• In August 2020, the number of employees receiving salaries recovered almost fully and stood at only 1% less than the corresponding month of last year.
• During the period of January-August 2020, the month of May saw the largest drop in the number of employees receiving salaries (a dip of 9% or 74 951), compared to the corresponding period of 2019.
• The month of April experienced the biggest decline in the number of employees for four out of the five higher-income categories, with the highest decline (23%) recorded in the number of people earning more than GEL 4800 per month.
• The total average monthly earnings of employees in Q2 of 2020 amounted to GEL 1150.1, which represents a 3% decrease compared to Q2 of 2019.
• According to the data obtained from HR.ge and Jobs.ge, the drop in demand for labor started in March and reached its peak in April, when HR.ge and Jobs.ge experienced an 87% and 78% year over year (YoY) decline in new vacancies posted, respectively. The YoY growth rates started recovering towards the baseline in May, but then registered a significant decline in August.

The COVID-19 pandemic, and the subsequent „Great Lockdown", has induced workplace closures and other associated measures all around the world. Due to stalled economic activity, many businesses have had to lay off their workers and, according to the ILO, in Q2 of 2020, 14% of working hours (equivalent to 400 mln full-time jobs) were lost globally. The outlook has been slightly more positive for the second half of 2020 so far, as the restrictions have eased, however it is still unlikely that employment figures will return to the baseline by the end of 2020. According to the ILO, the situation is especially gloomy under the pessimistic scenario of a second wave of the pandemic, with an estimated 11.9% loss in working hours worldwide in Q4 of 2020. In this issue, we overview monthly dynamics in Georgia's employment in 2020 to get an idea of how the lockdown has affected employment numbers, and whether a recovery is on the horizon.

The number of employees receiving salaries in Georgia, compared to the corresponding period of 2019, started showing negative growth rates from April 2020.

In January-May 2020, the month of May saw the largest drop in the number of employees receiving salaries (9% or 74 951) compared to May 2019, and amounted to 755 649 employees. However, the YoY growth rates started recovering in June and July and reached -5% and -4%, respectively. In August the growth rate recovered further to -1% and the number of employees amounted to 765 567.

A closer look at the monthly dynamics of the number of employees who received their salaries in 2020, in comparison with the corresponding figures for 2019, reveals several patterns for different categories of salaries.

The number of people earning between GEL 1201 and GEL 2400 per month has shown the most resilience to the shock of the pandemic, at least in the short term, as this number decreased by just 2% YoY in April, then recovered quickly in May and June, suffered a minor decline of 1% in July and then grew again by 3% in August. However, describing this as "resilience" might be inaccurate, given that the numbers are partly attributable to people falling into this category from higher-income categories.

Number of people receiving salaries and growth rates YoY
(January-July, 2019-2020)

■ 2019 ■ 2020 ● Growth rate YoY

Source: Revenue Service

Change in number of employees who received their salaries in 2020, compared to the corresponding month in 2019

■ Jan ■ Feb ■ Mar ■ Apr ■ May ■ Jun ■ Jul ■ Aug

Source: Revenue Service

Interestingly, higher-income categories saw a larger hit, with the highest decline (23%) in the number of people earning more than GEL 4800 per month in April. Overall, the month of April saw the biggest decline for the four higher-income categories.

In May, the decline for these four categories was slightly less pronounced, and it recovered almost to the baseline by June and July, and then recovered fully in August. It is also worth noting that in July, the number of people in the GEL 2401-3600 category grew by 19%. Thus, the four categories shared similar dynamics, albeit with different magnitudes.
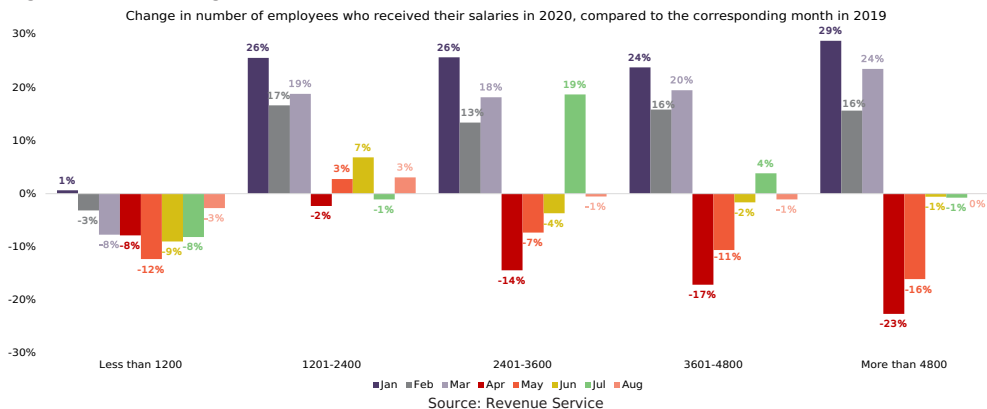
As for the lower-income category (less than GEL 1200 per month), the dynamics have been quite different. The decline in the number of people receiving salaries in this category was comparatively modest in April (-8%), and the decline was then greater in May (-12%). More importantly, there has been no sign of recovery to the baseline since then, as the declines in June and July were -9% and -8%, respectively, while it did return toward the baseline in August (-0.5%). It is also worth highlighting that even though relative (percentage) changes may be smaller for this category compared to the comparable declines in the other categories, the fall in this category was much heavier, as it included approximately double the number of people in the remaining categories combined. Moreover, the smaller percentage drops could be explained by people moving down from the higher-income categories to the lower ones.

