Labour Market: Current Developments, Structural Trends and Labour Market Policies, Bank of Spain, Annual Report 2023, p. 199, [https://www.bde.es/f/webbe/SES/Secciones/Publicaciones/PublicacionesAnuales/InformesAnuales/23/Files/InfAnual\\_2023\\_En.pdf](https://www.bde.es/f/webbe/SES/Secciones/Publicaciones/PublicacionesAnuales/InformesAnuales/23/Files/InfAnual_2023_En.pdf)

<sup>39</sup> Letter from the Supreme Court of Georgia, September 11, 2024.

<sup>40</sup> Court Statistics for England and Wales, 2024, p.10, <https://researchbriefings.files.parliament.uk/documents/CBP-8372/CBP-8372.pdf>

<sup>41</sup> La Estadística de Asuntos Judiciales Sociales, 2023, pp.2-4, [https://www.mites.gob.es/estadisticas/ajs/ajs\\_234t/ajs\\_4t2023.pdf](https://www.mites.gob.es/estadisticas/ajs/ajs_234t/ajs_4t2023.pdf)

<sup>42</sup> France Key Figures of Justice, 2023 Edition, [https://www.justice.gouv.fr/sites/default/files/2024-01/Chiffres\\_clés\\_2023\\_ENG\\_En\\_ligne.pdf](https://www.justice.gouv.fr/sites/default/files/2024-01/Chiffres_clés_2023_ENG_En_ligne.pdf)

recourse [to these mechanisms] is low, which is linked to institutional, legislative, physical, infrastructural, geographical, financial, social, and cultural barriers.<sup>43</sup>

## 2. Workers' Exit Options from Labor Relations or Labor Market

The factors influencing the ability to exit are:

- Competition among workers
- Financial situation of workers
- Monopsony in the labor market
- Access to social protection
- Effectiveness of employment programs

### 2.1. Competition Among Workers

When the number of people seeking employment is significantly higher than the number of available job openings, the "voice" of workers and their ability to "exit" (leave a job) are compromised. In Georgia, the unemployment rate remains high, reaching 13.9% in 2024.<sup>44</sup>

The low tightness of the labor market—a situation where the number of unemployed individuals significantly exceeds the number of job vacancies—creates a highly competitive environment for workers. This negatively affects their ability to "exit," strengthens the employer's position in negotiations, and, consequently, worsens the working conditions under which the worker agrees to be employed. Indicators of unemployment and labor market tightness are significant indicators for determining the scale of worker vulnerability.

### 2.2. Financial Status of Workers

The indicators of high financial vulnerability among workers are:

- Low wages
- Lack of savings
- Lack of alternative sources of income
- Indebtedness

---

<sup>43</sup> Social Justice Center, Access to Justice in Georgia, Tbilisi, 2021, p. 8

<sup>44</sup> Geostat, Labor Force Indicators, Unemployment Rates, 2023

<https://www.geostat.ge/ka/modules/categories/683/dasakmeba-umushevroba>

## Wages in Georgia

The median salary in Georgia is 1,238 GEL.<sup>45</sup> However, the median salary is 907 GEL<sup>46</sup> in the three main categories of the service sector, where 20%<sup>47</sup> of the total number of hired employees are employed.

Furthermore, 42% of hired employees receive remuneration of less than 1,200 GEL<sup>48</sup>, while according to separate calculations, the monthly amount required for a dignified life and basic needs should be 1,858 GEL.<sup>49</sup>

In the 2024 Labor Rights Index<sup>50</sup>, Georgia scores 0 out of 100 in the "adequate wages" component. This indicator is determined by whether the country has established a minimum wage, whether the timely and regular payment of wages is mandatory, whether there are rules for overtime pay, and whether the law mandates additional compensation for working on rest days or at night. For more on the inadequacy of the minimum wage, see the subsection on employer flexibility (p. 55). Under conditions of low wages, it is impossible or extremely difficult for employees to save money and ensure financial stability.

## Savings

Savings, along with other factors, play a significant role in determining the "reservation wage." The reservation wage is the lowest amount of salary an individual will agree to, taking into account their available opportunities. An employee who has reliable savings can confidently negotiate better terms with an employer because, in the event of becoming unemployed, they can search for their desired job with a certain level of composure and not settle for offers and opportunities that do not meet their requirements. The amount of savings positively affects the level of the reservation wage.<sup>51</sup> This means that the more savings an employee has, the higher their reservation wage will be. Consequently, as savings increase, wages also increase. An employee's well-being places a "higher price" on their unemployment; they prefer to seek favorable conditions rather than agree to work for a low wage.

---

<sup>45</sup> Geostat, Wages. Available at: <https://www.geostat.ge/ka/modules/categories/39/khelfasebi>

<sup>46</sup> To calculate the median salary, individual salaries are arranged in ascending or descending order, and the number located exactly in the middle is the median salary indicator.

<sup>47</sup> Other service activities; Wholesale and retail trade; repair of motor vehicles and motorcycles; Arts, entertainment, and recreation.

