

LABOUR AND SOCIAL JUSTICE

# MINIMUM WAGE IN GEORGIA

Tracking Three Years of Public Support

July 2022



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On average, Georgians named 2,124 laris as being a decent salary, a 316 lari increase compared to 2021.

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Tracking Three Years of Public Support

in cooperation with



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## Main Findings

- Results of the three waves of CRRC-Georgia's omnibus survey show that the idea of a minimum wage has broad support in Georgia, despite a decline in 2022. Importantly, respondents across socioeconomic groups and party lines support minimum wage regulation.
- The average reasonable minimum wage according to respondents amounts to 1,346 laris, about six times higher than the current subsistence minimum and more than sixty times higher than the current minimum wage. Notably, this is a 138 lari increase when compared to the 2021 wave of the CRRC-FES survey.
- Perceptions of a reasonable minimum wage do not vary drastically across sociodemographic groups. Relatively well-off respondents are more likely to respond with higher amounts as being their decent minimum wage than respondents from poorer households.
- On average, Georgians named 2,124 laris as being a decent salary, a 316 lari increase compared to 2021. Employed respondents on average perceived 2,424 laris as being a decent salary, compared to the 1,687 laris named by unemployed Georgians.

## 1

## INTRODUCTION

Policy debates regarding a decent minimum wage in Georgia have attracted attention in recent years. Legislative initiatives have been brought forward by members of Georgia's Parliament,<sup>1</sup> Georgian Trade Unions,<sup>2</sup> as well as by individual citizens. None of these initiatives have gained any traction.

Currently, Georgian employers are obligated to pay a mere GEL 20 monthly minimum wage. The current rate for the minimum wage was set back in 1999.<sup>3</sup> Critics point out that the current minimum wage has never been adjusted for inflation, real wages, or changing living standards.<sup>4</sup> Georgia's minimum wage is considerably lower than those of other post-Soviet countries.<sup>5</sup>

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 the government to GEL 135.<sup>6</sup> However, rates have not changed for private employers who suffer minimal repercussions if they violate minimum wage laws.<sup>7</sup> Studies have shown that this extremely low minimum wage incentivizes employers to pay lower salaries to employees (*ibid.*), even at a rate of or below the subsistence minimum.<sup>8</sup>

Those in opposition to increasing the minimum wage argue that it will burden employers and (aid in enlarging) the shadow labor market.<sup>9</sup> As a consequence of minimum wage increases, employers might consider laying off staff, and those who retain employees might be forced to increase the prices of products and services.<sup>10</sup> Moreover, to avoid paying high minimum wages to their employees, businesses might resort to informal employment.<sup>11</sup>

Nonetheless, three nationwide surveys conducted in 2020, 2021, and 2022 show that Georgians support minimum wage regulation. This report further assesses Georgians' attitudes towards the minimum wage and perceptions of a decent minimum wage.

Analyses presented in this report are based on CRRC-Georgia's omnibus surveys conducted in April 2020, July 2021, and April 2022. Data are nationally representative, except for Abkhazia and South Ossetia, and were conducted using live telephone interviews with respondents selected by the Random Digit Dial (RDD) method. In 2020, 1,351 interviews were administered and completed between April 2 and 7. In the 2021 survey, CRRC-Georgia collected 1,228 completed responses between July 9 and 23. In the 2022 wave of the study, 1,150 interviews were completed between April 20 and May 14th. The theoretical margin of error for proportions does not exceed 2.67%. Results are weighted according to population counts from the 2014 National Census of Georgia to reflect population characteristics accurately.

The report proceeds as follows. The first section describes and analyzes support for the minimum wage. This is followed by an assessment of what Georgians perceive to be a fair minimum wage. Next, the report focuses on the differences in perceived fair minimum wages across occupational classes. The report ends with concluding remarks and a bibliography.