It is important to consider the average monthly earnings of employees by economic activity in comparison with the corresponding period/quarter of the previous year. Crucially, the total monthly average earnings fell by 3% in Q2 of 2020, compared to Q2 of 2019 and amounted to GEL 1150.1.

Finance remains the highest-paid economic activity despite the 15% drop. In the second quarter of 2020, the average earnings of employees in the financial sector amounted to GEL 2040.9. On the other hand, education was the least-paid economic activity in 2019 and 2020, despite a significant increase of 15% in 2020. In the second quarter of 2020, the average earnings of employees in education-related economic activities amounted to GEL 730.9.

The largest drops in earnings in Q2 of 2020, compared to Q2 of 2019, were experienced in arts and entertainment (-23%) and administrative activities (-19%). Meanwhile, the largest increases were recorded in other service activities (40%) and agriculture (18%).

Average monthly earnings by economic activity and growth rates YoY
(Q2, 2019-Q2,2020)

■ 2019 Q2   ■ 2020 Q2   ● Growth rate YoY
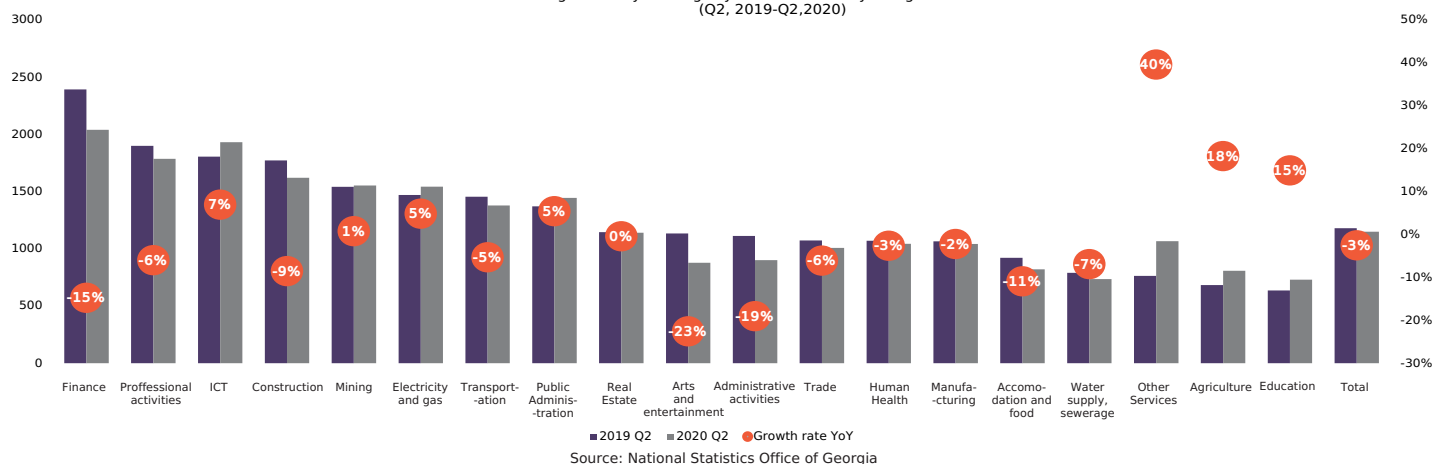
Source: National Statistics Office of Georgia

Number of vacancies on HR.ge in 2020 and its growth rate compared to the same period of 2019

■ Vacancies in 2020   ⋯ YoY growth
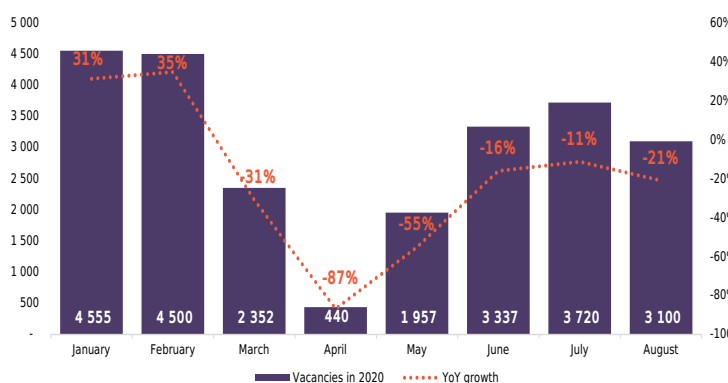
Source: HR.ge