<sup>48</sup> PMCG Research, Georgia Economic Climate, Q4, 2023, available at: <https://pmcg-i.com/publication/georgian-economic-climate-q4-2023/>

<sup>49</sup> Decent Work Platform, Living Wages in Georgia, May 2023, available at: <https://shroma.ge/living-wage/>;

<sup>50</sup> Labour Rights Index 2024 – Georgia, Wage Indicator Foundation & Center for Labour Research, <https://labourrightsindex.org/2024>

<sup>51</sup> Marloes Lammers, 'The Effects of Savings on Reservation Wages and Search Effort', Labour Economics 27 (April 2014): 83–98, <https://doi.org/10.1016/j.labeco.2014.03.00151>

Alan B. Krueger and Andreas I. Mueller, 'A Contribution to the Empirics of Reservation Wages', American Economic Journal: Economic Policy 8, no. 1 (1 February 2016): 142–79, <https://doi.org/10.1257/pol.20140211>

Hans G. Bloemen and Elena G. F. Stancanelli, 'Individual Wealth, Reservation Wages, and Transitions into Employment', Journal of Labor Economics 19, no. 2 (April 2001): 400–439, <https://doi.org/10.1086/319566>

Only 8 percent of employees have savings.<sup>52</sup> The scarcity of savings creates a sharp constraint on employees' exit options and forces them to agree to low wages and poor working conditions.

### Alternative Sources of Income

Currently, hired labor and self-employment are the primary sources of income for most households. In other words, people's well-being is dependent on income received from wages. According to the National Statistics Office of Georgia, in 2023, the average monthly income per capita was 484 GEL. Of this, the highest portion, averaging 219 GEL, is income received from waged labor<sup>53</sup> (Figure 5).

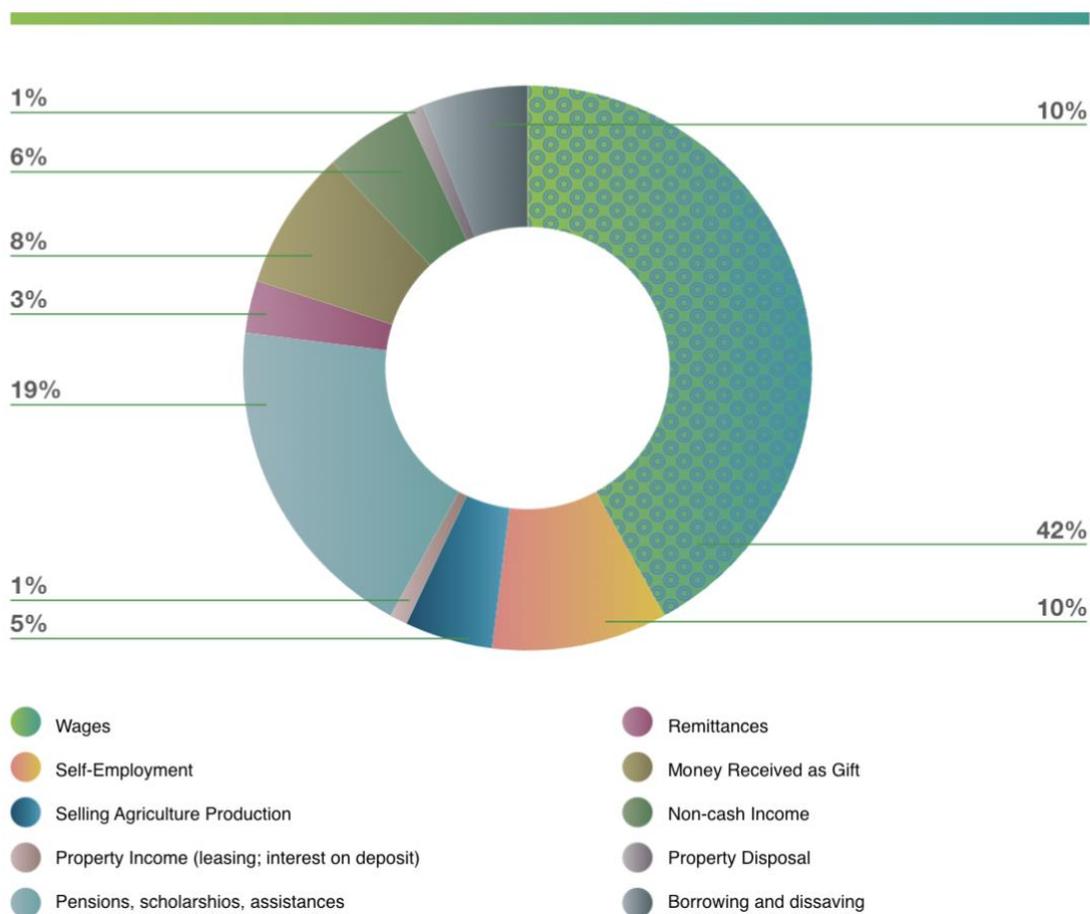


Figure 5. Distribution of Average Monthly Income Per Capita

\* The average monthly income per capita, including other monetary funds, amounts to 521 GEL. The proportions of income in the provided table are calculated based on this figure.