- 1 Parliament.ge, "ბეკა ნაცვლიძემ მინიმალური ხელფასის შესახებ კანონპროექტი დაარეგისტრირა." November 6, 2019, <http://parliament.ge/ge/parlamentarebi/news1/beqa-nacvlisvil-ma-minimaluri-xelfasis-shesaxeb-kanonproeqti-daaregistrira.page>.
- 2 ჯალაღონია, დავით, "მინიმალური ხელფასი საქართველოში 320 ლარი გახდეს პროფკავშირების კანონპროექტი," *bm.ge*, October 31, 2019, <https://bm.ge/ka/article/minimaluri-xelfasi-saqartveloshi-320-lari-gaxdes--profkavshirebis-kanonproeqti-/42830>.
- 3 საქართველოს პრეზიდენტი, "საქართველოს პრეზიდენტის ბრძანებულება მინიმალური ხელფასის ოდენობის შესახებ," April 1999, <https://matsne.gov.ge/ka/document/view/112786>.
- 4 Davit Darsavelidze, "Impact of Possible Growth of Minimum Wage in Georgia" (Tbilisi, January 2019).
- 5 მჭედლიძე, ნონა, "მინიმალური ხელფასი 20 ლარია," რადიო თავისუფლება, November 4, 2016, <https://www.radiotavisupleba.ge/a/minimaluri-khelfasi/28096560.html>.
- 6 მჭედლიძე, ნონა, "მინიმალური ხელფასი 20 ლარია," რადიო თავისუფლება, November 4, 2016, <https://www.radiotavisupleba.ge/a/minimaluri-khelfasi/28096560.html>.
- 7 მაკალათია, ირაკლი, "რა შედეგები შეიძლება მოიტანოს მინიმალური ხელფასის შემოღებამ საქართველოში," *Bm.ge*, November 2019, <https://bm.ge/ka/article/ra-shedegebi-shheidzle-ba-moitanos-minimaluri-xelfasis-shemogebam-saqartveloshi/43346>.
- 8 ჯალაღონია, დავით, "მინიმალური ხელფასი საქართველოში 320 ლარი გახდეს პროფკავშირების კანონპროექტი."

9 მაკალათია, ირაკლი, "რა შედეგები შეიძლება მოიტანოს მინიმალური ხელფასის შემოღებამ საქართველოში."

10 ტყემელაშვილი, შოთა, "მინიმალური ხელფასის ფასი," October 15, 2019, <https://forbes.ge/news/7240/minimaluri-xelfasis-fasi>.

11 მაკალათია, ირაკლი, "რა შედეგები შეიძლება მოიტანოს მინიმალური ხელფასის შემოღებამ საქართველოში."