The number of new vacancies posted can be considered as one of the proxies for the demand for employment. Thus, data about the number of new vacancies posted per month in 2019 and 2020 were obtained from two leading websites for job postings in Georgia, namely HR.ge and Jobs.ge, and then analyzed accordingly.

The data from HR.ge suggest that 2020 start strongly in terms of demand for employment, with the number of new vacancies growing in January and February by 31% and 35% YoY, respectively.

However, in March, the first signs of decreasing demand arose, while in April the severest drop (-87%) was recorded, due to the national curfew. In May the decline was still huge at -55%, however in June and July, the figures recovered somewhat to falls of 16% and 11%, respectively. The subsequently higher decline in August (-21%) could be attributed to lower demand in tourism-related sectors.

According to the data obtained from Jobs.ge, the total number of vacancies published started to decrease in March (by 30%), compared to the corresponding period of the previous year. Thereafter, the fall in postings reached its peak in April (decrease by 78%). The growth rates remained negative in May (number of vacancies published in May decreased by 57%, compared to May 2019) and decreased by 29% in June and July, compared to the corresponding period of the previous year. The situation slightly worsened in August (the total growth rate of vacancies published compared to the corresponding period of 2019 was -36%). It is worth noting that health, law, and information technologies were the only activities to periodically enjoy positive growth rates during March-August 2020.

Table 1 : Growth rates of number of vacancies published on jobs.ge in January-July 2020 compared to January-July 2019.							
	2020 Jan/ 2019 Jan	2020 Feb/ 2019 Feb	2020 Mar/ 2019 Mar	2020 Apr/ 2019 Apr	2020 May/ 2019 May	2020 Jun/ 2019 Jun	2020 Jul/ 2019 Jul	2020 Aug/ 2019 Aug
Administration/Management	33%	16%	-44%	-78%	-57%	-29%	-38%	-36%
Sales/Procurement	61%	37%	-34%	-88%	-66%	-37%	-35%	-33%
Finance	62%	49%	-23%	-79%	-56%	-26%	-22%	-28%
PR/Marketing	57%	16%	-28%	-84%	-63%	-35%	-31%	-46%
Technical/Logistics	72%	61%	-23%	-78%	-56%	-29%	-31%	-41%
Information Technologies	58%	37%	-38%	-31%	-24%	9%	-5%	-18%
Law	18%	20%	2%	-79%	-22%	-20%	14%	-10%
Health	5%	49%	-25%	-81%	-44%	35%	11%	-19%
Other	24%	19%	-20%	-78%	-61%	-44%	-30%	-48%
Total	51%	37%	-30%	-78%	-57%	-29%	-29%	-36%

Source: Jobs.ge

By looking at various proxies for employment, it is clear that demand for labor has decreased, as well as the number of currently employed people (this was especially true during the months in which the severest restrictions were imposed). Moreover, according to the IMF, the COVID-19-induced crisis hit the poor disproportionately, with the decline in the number self-employed people even higher and the recovery of their jobs more difficult. On the positive side, despite the shock being severe, it was temporary and some promising improvements in employment dynamics are already apparent, especially in June and July, and then with the baseline almost being reached in August. However, it is too early to assume the full recovery of employment, and it is of paramount importance to keep monitoring trends here in order to rapidly identify and support those most in need in the ongoing times of crisis.

Basic Economic Indicators	2016	2017	2018	2019	2020 Q1	2020 Q2
Nominal GDP (mln USD)	15 141.7	16 248.5	17 596.6	17 736.6*	3 780.3*	3 572.5*
GDP per Capita (USD)	4 062.1	4 358.5	4 722.0	4 763.5*	1 017.1*	961*
GDP Real Growth (%)	2.9%	4.8%	4.8%	5.1%*	2.2%*	-12.3%*
Inflation	2.1%	6.0%	2.6%	4.9%	-	-
FDI (mln USD)	1 650.3	1 962.6	1 265.2	1 267.7*	165.4*	237.8*
Unemployment Rate (%)	14.0%	13.9%	12.7%	11.6%	11.9%	12.3%
External Debt (mln USD)	4 516	5 177	5 434	5 741	5 688	6 143
Poverty Rate (relative)	21.0%	22.3%	20.5%	20.1%	-	-

*preliminary data