

LABOUR AND SOCIAL JUSTICE

MINIMUM WAGE IN GEORGIA

Gauging public opinion

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About three-quarters of Georgians say that they support having a minimum wage



On average, the perceived decent minimum wage amounts to GEL 854.1, more than four times as high as the current subsistence minimum.



Men, Tbilisi residents, and ethnic Georgians are more likely to name higher values for a decent minimum wage than women, residents of rural areas, and ethnic minorities.

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INTRODUCTION

Policy debates regarding a reasonable minimum wage in Georgia have achieved some attention in recent years. Both the Georgian Trade Unions (ჯალაღონია, 2019) and a group of MPs led by Beka Natsvlishvili (parliament.ge, 2019) proposed legislation in parliament, although none of the initiatives have gained much traction. Therefore, Georgian employers are obliged to pay a mere GEL 20 monthly minimum wage, a requirement which has existed in Georgia since 1999 (საქართველოს პრეზიდენტი, 1999).

Critics highlight that Georgia's minimum wage has never been adjusted to inflation, real wages, or changing living standards (Darsavelidze, 2019). Georgia's minimum wage fares far lower than those in other post-socialist countries (ხელაია, 2020). This has to a certain degree been acknowledged by the Government, and in 2005, it set the minimum wage for employees in the executive branch of government to GEL 135 (მჭედლიშვილი, 2016). Still, private employers are only obliged to pay GEL 20, with minimal repercussions if the law is violated (Darsavelidze, 2019). A shallow bar for a minimum wage incentivizes employers to pay lower salaries (ibid), the latter often being on par the with subsistence minimum (ჯალაღონია, 2019) of GEL 206 (National Statistics Office of Georgia, 2020b).

Those who oppose having a minimum wage argue that this will put an extra burden on employers and incentivize movement to the shadow economy (მაკალათია, 2019). Employers might consider laying off workers, and those who retain employees might be forced to increase the prices of products and services (ტყეშელაშვილი, 2019). Furthermore, to avoid paying high minimum wages to employees, businesses might resort to informal employment (მაკალათია, 2019).

While debates on a minimum wage have taken place in Georgia, relatively less is known regarding what the public thinks about the idea. The principal goal of this report is to chart Georgians' attitudes towards minimum wage and assess perceptions of a decent value for a minimum wage.

To address these issues, the analysis uses a cell phone survey, which is nationally representative except for the areas of Abkhazia and South Ossetia. The study was administered between April 2 and April 7, 2020. The survey includes 1,351 completed interviews, which were conducted in Georgian,

Armenian, and Azerbaijani. The theoretical margin of error for proportions does not exceed 2.67%. To accurately reflect population characteristics, results are weighted according to population counts from the 2014 National Census of Georgia. The analysis below presents the results of descriptive and inferential statistics. All estimates and predicted probabilities except frequency charts stem from binary logistic regression models.

The report proceeds as follows. In the next section, support for the minimum wage is characterized. Afterwards, perceptions of the reasonable value of the minimum wage are assessed. Next, an assessment is presented of how respondents in different occupational classes think about decent wages in their respective jobs. The report ends with concluding remarks and a bibliography.