# 2

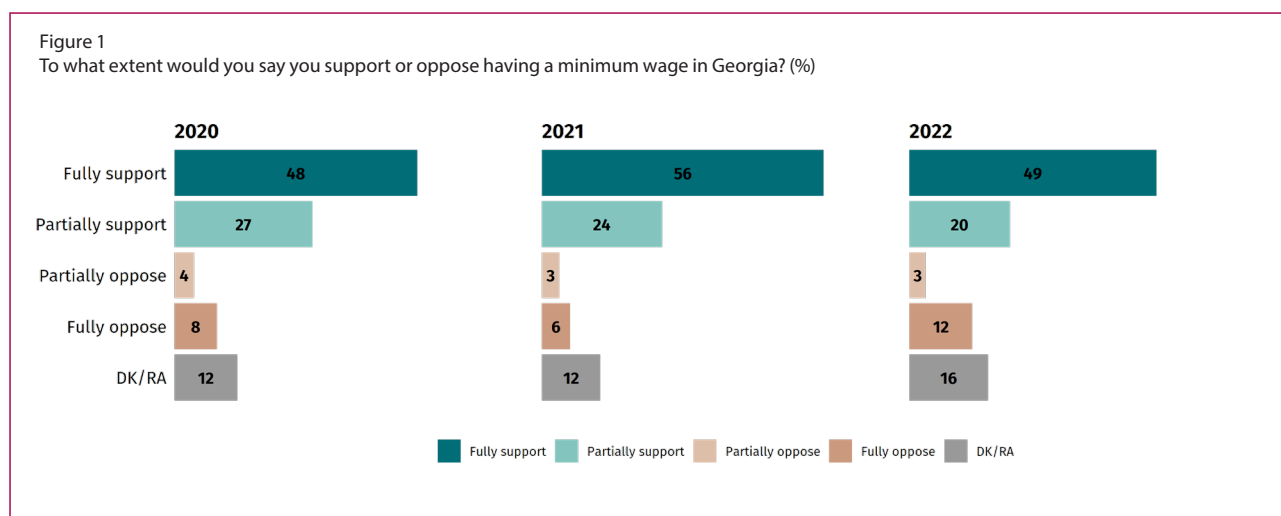
## FINDINGS

### 2.1 SUPPORT FOR A MINIMUM WAGE REGULATION IN GEORGIA

The majority of Georgians support having a minimum wage (Figure 1). In the 2022 wave of the study, 69% of Georgians said that they either fully or partially support having a minimum wage in Georgia. Very few oppose the idea of a minimum wage, with approximately 16% of those surveyed fully or partially in opposition.

Support for a decent minimum wage has been consistently high over the last three years since CRRC-Georgia and the Friedrich-Ebert-Stiftung began tracking popular opinion on this topic. While support declined by almost ten percentage points compared to the 2021 wave, when about 79% said that they partially or fully support having a minimum wage in Georgia, more than two thirds of Georgians are still in favor of having minimum wage regulations in Georgia. Fluctuations in support between 2021 and 2022 are most likely the result of material hardships associated with COVID-19 and the subsequent economic recovery.

There is a consensus across major socio-demographic groups in supporting minimum wage regulations, including among Georgians with different political affiliations. Unlike in previous waves, there is no difference in support across respondents of different social backgrounds. Older Georgians and respondents from ethnic minority communities are more likely to be undecided as to whether they support minimum wage regulations.

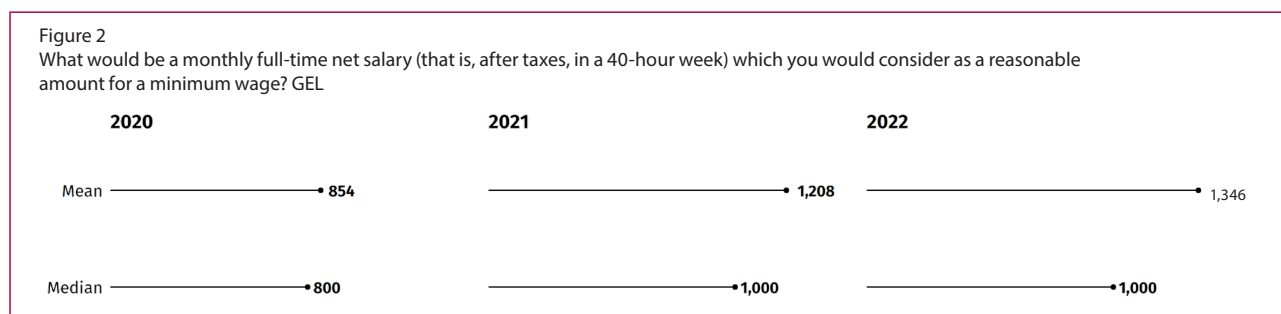


## 2.2 WHAT DO GEORGIANS THINK IS A REASONABLE MINIMUM WAGE?

Respondents who supported the idea of having a minimum wage were asked what a reasonable amount would be. As the question was open-ended, respondents had an opportunity to name any value they desired. As a result, about 94% of those respondents who support having a minimum wage named some figure as being a decent amount. The average value of what Georgians see as a reasonably attainable minimum wage is GEL 1,346, while the median<sup>12</sup> equals GEL 1,000 (Figure 2). Remarkably, both values exceed the existing minimum wage by more than fifty times.

Compared to the 2021 wave, Georgians, on average, responded with higher numbers as being their decent minimum wage. The average value of the reasonable minimum wage increased by GEL 138, while the median value stayed the same.

Similar to support for minimum wage regulations, respondents' socioeconomic status predicts whether one names high or low values as the attainable minimum wage. Those scoring the lowest on the durable assets index (1) named 1,282 lari as being a reasonable monthly wage, while those scoring median (7) on average responded with 1,271 lari. Well-off respondents (12 on the durable good index) averaged 2,621 lari as being a reasonable minimum wage.