Consequently, along with the scarcity or absence of unemployment support mechanisms, social benefits, or savings, an unemployed individual faces limited financial buffers. Such

<sup>52</sup> Caucasus Barometer 2024 – Georgia, a regular household survey conducted by CRRG regarding social-economic and political attitudes.

<sup>53</sup> Geostat, Living Conditions, Distribution of Average Monthly Income Per Capita <https://www.geostat.ge/ka/modules/categories/50/shinameurneobebis-shemosavlebi>

buffers would have protected them for a time from the financial stress caused by job loss and would have allowed them to search for a job that matched their knowledge, qualifications, and financial needs. This significantly restricts a worker's ability to exit the labor market.

### Indebtedness Indicator

High levels of indebtedness and debt-related expenses in households also point to the limited exit options for workers. According to Geostat, each household sets aside or pays off 81 GEL monthly, while, on average, it borrows or spends 110 GEL from savings per month.<sup>54</sup> Consequently, according to National Bank data, household debt is increasing year over year.<sup>55</sup>

A new study examining loan/debt practices among the population shows that over the last 10 years (2015–2024), 83% of the population has taken out some form of loan or debt, and currently, 62% of families have a debt or loan. According to the study, the primary reason for taking out loans is to meet daily needs. It also revealed that 88% of families taking out loans did not have monetary savings before doing so.<sup>56</sup>

These indicators clearly demonstrate widespread poverty among the population. The majority of workers are involved in hired labor, and in most sectors, wages are low. This is precisely why the income received by the population from hired labor is not even enough to meet basic needs, let alone to save money.

### 2.3. The Labor Market Monopsony

Labor market monopsony restricts employees' ability to exit (mobility). Monopsony refers to an employer's dominant power in the market, which allows them to set wages and working conditions that are favorable to themselves. Furthermore, a monopsonist employer has the power to pay employees a lower wage than they would receive in a competitive market.

A monopsonist company has the power to employ only those who agree to the wages or working conditions set by them. In this scenario, as a rule, companies offer employees lower wages and worse working conditions than they would offer in a competitive market, and they employ fewer workers than they would in a competitive environment.

As representatives of trade unions state, particularly in the hospitality sector, retail trade, the gambling business, and telecommunications, we encounter uniformly low wages and poor working conditions for low-level positions across competing companies. These are the sectors where companies with oligopsonist power operate.

---

<sup>54</sup> Geostat (National Statistics Office of Georgia), Living Standards, Household Incomes, Distribution of average monthly income per household: <https://www.geostat.ge/ka/modules/categories/50/shinameurneobebis-shemosavlebi>

<sup>55</sup> National Bank of Georgia, Loans, Current Loan Trends, Resident Households, December 2023: <https://nbg.gov.ge/page/სესხები>

<sup>56</sup> Debt Among the Georgian Population – Primary Data from Sociological Research, 2024: <https://komentari.ge/article/vali-sagarthvelos-mosakhleobashi-sotsiologiuri-kvlevis-pirveladi-monatsemebi/>

Oligopsony in the labor market is a situation where only a few large companies are the primary employers in a sector. This gives them significant power in defining jobs, wages, and working conditions, as workers have limited alternatives for where to work. Consequently, since competition among employers is minimal, wages are low and working conditions are less favorable.

Trade union representatives also speak about agreements between companies regarding wages, working conditions, or non-poaching (preventing the hiring of each other's employees). It is a widespread practice to include a clause in contracts stating that an employee cannot move to a competing company. This further restricts the employee's ability to exit.

Monopsonistic power, interpreted as an employer's ability to offer an employee the minimum remuneration they will accept, also contributes to wage discrimination based on gender. Given that women are more restricted by family obligations than men, they have limited choices among employers, which makes them more vulnerable to wage discrimination. In Georgia, monopsony in the labor market is not legally regulated by the state, nor does the state research its scale or effects.

## 2.4. Social Protection

Inadequate social protection and social services restrict employees' ability to exit the labor market. Key gaps include:

- Lack of unemployment insurance and benefits.
- No automatic access.
- Means-tested assistance.
- Weak care services.
- High healthcare costs.
- Low pensions.

### Unemployment Insurance/Benefits

Support schemes for the unemployed, such as unemployment insurance and social benefits, are among the most critical support measures for employees who have lost their jobs and are actively searching for new ones.

**If an unemployed individual receives adequate support, they will have more bargaining power when negotiating better terms with an employer for an available job position.**

Furthermore, such support gives an unemployed worker the time to select the most optimal offer among those available. Consequently, unemployment insurance or benefits have a significant impact on the ability to exit the labor market. Without such a scheme, workers agree to lower remuneration and worse working conditions.

## No unemployment benefit scheme is currently operating in Georgia.

Consequently, one of the key factors determining the strength and exit options of employees is inaccessible to Georgian workers.