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FINDINGS

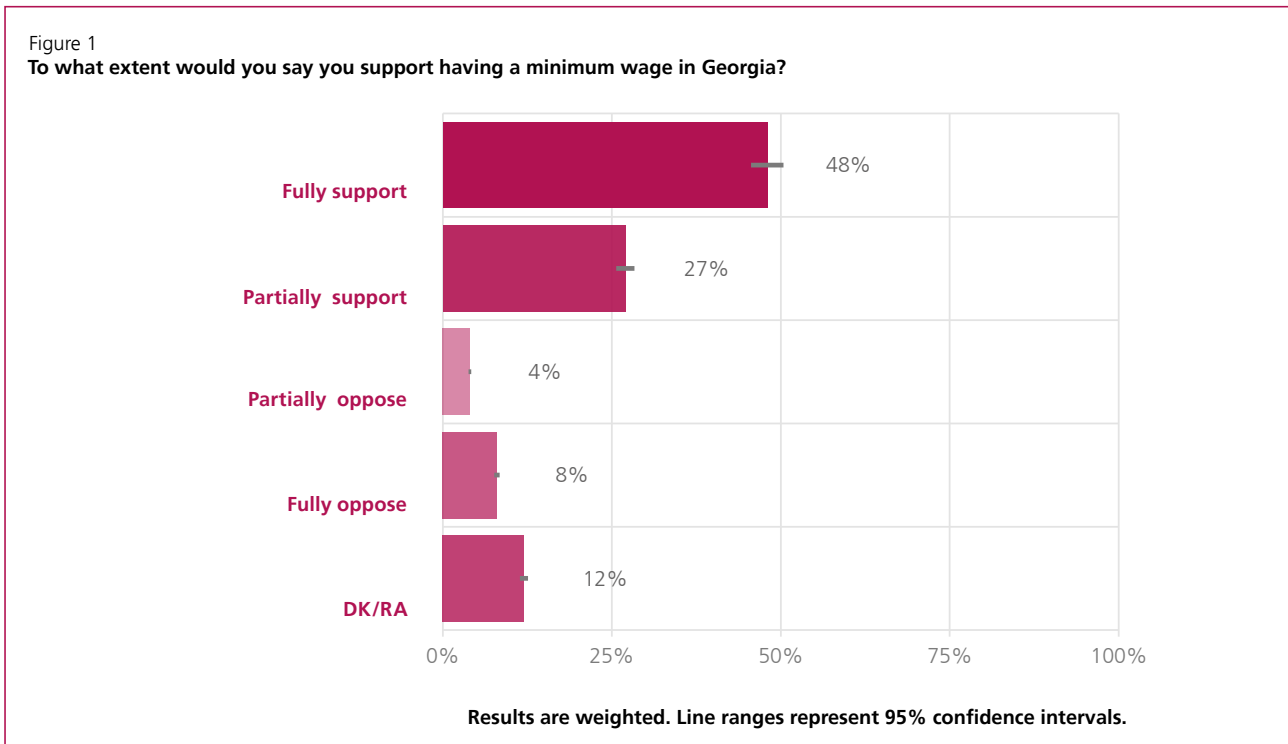
SUPPORT FOR MINIMUM WAGE IN GEORGIA

Overall, the majority of Georgians support having a minimum wage in Georgia (figure 1). About 48% of respondents said that they fully support the idea, while 27% said they partially support having a minimum wage. Only 12% of the population said that they partially or fully oppose the idea. Similarly, 12% says that they either don't know or refuse to answer. How do different groups of Georgians compare when it comes to supporting a minimum wage? While there is relative consensus in upholding the idea, major sociodemographic groups still exhibit small yet statistically significant differences.

Younger Georgians, ethnic minorities, and those with higher education are more likely to support the idea of having a minimum wage. On average, a person who is twenty years old has a probability¹ of 75% of supporting the idea of a minimum wage. On average, a forty-year-old person has a 71% chance of endorsing the concept, while a 60-year-old has a probability of 68% of supporting a minimum wage.