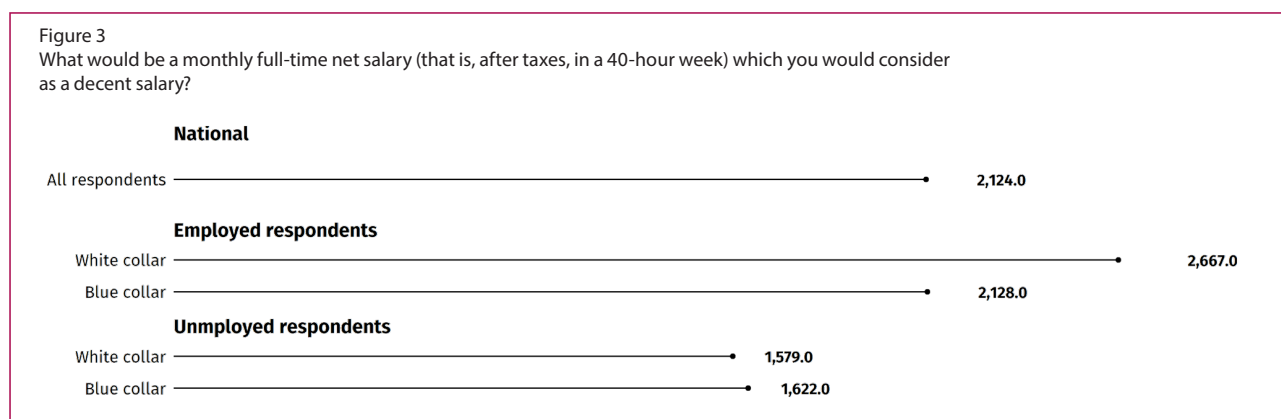
## 2.3 PERCEIVED DECENT WAGE BY OCCUPATION

What do employed Georgians think is a decent wage in their respective occupations? Employed respondents were asked what they would perceive to be a decent net salary at their jobs. On average, Georgians responded with 2,124 laris as being a decent salary.

On average, employed respondents considered 2,424 laris as a decent wage for their occupation, while a median value for a decent monthly net salary totaled 1,800 laris (Figure 3).

Employed respondents gave higher numbers than unemployed respondents when asked about their decent mini-

imum wages. The amount considered to be a decent minimum wage does not differ widely across occupational classes, i.e., workers employed in white-collar and blue-collar jobs responded with similar amounts.<sup>13</sup>



<sup>12</sup> A median value characterizes a midpoint of a distribution

<sup>13</sup> 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.

# 3

## CONCLUSIONS

The analysis outlined above leads to the following conclusions:

- Results of the three waves of CRRC-Georgia's omnibus survey show that the idea of a minimum wage has broad support across Georgia, despite a decline in 2022 when compared to the survey conducted in 2021. Significantly, respondents across socioeconomic groups and party lines support minimum wage regulations.
- A decent minimum wage, according to the respondents, averages out to 1,346 laris, about six times higher than the current subsistence minimum and more than sixty times higher than the current minimum wage. Notably, this is a 138 lari increase compared to the 2021 wave of the CRRC-FES survey.
- Perceptions of a decent minimum wage do not vary greatly across sociodemographic groups. Relatively well-off respondents are more likely to name higher values for desired minimum wage than respondents from poorer households.
- On average, Georgians named 2,124 laris as being a decent salary, a 316 lari increase compared to 2021. Employed respondents listed 2,424 laris as a decent salary on average, compared to the 1,687 laris named by unemployed Georgians.



## REFERENCES

Darsavelidze, Davit 2019: „Impact of Possible Growth of Minimum Wage in Georgia.”

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## LIST OF FIGURES

- 4 Figure 1  
To what extent would you say you support or oppose having a minimum wage in Georgia? (%)
- 5 Figure 2  
What would be a monthly full-time net salary (that is, after taxes, in a 40-hour week) which you would consider as a reasonable amount for a minimum wage? GEL
- 5 Figure 3  
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?

## IMPRINT

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More information under this link:  
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