

LABOUR AND SOCIAL JUSTICE

MINIMUM WAGE IN GEORGIA

Tracking Two Years of Broad Public Support

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The idea of a minimum wage enjoys widespread public support in Georgia. An average value for a perceived decent minimum wage amounts to 1,208 laris, about six times higher than the current subsistence minimum and more than fifty times higher than the current minimum wage. This value exceeds that named by respondents in the 2020 wave of the survey by GEL 354.



Relatively well-off respondents are more likely to name higher values for desired minimum wage than respondents from poorer households.



On average, Georgians name 1,778 laris as an anticipated decent salary, a 435 lari increase compared to 2020. Employed respondents on average perceived 2,108 laris as a decent salary, compared to 1,427 laris named by unemployed Georgians.

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INTRODUCTION

Policy debates regarding a reasonable minimum wage in Georgia have achieved some attention in recent years. Legislative initiatives have been brought forward by members of Georgia's Parliament,¹ Georgian Trade Unions,² as well as individual citizens. None of these initiatives has gained any further traction.

Currently, Georgian employers are obliged to pay a mere GEL 20 monthly minimum wage. The current rate for the minimum wage was set back in 1999.³ Critics point out that the current minimum wage has never been adjusted to inflation, real wages, or changing living standards.⁴ Georgia's minimum wage fares considerably lower than those established in other post-Soviet countries.⁵

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 135.⁶ Still, rates have not changed for private employers, who also suffer from very minimal repercussions if they violate a minimum wage law.⁷ Studies have shown that such a low bar for a minimum wage incentivizes many employers to pay lower salaries to employees (ibid.), even at a rate of or even below subsistence minimum.⁸

Those who voice opposition to increasing minimum wage argue that this will put an extra burden on employers and incentivize the shadow labour market.⁹ If minimum wage requirements are increased, employers might consider laying off staff, and those who retain employees might be forced to increase the prices of products and services.¹⁰ Furthermore, to avoid paying high minimum wages to their employees, businesses might resort to informal employment.¹¹

Nonetheless, two nationwide surveys conducted in 2020 and 2021 show that Georgians support minimum wage regulation. This report further assesses Georgians' attitudes toward minimum wage and perceptions of a decent value for a minimum wage.

Analyses presented in this report are based on CRRC-Georgia's omnibus surveys conducted in April 2020 and July 2021. Data are nationally representative except for Abkhazia and South Ossetia and were conducted using live telephone interviewing with respondents selected with Random Digit Dial (RDD) method. In 2020, 1,351 completed interviews were administered between April 2 and 7 2020. In the 2021 survey, CRRC-Georgia collected 1,228 response cases between July 9 and 23, 2021. 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. 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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2

FINDINGS

SUPPORT FOR MINIMUM WAGE IN GEORGIA

Overall, the majority of Georgians support having a minimum wage in Georgia (figure 1). Eighty percent of Georgians either fully or rather support having a minimum wage regulation in Georgia. Nine percent either rather or do not support having a minimum wage regulation, while 12 percent were unsure about their answers.

The share of those supporting minimum wage has increased in 2021, compared to the April 2020 wave of the omnibus survey. About five percentage points more Georgians say that they favour the minimum wage regulation, while the opposition decreased by a mere three percentage points.

There is a consensus across major social and demographic groups in terms of supporting minimum wage regulation. Relatively less well-off respondents are more likely to be unsure in their answers than those with median and maximum values of assets index.¹²



¹² Differences were identified using a multinomial regression model predicting support or opposition for the minimum wage regulation. Covariates include respondent’s gender, age, ethnic identity, education, employment, settlement type, and a durable assets index. A durable goods index is a common proxy measure of a household’s economic status, which counts the number of appliances present in the household. The lowest value corresponds to the score of 0. The median value corresponds to 7, and the highest value of the index is 12.

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 a result, about 96 percent 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 1,208, while the median¹³ equals 1,000 laris. Notably, both values exceed the existing minimum wage value by more than fifty times.

Compared to the 2020 wave, Georgians name higher values as reasonable minimum wage. The average value of desired minimum wage increased by GEL 353.9, while the median value grew by GEL 200. Seemingly, this might reflect volatility of Georgia's national currency compared to dollar, as well as sharp economic decline due to COVID-19.¹⁴

Similar to the support for the minimum wage regulation, respondent's socioeconomic status predicts whether one names high or low values for desired minimum wage. Those scoring the lowest on the durable assets index (0) named 665 laris, while those scoring median (7) on average perceived 1,249 laris as a decent minimum wage. Most well-off respondents (12 on the durable goods index) on average considered 1,667 laris as a decent minimum wage.

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. On average, Georgians named 1,778 laris as a due amount of a decent salary.