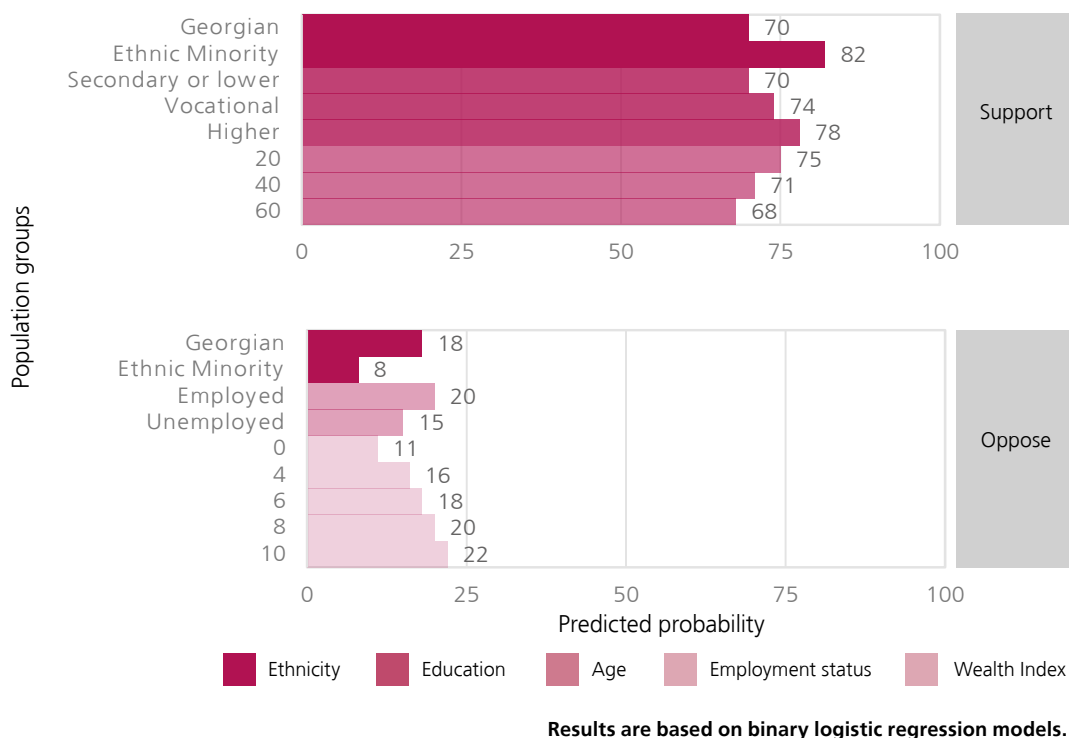
Ethnic Georgians are relatively less likely to support minimum wage than ethnic minorities (figure 2). The former have a 70% chance of favoring the idea of a minimum wage, while the probability of an ethnic minority respondent supporting minimum wage is a hefty 82%.

Minorities are also less likely to oppose the idea (8%), while ethnic Georgians have an 18% chance of having negative views on minimum wage proposals.



¹ This and the following analysis reports predicted probabilities based on two binary logistic regression models. These models predict support and opposition to having a minimum wage.

Figure 2
Predicted probabilities of supporting and opposing a minimum wage

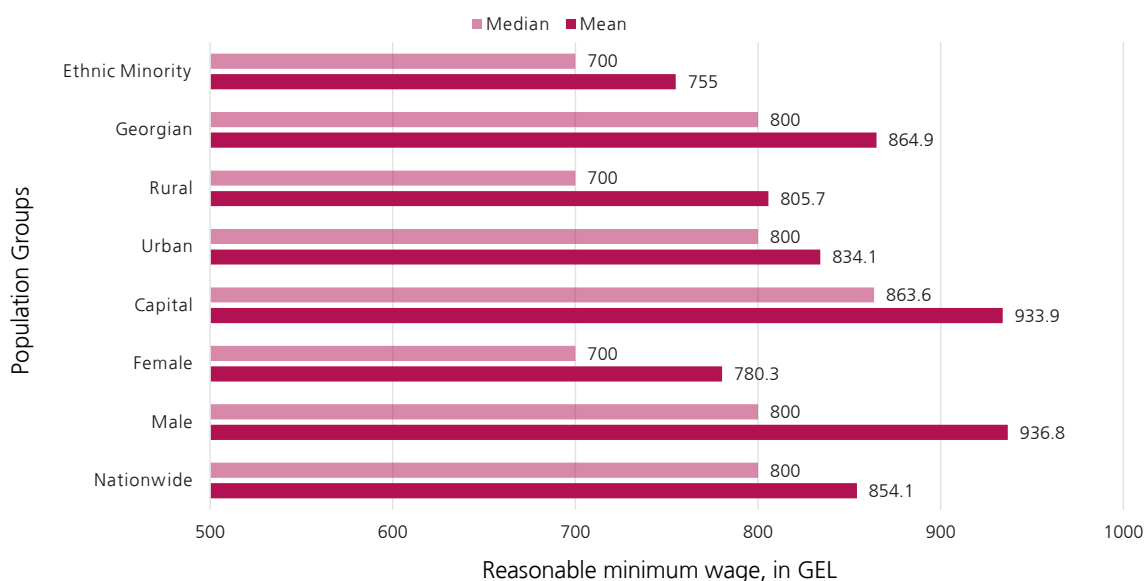


Education is a good predictor of whether a person supports the idea of a minimum wage. Those with higher education have a 78% chance of supporting minimum wage. Probabilities are lower for respondents who have only obtained vocational (74%) and secondary (70%) education.