### Social Assistance System

In Georgia, the central element of the social protection floor is targeted social assistance. However, this social assistance is not designed for citizens who have become unemployed. Assistance is assigned to the household, not the individual, and is dependent on a socio-economic rating score.

Furthermore, the period from submitting an application for subsistence allowance to the actual receipt of the benefit is a minimum of three months. Therefore, in the event of unemployment, the worker is left without income for at least this period.

Along with limited access, the amount of social assistance per capita is extremely low, ranging from 30 to 60 GEL.<sup>57</sup> Any salary that exceeds this very small income threshold becomes potentially acceptable to the worker. Due to this situation, the employee remains vulnerable to poor working conditions. Consequently, the social assistance system fails to strengthen a worker's ability to exit the labor market.

### Care Services

The issue of domestic labor significantly impacts women's decisions regarding whether to remain in the workplace and the quality of the jobs they hold.<sup>58</sup> According to UN Women research, in Georgia, women are the group that bears the vast majority of unpaid labor, including unpaid domestic care work.<sup>59</sup>

Women's unpaid domestic labor is also reflected in their participation in the labor force. According to the aforementioned study, women have a 33.3% lower chance of participating in the labor force compared to men. For women who hold a caregiver role within the family, this is even more difficult: their probability of participating in the labor force is 58.4% lower compared to men. This probability drops further to 58.4% if women carry the primary caregiver role in the household<sup>60</sup>. Furthermore, women who have childcare needs spend 5.6 hours less per week in the labor market, 11.2 hours more on unpaid labor, and have 3.6 hours less free

---

<sup>57</sup> Decree #145 of the Government of Georgia, dated July 28, 2006, "On Social Assistance," Article 6.

<sup>58</sup> ILO (International Labour Organization), *Care Work and Care Jobs – the Future of Decent Jobs*.

<sup>59</sup> UN Women, *It's Time for Care: Unpaid Labor and Gender Inequality in Georgia*, p. 11, available at: <https://georgia.unwomen.org/sites/default/files/2022-12/GTUS%20thematic%20report%20on%20Unpaid%20Work%20WEB%20EGEO%20%283%29.pdf>

<sup>60</sup> UN Women, *It's Time for Care: Unpaid Labor and Gender Inequality in Georgia*, p. 11, available at: <https://georgia.unwomen.org/sites/default/files/2022-12/GTUS%20thematic%20report%20on%20Unpaid%20Work%20WEB%20EGEO%20%283%29.pdf>, p. 40.

time. Additionally, it was revealed that women are 22% to 24%<sup>61</sup> more likely to experience "time poverty" than men.<sup>62</sup>

Time poverty is a state where, due to long working hours, an individual has little to no time for rest and social life. Time poverty significantly negatively impacts an individual's economic opportunities, health, and quality of life.

As we saw during the discussion of part-time employment, more than 90% of those who cannot manage full-time employment due to domestic care work are women. These results are driven by the heavy burden of unpaid labor and the lack of care services. The amount of domestic labor a woman must perform directly affects her decision-making regarding the type of job she chooses. The greater the volume of household labor, the more restricted her job options become. This is one of the reasons why women generally earn less and have fewer working hours.<sup>63</sup>

Since care services play a significant role in women's labor force participation, they are equally crucial for women's ability to exit (or transition between) jobs.

**Care services provide women with more time and the opportunity to engage more in paid labor, develop professionally, and seek better opportunities.**

## Healthcare Costs

Following the implementation of the universal healthcare system, the share of out-of-pocket health expenditures by citizens decreased relative to state spending. However, this burden remains significantly high. As of 2022, the Georgian population covered 40.45% of total healthcare service costs out-of-pocket. This percentage represents the average amount a citizen must pay personally for services versus funding from other sources, such as the state budget or health insurance. According to a 2023 survey of households, on average, 10% of a single household's total consumer expenditure is allocated to medical costs.<sup>64</sup>

The high proportion of out-of-pocket payments indicates that financial pressure from healthcare costs significantly burdens the population, creating barriers to accessing necessary health services and threatening economic stability, particularly for socially vulnerable groups.

An inadequately funded healthcare system restricts a worker's ability to exit a job, forcing them to remain in undesirable or poor working conditions for long periods due to the fear of losing access to essential health support.

---

<sup>61</sup> Ibid, p. 44.

<sup>62</sup> Ibid, p. 61.

<sup>63</sup> UN Women, *Employment and Gender in Georgia*, 2019, p. 3:  
<https://georgia.unwomen.org/sites/default/files/2022-09/Employment%20and%20gender%20in%20Georgia%20Geo.pdf>

<sup>64</sup> World Bank, available at: [apps.who.int/nha/database](https://apps.who.int/nha/database)

## Pensions

State pensions are small. In 2024, the state pension was set at 315 GEL for pensioners under 70 years of age, and 415 GEL for pensioners aged 70 or older.<sup>65</sup>

In Georgia, alongside the state base pension, a funded pension scheme is also in operation. It is tied to salaries and accumulates through portions deducted from them. In conditions of low wages, the amount accumulated in the pension fund is also small.