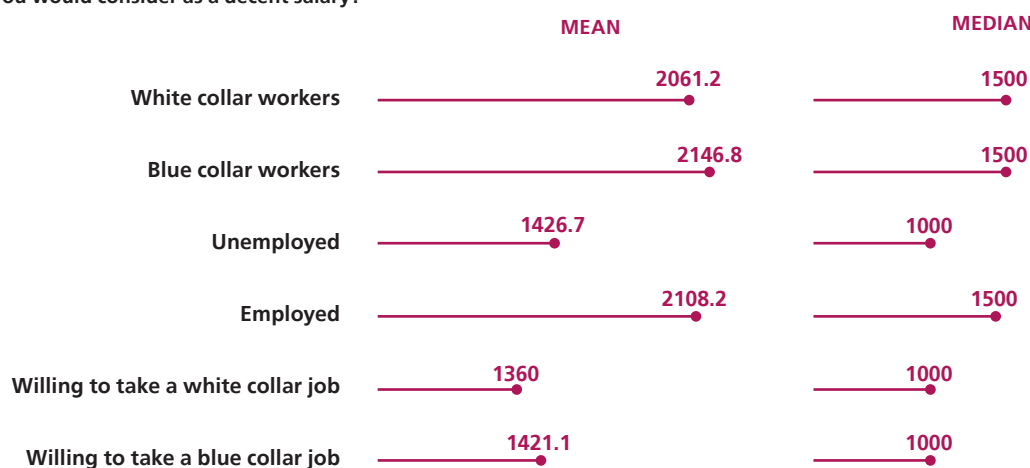
Employed respondents named higher values for desired reasonable wage than unemployed respondents (figure 2). On average, employed respondents considered 2,108 laris as a reasonable wage for their occupation, while a median value for a decent monthly net salary totalled 1,500 laris.

The perception of the amount of a decent wage does not differ much across occupational classes, i.e., workers employed in white-collar and blue-collar jobs name similar values.¹⁵ The average value of a decent wage totalled 2,061 laris for white-collar workers, while blue-collar workers on average named 2,148 laris as an anticipated decent amount of a monthly net salary. Median values were equal for both groups and amounted to GEL 1,500.

Unemployed respondents were instead asked about the desired occupation and corresponding reasonable wage. On average, unemployed respondents named 1,427 laris as a fair salary. The median value of the perceived decent wage amounted to 1,000 laris.

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 decent salary?



¹³ A median value characterizes a midpoint of a distribution. Unlike averages, the median is less affected by outliers.

¹⁴ UNESCAP, "Georgia: Policy Responses." March 23, 2021. https://www.unescap.org/sites/default/d8files/2021-03/Georgia_COVID%20Country%20profile%20230321.pdf

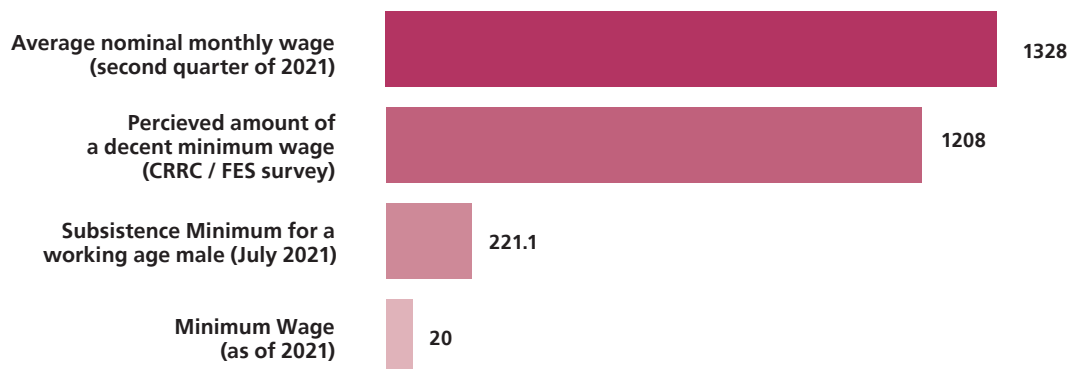
¹⁵ Respondents were asked to classify their occupations into ten broader categories (managers, professionals, technicians, clerks, service workers, agricultural workers, tradespeople, operators, elementary occupations, armed forces occupations). Respondents who were employed as managers, professionals, technicians, clerks, and service workers were grouped to white-collar workers; others were classified as blue-collar workers

Similar to employed respondents, where perceptions of a decent wage did not fluctuate much across occupational classes, comparable subgroups of unemployed respondents did not vary much in terms of an anticipated amount of a salary. The average value of the desired salary for a respondent wishing to be employed in a white-collar job amounted to GEL 1,360. At the same time, those intending to work in blue-collar occupations perceived GEL 1,421 as a decent salary. Median values for both groups were similar (1,000 laris).

Compared to 2020, Georgians name higher amounts for anticipated decent salaries. For instance, the average value of the desired salary for employed respondents increased by 651 laris. The average value of the desired salary among unemployed Georgians increased by 139 laris.

Similar trends can be observed among occupational classes. White-collar workers named 577 laris more as a desired decent wage, compared to the previous wave of this study. The average wage value for a desired decent wage named by blue-collar workers increased by 726 laris. Unemployed respondents who wished to be employed in white-collar jobs anticipated receiving 77 laris more salary. On average, respondents willing to be doing blue-collar work named 128 laris more as a decent salary for such jobs. Speculatively, such changes might be associated with the state of Georgia's economy following COVID-19 crisis.

Figure 3
A comparison of average nominal monthly salary, a perceived amount of a decent wage, subsistence minimum, and a minimum wage values. Sources: Geostat, FES-CRRC survey.



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CONCLUSIONS

The analysis outlined above leads to a number of conclusions:

- Results of the two waves of CRRC-Georgia’s omnibus survey show that the idea of a minimum wage enjoys broad public support in Georgia.
- An average value for a perceived decent minimum wage amounts to 1,208 laris, about six times higher than the current subsistence minimum and more than fifty times higher than the current minimum wage. This exceeds the average value named by respondents in the 2020 wave of the survey by GEL 354.
- Perceptions of a decent minimum wage do not vary much 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 1,778 laris as an anticipated decent salary, a 435 lari increase compared to 2020. Employed respondents on average perceived 2,108 laris as a decent salary, while unemployed Georgians perceived 1,427 laris as an anticipated amount of a fair wage.

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