Employment status and the material wealth of a respondent are associated with negative feelings towards the minimum wage. Unemployed respondents have about a 15% chance of opposing the idea of a minimum wage while those with jobs are 5 percentage points more likely to think so. People with the lowest value on the material wealth index (0)² have an 11% chance of opposing the idea of a minimum wage. Respondents with a median value on the index (6) have an 18% chance of feeling negative. In comparison, those with the maximum amount on the index (10) have a 22% probability of thinking negatively about a minimum wage in Georgia.

² Material wealth is an additive index measuring whether certain household items such as home appliances and heating are present in respondents homes. This is used to indirectly measure households' economic conditions.

Figure 3
Speaking about net minimum wage, what would be a reasonable amount of minimum wage in Georgia? Mean and median values.



The question was asked only to those respondents who support minimum wage in Georgia (75%).

WHAT DO GEORGIANS THINK ABOUT A REASONABLE VALUE OF A MINIMUM WAGE?

Respondents who supported the idea of having a minimum wage were asked what they would perceive as a reasonable amount for it. As the question was open-ended, respondents had an opportunity to name any value they desired. As the result, about 86% of those respondents who support minimum wage named some figure for a reasonable minimum wage. The average value of what Georgians see as a reasonable minimum wage is GEL 854.1, while the median³ equals GEL 800 (figure 3). In both cases, the value named was almost forty times as high as the current minimum wage and four times exceeded current subsistence minimum.

Men, people living in Tbilisi, and ethnic Georgians are more likely to name higher values for minimum wage than others.⁴ On average, the value of a minimum wage that men see as reasonable in Georgia is GEL 937, GEL 166 higher than the values women report. Median values also differ by sex: again, the median values amount to GEL 800 among men and GEL 700 among women.

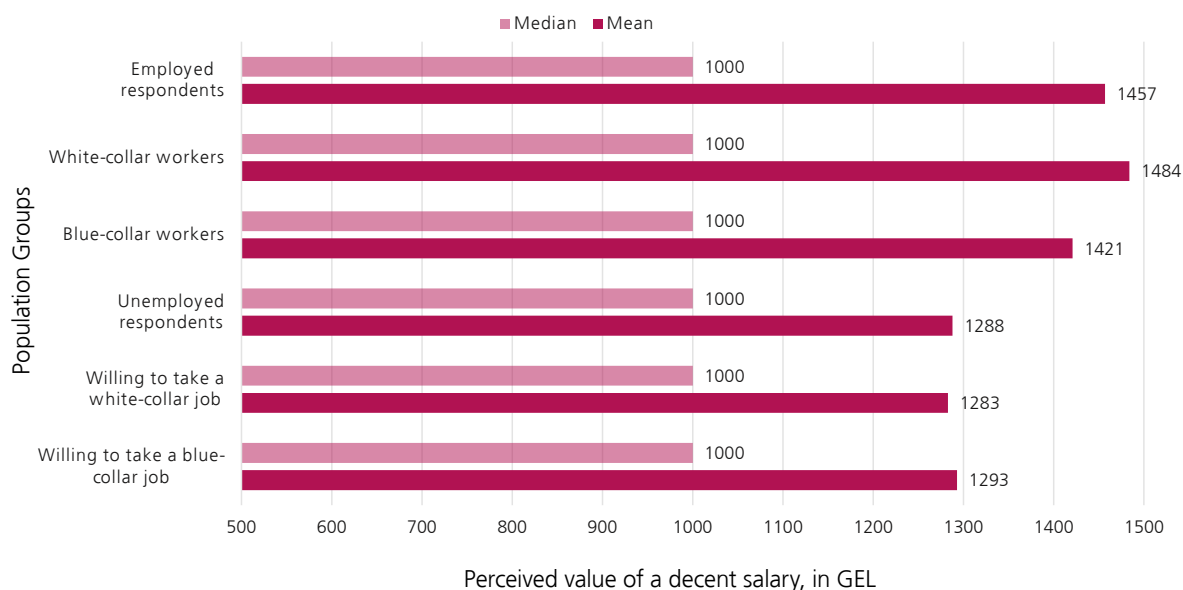
Respondents from Tbilisi also tend to name higher values for a reasonable minimum wage than those living in other urban and rural areas. The average value in Tbilisi amounts to GEL 934, while the values are lower among the residents of other urban settlements (GEL 834) and rural areas (GEL 806). What ethnic Georgian and ethnic minority respondents name as a reasonable wage significantly differ from each other – GEL 865 and GEL 755, respectively.