A weak worker means a weak pensioner, and vice versa. To compensate for the small size of the pension, after reaching retirement age, a worker may have to continue working or move into the informal economy. This is necessary for the worker to meet basic needs and obtain additional income. The absence of a dignified pension means more people are employed in the labor market than necessary, indicates low labor market density, and leads to greater competition among workers and, consequently, lower wages and worse working conditions.

### 2.5. Effectiveness of Employment Programs

Assistance in searching for a job saves time and resources for the worker. It has been established that public employment agencies are significant facilitating factors, especially for low-wage earners and women.<sup>66</sup>

Georgia has a state program for promoting public employment. Research conducted in 2023 revealed significant shortcomings in this program. Specifically, the program does not identify target groups; consequently, it often includes beneficiaries who do not have a need for it, while individuals who have a high readiness to be employed remain outside the program. Furthermore, information about the program is not delivered correctly to beneficiaries, and they develop false expectations about the results of the program. The program does not pay attention to the professional development of beneficiaries or the acquisition of new skills. Moreover, it was revealed that the program's beneficiaries are mostly employed in gender-stereotyped positions, which is also problematic.<sup>67</sup>

The ineffectiveness of employment programs does not provide the worker with opportunities for advancement. If the program does not offer the worker professional development, decent wages, or other significant benefits, then it effectively does not set competitive standards and is not a desirable alternative for the worker. Consequently, it has no influence on reservation wages or the quality of existing vacancies.

---

<sup>65</sup> Law of Georgia on “The 2024 State Budget of Georgia”, article 30.4, accessible at:

<https://matsne.gov.ge/ka/document/view/6020661?publication=0>

<sup>66</sup> Denis Fougère, Jacqueline Pradel, and Muriel Roger, ‘Does Job-Search Assistance Affect Search Effort and Outcomes? A Microeconomic Analysis of Public versus Private Search Methods’, accessed 23 August 2024, <https://www.iza.org/publications/dp/1825/does-jobsearch-assistance-affect-search-effort-and-outcomes-a-microeconomic-analysis-of-public-versus-private-search-methods>

<sup>67</sup> Social Justice Center, The Anatomy of the Public Employment Program, Tbilisi, 2023, p.49, accessible at: [https://socialjustice.org.ge/uploads/products/pdf/საზოგადოებრივ\\_სამუშაოებზე\\_დასაქმების\\_პროგრამა\\_1686040774.pdf](https://socialjustice.org.ge/uploads/products/pdf/საზოგადოებრივ_სამუშაოებზე_დასაქმების_პროგრამა_1686040774.pdf)

### 3. Employer Exit Options

#### 3.1. Competition Among Workers

Unemployment and labor market density also affect employers' ability to exit, as it is easier to replace existing labor (see page 34).

#### 3.2. Flexibility in Hiring and Firing

Flexibility in hiring and firing determines the strength of workers in negotiations. This flexibility allows the employer to dismiss a worker or hire a new one, employ foreign workers, engage in gender-based discrimination, and set low wages and low standards for working conditions. According to the Global Competitiveness Report, Georgia is among the leaders in the world regarding the flexibility of employers in terms of general rules for hiring and firing and the employment of foreign nationals (see Table 5).

Table 5. Georgia's Indicators in Global Competitiveness Index

Index Component	Score	Rank (Among 141 countries)
Flexibility in hiring-firing practices	4.5/7	25
Simplicity of hiring foreign	5.1/7	9

The law facilitates the dismissal of employees by including a provision that allows for the termination of an employment relationship for "other objective circumstances" beyond specific reasons. Despite the requirement for the employer to justify the dismissal of an employee on these grounds, in practice, it is observed that employers most frequently terminate employment relationships based on "other objective circumstances."<sup>68</sup>

This clearly demonstrates the degree of freedom the law grants to employers to easily dismiss employees. Finding a new worker is not difficult at all for them, due to the scarcity of jobs, low wages, poor working conditions, and other reasons.<sup>69</sup>

Inadequate minimum wages also contribute to employer flexibility. A minimum wage implies that a salary "floor" is set by law, below which employers cannot offer wages to employees. A minimum wage increases pay and restricts employers from replacing labor with employees willing to work for even lower wages in order to generate more profit.

---

<sup>68</sup> Decent Work Agenda, p.101

<sup>69</sup> Hiba Hafiz and Ioana Marinescu, 'Labor Market Regulation and Worker Power', The University of Chicago Law Review 90, no. 2 (1 March 2023): 475.

In Georgia, the minimum wage is 20 GEL per month. It was set in 1999 and has not changed since. It is clear that 20 GEL cannot provide employees with a dignified life, nor can it even cover basic needs.