³ A median value characterizes a midpoint of a distribution. Unlike averages, median is less affected by outliers.

⁴ Differences were identified using a linear regression model which predicts a perceived reasonable amount for a minimum wage.

Figure 4

What would be a monthly full-time net salary (that is, after taxes, in a 40-hour week) which you would consider as a decent salary?



PERCEIVED DECENT WAGE BY OCCUPATIONAL CLASSES

What do employed Georgians think about a reasonable wage in their respective occupations? Employed respondents were asked what they would perceive as a decent net salary at their jobs (figure 4). On average, employed respondents name GEL 1,457 as a fair wage for their occupation. The median value of the perceived wage amounts to GEL 1,000.

The perception of a decent salary does not differ across occupational classes, i.e., workers employed in white-collar and blue-collar jobs name similar values.⁵ The average value of a decent wage was about GEL 1,484 for white-collar workers, while the value amounted to GEL 1,421 in the case of blue-collar workers. Median values were equal for both groups and equaled to GEL 1,000.

Unemployed respondents were instead asked about the desired occupation and corresponding reasonable wage. On average, unemployed respondents named GEL 1,288 as a fair salary. The median value of the perceived decent wage was GEL 1,000.

Similar to employed respondents, unemployed Georgians did not differ across occupational groups in terms of the decent wage. The average value of the desired salary for a respondent wishing to be employed in a white-collar job amounted to GEL 1,283. At the same time, those intending to work in blue-collar occupations perceived GEL 1,293 as a decent salary. Median values for both groups were similar and equal to GEL 1,000.

Employed and unemployed respondents have different perceptions of a decent salary. Although what Georgians consider as reasonable wages is not what the majority of employees receive as a remuneration. In 2017, about three-quarters of salaried workers in Georgia earned less than GEL 1,000 per month (კვინტრობე, 2019). Importantly, perceived values for a decent wage is higher than the amount of a nominal monthly earning (GEL 1,068) established by the National Statistics Office (2020a).

⁵ Respondents were asked to classify their occupations into ten broader categories (managers, professionals, technicians, clerks, service workers, agricultural workers, tradespeople, operators, elementary occupations, armed forces occupations). Respondents who were employed as managers, professionals, technicians, clerks, and service workers were grouped to white-collar workers; others were classified as blue-collar workers.

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CONCLUSIONS

The analysis outlined above leads to a number of conclusions:

- The idea of a minimum wage enjoys broad support in Georgia. There is relatively little variability in support numbers across major sociodemographic groups. Still, younger Georgians, ethnic minorities, and those with higher education are more likely to support the idea. Employed respondents and Georgians with higher socio-economic status are slightly more likely to oppose a minimum wage.
- An average value for a perceived decent minimum wage amounts to GEL 854.1, more than four times higher than the current subsistence minimum and more than forty times higher than the current minimum wage.
- Perceptions of a decent minimum wage vary across sociodemographic groups. Men, Tbilisi residents, and ethnic Georgians name higher values for a decent minimum wage than women, residents of rural areas, and ethnic minorities.
- Employed respondents name an average value of GEL 1,457 as a decent wage in their occupations. Unemployed respondents on average name GEL 1,288 as a fair salary at occupations they wish to be employed in. Importantly, attitudes do not vary across occupational classes.

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Younger Georgians, ethnic minorities, and those with higher education are more likely to support the idea of having a minimum wage. Employed respondents and those from relatively well-to-do households are more likely to oppose minimum wage regulations.



Employed respondents name an average value of GEL 1,457 as an acceptable decent wage in their occupations. Unemployed respondents on average name GEL 1,288 as a decent wage at occupations they wish to be employed in. Importantly, attitudes do not vary across occupational classes.

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