Ensuring compliance with occupational safety and health (OSH) standards is essential for limiting employer flexibility. These standards create a foundation for wages to be commensurate with job risks, ensuring that employers cannot simply hire new staff by saving money on safety measures. Inspection reports indicate that employers often neglect OSH standards. In 2023, as a result of labor safety inspections, the Labor Inspectorate applied sanctions in 2,527 cases.<sup>70</sup>

**According to International Labour Organization data, the rate of fatal accidents per 100,000 workers in Georgia is 2.7, whereas the European Union average is 1.66.**

Furthermore, employer flexibility is facilitated by the gender pay gap, as previously mentioned. This allows employers to hire women at lower wages instead of men.

Working time regulations are another key indicator. Standardized working time is defined by the Labor Code and should not exceed 40 hours per week (or 48 hours in some sectors). The law also defines the rules for overtime work, which should not exceed 2 hours per day or 4 hours per week.

By complying with the law, an employer cannot dismiss an employee to increase profits, nor can they hire a worker who agrees to work longer than permitted without demanding compensation.

However, the experience of the Labor Inspectorate shows that employers actively violate these standards and engage in the exploitation of employees' working hours.

Violations related to the duration of working hours total 468, which accounts for 19% of the violations identified by the Inspectorate. Meanwhile, violations related to overtime work, its duration, and compensation rules totaled 194, which represents 8% of the total number of violations identified by the Inspectorate (See Figure 6).

---

<sup>70</sup> 2023 Annual Report of Labor Inspection Office, pp. 39-40

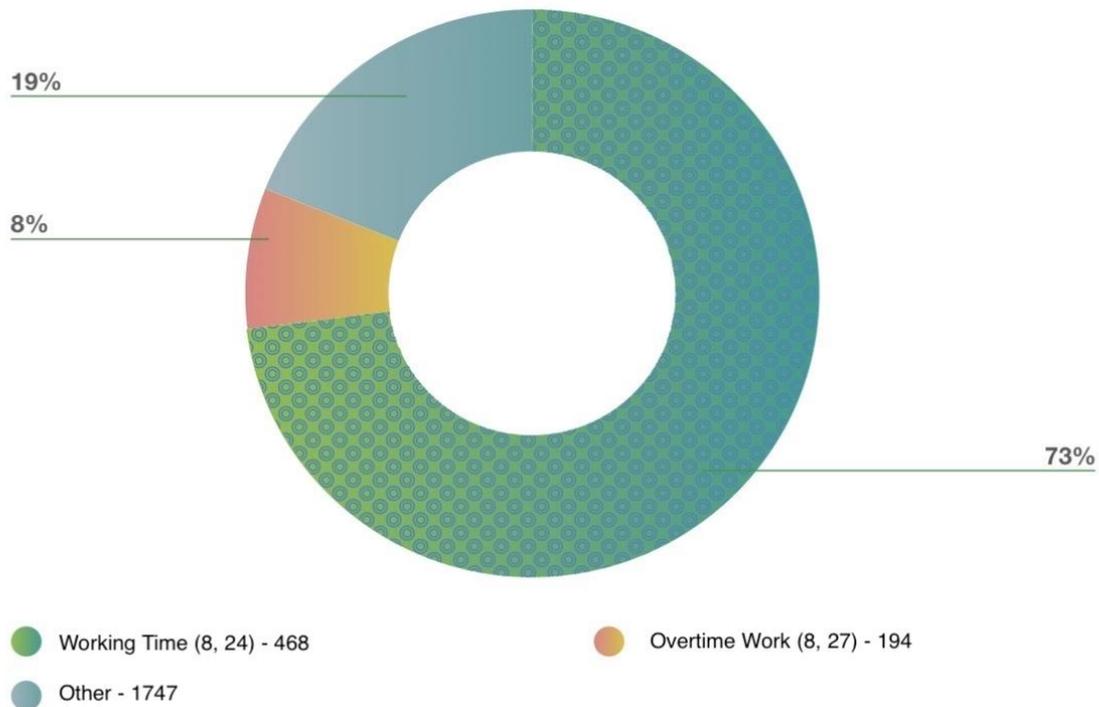


Figure 6. Violations of Article 24 on Working Time

\* Share of violations of working time and overtime work regulations in the total amount of violations of labour code rules.

The frequency of overtime work is also confirmed by a 2023 Geostat survey, where 41% of employees indicate that their usual working hours at their primary workplace exceed 40 hours. Furthermore, 20% state that they work more than 49 hours per week. For comparison, in 2023, the percentage of employees working more than 49 hours was 3% in Moldova, 10% in Armenia, 7.4% on average in Scandinavian countries<sup>71</sup>, and the European Union average was 7.1%<sup>72</sup> (see Graph 7).

<sup>71</sup> ILOSTAT, Statistics on working time, 2024, <https://ilostat.ilo.org/topics/working-time/>

<sup>72</sup> EUROSTAT, EU workers: 7.1% worked 49 hours or more a week in 2023, <https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240501-1>

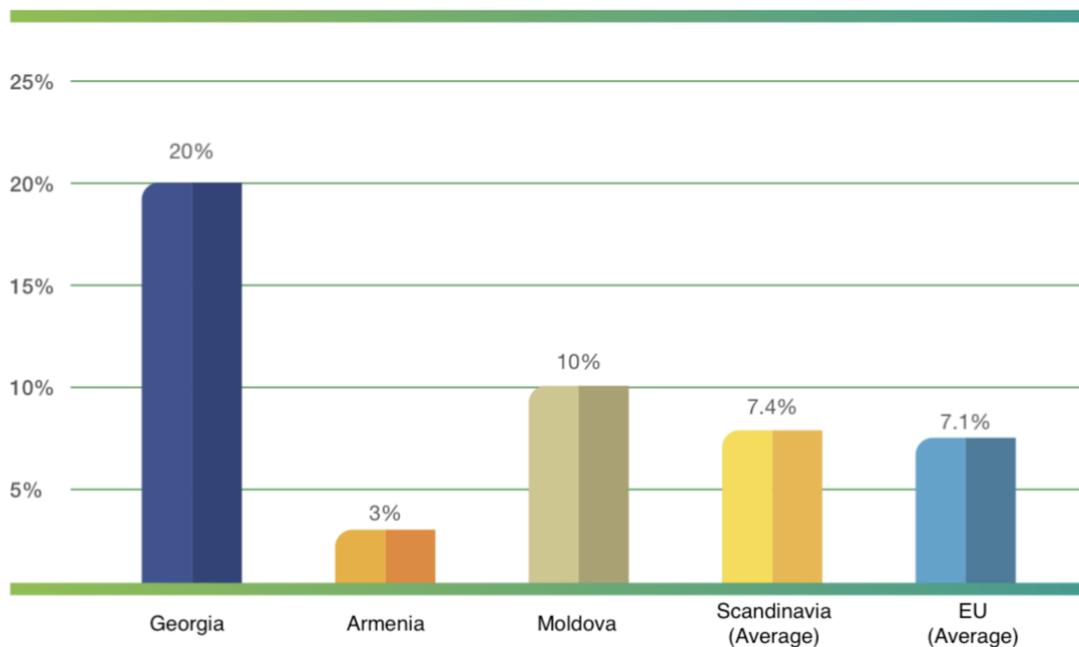


Figure 7. Share of Workers Who Work More Than 49 Hours Per Week

Each component discussed here is significant for assessing the strength of workers. An employer's flexibility to set the duration of working hours empowers them during negotiations with current employees. They can force a new employee to work longer hours, thereby offsetting the costs of dismissing an existing employee.

In aggregate, an adequate minimum wage, anti-discrimination mechanisms, adherence to health and safety standards in the workplace, tightening and enforcement of hiring-firing rules, and the regulation of working time prevent employers from taking advantage of worker vulnerability, specifically, the situation of those workers who agree to work in worse conditions for less pay.<sup>73</sup>

### The Law on Public Service

At the end of 2024, the Law of Georgia "On Public Service" underwent a significant amendment. Presumably, the changes were developed to pressure those public servants who expressed collective protest regarding the suspension of the country's EU integration process.

According to the amendments, heads of structural units and their deputies are now employed under administrative contracts. This means they no longer have the status of a public servant. An administrative contract in the public service procedurally simplifies a person's appointment and dismissal. If a public servant had an indefinite contract, individuals employed under administrative contracts are appointed for the duration of the powers of the head of the institution/state-political official. Consequently, when their powers expire, the heads of the structural units also leave their positions. It is possible to terminate an administrative contract

<sup>73</sup> Hafiz and Marinescu, 'Labor Market Regulation and Worker Power', p. 487.

at any time. The employee must be notified one month in advance, and in this case, they will receive one month's salary as compensation.

Current heads of primary structural units and their deputies, who currently hold positions, are already considered individuals employed under administrative contracts. Therefore, it will be possible to terminate their contracts at any time. These individuals retain their relevant position-related benefits. Like other individuals employed under administrative contracts, the heads of primary structural units and their deputies are no longer required to know the Georgian language, and since they no longer have public servant status, they do not need to hold a public servant certificate.

Before the amendments, the law provided for the transfer of public servants to other equivalent positions during reorganization, or, if none existed, to a lower-ranking position. Now, this will only be allowed during the liquidation or merger of public agency(ies). The law no longer considers the obligation of public servant mobility during staff reductions resulting from reorganization. If, previously, a public servant retained class-based salary supplements even during reorganization, they no longer have this right. This stems from the fact that the obligation to transfer a public servant to another position during reorganization no longer exists, so the legislator does not even consider the employee retaining their job during reorganization. The reorganization period is reduced from no more than three months to no more than two months.

The rules for reinstatement in public service have changed. Before the amendments, in the event of a decision to dismiss a public servant being cancelled by a superior body or court, the public institution was obliged to immediately reinstate the civil servant in the same or an equivalent position. If none existed, they were to find a similar position in another institution with the help of the Civil Service Bureau. After the amendment, this obligation no longer applies to persons dismissed on the grounds of reorganization. Also, they will only be paid one month's compensation for dismissal if they were not warned about the reorganization one month in advance.

As a result of the amendments, if a person dismissed from public service due to reorganization decides to file a lawsuit in court, the effect of the decision will not be suspended by their lawsuit. The full or partial satisfaction of a complaint/lawsuit does not lead to their reinstatement in the service. In the event of a successful lawsuit, the public servant will receive compensation and back pay only in the amount of three months, and if they wish, they will be enrolled in the public servant reserve. In 2015, the Constitutional Court already determined that a norm of this nature was unconstitutional. The court explained that the existence of a ceiling—that is, the ability to receive a maximum of three months' compensation—practically excludes the constitutional possibility of receiving full compensation for damages. In many cases, the court process drags on, the dismissed public servant has no way to influence this process, and the damage they receive during this time far exceeds three months' salary. This argument is, in itself, still relevant, although it is clear that "Georgian Dream" does not shy away from openly violating the Constitution, Georgia's international agreements, domestic legislation, or judicial practice.

Another important change is that public institutions will evaluate public servants every six months, instead of once a year. The head of the institution is granted the authority to change the evaluation given by the public servant's immediate supervisor within a one-month period. In addition, in the event of receiving an unsatisfactory evaluation once, 20% will be deducted from the public servant's salary until the beginning of the next evaluation period.

The new rules of evaluation in public service, especially an unsatisfactory evaluation, have a significant impact on whether the public servant will continue their service in the agency at all. Two consecutive unsatisfactory evaluations are considered a grave disciplinary offense and become grounds for the dismissal of the public servant. This amendment contains quite a large threat. It will become possible that if an immediate supervisor does not evaluate the public servant's work as unsatisfactory, there still remains space to review this evaluation and change it "if necessary." And, based on open statements by "Georgian Dream," we assume that they can consider anything to be such a "necessity." The adopted amendments significantly simplify the procedures for hiring and firing in the service, weaken the position of those employed in the public service, and create a sense of instability for them.

## Recommendations

The state must systematically study the factors and indicators discussed in the report and develop a multi-level, multi-faceted, comprehensive policy and approaches to empower workers. State intervention is necessary both to strengthen workers' voices and their exit options, and to limit the exit options of employers.

### STEPS TO STRENGTHEN WORKERS' VOICE:

- One effective mechanism to reduce informal employment is to strengthen employee unions and associations and increase the coverage of collective agreements.
- Introducing a minimum wage and mechanisms to protect workplaces has a positive impact on the formalization of labor.
- A unified policy for developing workers' skills is essential.
- It is important to study and describe non-standard forms of employment.
- It is necessary to establish an appropriate legislative framework that, by considering the interests of non-standard workers, will make it possible to ensure their labor rights and well-being.
  
- **To strengthen the enforcement mechanisms of labor rights, it is necessary, among other things:**
  - For the Labor Inspectorate to increase proactive inspections of enterprises and ensure the protection of labor rights and a safe working environment.
  - For the Inspectorate to publish full public information and/or provide it to interested parties.
  - The mandate of the Labor Inspectorate should be extended to cover the termination of employment contracts and mass layoffs.

- **To strengthen trade union activities, it is important, among other things:**
  - To ensure the effective functioning of the Tripartite Social Partnership Commission.
  - To prevent discrimination based on trade union affiliation.
  - To decriminalize illegal strikes.
  - To legalize the right to solidarity strikes.
  - To define the scope of employer interference in trade union activities at the legislative level and provide appropriate regulation.
  - To toughen legislative sanctions in cases of illegal interference by employers/management in trade union activities and to prevent such interference.

#### **STEPS TO STRENGTHEN WORKERS' EXIT OPTIONS:**

- To influence unemployment and labor market density, it is important to use monetary policy instruments. For this, it is necessary to review monetary policy with the goal of setting unemployment targets and, if necessary, lowering interest rates, which facilitates the increase of consumer spending and stimulates the labor market.
- **Addressing Financial Vulnerability:**
  - setting an adequate minimum wage, which will make it possible to accumulate savings; and
  - controlling predatory lending practices.
- **Strengthening the Social Protection System:**
  - Implementing an unemployment insurance/allowance system.
  - Ensuring a universal and accessible healthcare system.
  - Implementing a solidarity-based pension system.

#### **STEPS TO LIMIT EMPLOYERS' EXIT OPTIONS:**

- To limit high employer flexibility, it is important, among other things:
  - strict regulation of working hours, including overtime;
  - compliance with occupational safety standards;
  - setting an adequate minimum wage;
  - enforcement of anti-discrimination legislation;
  - prohibiting the termination of an employment contract on the basis of "other objective circumstances"; and
  - regulating the employment of foreigners.
- The changes introduced in 2024 to the Law on Public Service regarding reorganization and the status of certain public servants should be abolished.
- In response to monopsony in the labor market, it is important that Georgian legislation, similar to goods and services markets, also prohibits the abuse of a dominant position by a monopsonistic employer in the labor market; as well as agreements between employers and concentrations (understood by legislation as company mergers, acquisition of shares, and the creation of joint ventures) that "substantially restrict effective competition.