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► Gender Wage Gap in Georgia

Research about the reasons for the significant gender pay gap and development of a methodology for labour cost assessment and policy recommendations to improve compliance of Georgian legislation and policy with the Equal Remuneration Convention, 1951, No. 100



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This study has been commissioned by the International Labour Organization (ILO) as a support to Georgian Trade Unions Confederation (GTUC), within the Project “Inclusive Labour Markets for Job Creation in Georgia”, funded by the Ministry of Foreign Affairs of Denmark

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► 1. National legislation on gender equality

The Constitution of Georgia prohibits sex-based discrimination: “All persons are equal before the law. Any discrimination on the grounds of race, colour, sex, origin, ethnicity, language, religion, political or other views, social affiliation, property or titular status, place of residence, or on any other grounds shall be prohibited.”¹

The Constitution further specifies that women and men have equal rights: “The State shall provide equal rights and opportunities for men and women. The State shall take special measures to ensure the essential equality of men and women and to eliminate inequality.”² As far as this provision shows, the State should not only provide for a legislative framework to ensure equality between men and women but also take any “special measures” necessary to eliminate inequality.

The laws on the elimination of all forms of discrimination and gender equality, enacted in the country, directly address the above provision of the Constitution.

The purpose of the law on the elimination of all forms of discrimination is “to eliminate every form of discrimination and to ensure equal rights of every natural and legal person under the legislation of Georgia, irrespective of race, skin colour, language, sex, age, citizenship, origin, place of birth or residence, property or social status, religion or belief, national, ethnic or social origin, profession, marital status, health, disability, sexual orientation, gender identity and expression, political or other opinions, or other characteristics.”

Under this law, direct discrimination refers to the treatment of, or the creation of conditions for the treatment of, one person less favourably than another person in a comparable situation on any grounds, including sex, in the enjoyment of the rights provided for by the legislation of Georgia. According to the same law, the principle of equal treatment refers to the conditions of employment, labour, remuneration and termination of labour relations.³

In order to establish whether a lower remuneration received by women should be considered a form of discrimination, a relevant methodology to evaluate all specific cases and thereby subsequently identify any discrimination on the grounds of sex in such cases.

The Public Defender (Ombudsman) of Georgia monitors efforts towards the elimination of discrimination and ensures equality. If an act of discrimination is revealed, the Ombudsman will submit recommendations to the relevant institutions or persons to restore the rights of discrimination, provided it is impossible to settle the case by mutual agreement. Where the court undertakes the case review, the Ombudsman will suspend the case proceedings.

The law on gender equality contains the same definition of direct discrimination. Beyond this, the law defines guarantees for gender equality. This includes equal treatment in the work quality men and women. Therefore, unequal treatment in assessing the work quality performed by men and women shall be considered discriminatory.

1 Constitution of Georgia, Article 11(1)

2 Constitution of Georgia, Article 11(3).

3 Law of Georgia on the elimination of all forms of discrimination, Article 2(10).

The Parliament and Government of Georgia are responsible for achieving gender equality. The Gender Equality Council is set up under the Parliament. The Government has established the Inter-agency Commission on Gender Equality, Violence against Women and Domestic Violence to reach this goal.

The legislative text regulating labour and its concomitant relations is the Labour Code. It prohibits any form of discrimination in labour relations, among them based on gender.

Under the Labour Code, discrimination “shall be defined as the direct or indirect harassment of a person aimed at or resulting in impairing the dignity of a person, and creating an intimidating, hostile, humiliating, degrading or abusive environment for him/her, and/or creating the circumstances for a person, directly or indirectly causing their condition to deteriorate as compared to other persons in similar circumstances.”⁴

According to this definition, unequal pay for work of equal value should be considered discriminatory. It should be noted that prior to 1 January 2021, cases of violations of labour rights were considered only by the court. The Labour Inspectorate, established in 2015, did not have the right to exercise control over labour rights. Since 1 January 2021, the Inspectorate is authorised to investigate labour rights and issue sanctions.

In September 2020, under amendments to the Labour Code, the obligation of employers to ensure the principle of equal emolument⁵ for equal work for men and women was set out. This complies with the requirement of the Georgian Trade Unions Confederation (GTUC) and the International Labour Organization (ILO). This change aims to ensure the reduction of the gender wage gap. Questions are being raised about the enforcement of this principle, given that it falls to the employer, and there is no universal methodology that all companies can apply. While the Government would be able to influence remuneration rates after implementing the relevant methodology, much improvement will be required in the future. Despite the reference to “equal work” instead of “work of equal value” in the Labour Code, the application of this provision might nevertheless result in a narrowing of the gender wage gap. Labour inspection now has the mandate to control labour rights and only needs an instrument to use in inspections.

In order to eliminate the problem of unequal pay for work of equal value, in addition to granting labour rights to the Labour Inspectorate, it is necessary to define a unified methodology for the evaluation of equal work. By placing the responsibility of establishing this principle on the employer, the law remains too vague. It is difficult to evaluate which criteria employers shall apply in order to develop this principle. In addition, it will be impossible for the Labour Inspectorate to enforce this right when there is a lack of concrete methodology.

It should be noted that the gap between wages is small in the public sector, which is due to the adoption of the law on remuneration in public institutions in 2017. The indicated law has ensured the existence of equal wages for similar positions⁶ (see Annex 1).

4 Labour Code of Georgia, Article 2(4).

5 According to the Labour Code of Georgia, Article 41(1), the labour remuneration means a basic or minimum wage or salary and any other consideration, whether in cash or in kind, which the employee receives directly or indirectly, in respect of his/her employment from his/her employer.

6 This refers only to public servants, who have higher standards of labour rights than employees in the private sector. Remuneration of public servants is equal but only within the sector.

► 2. Gender wage gap

A big gender wage gap has been a significant problem in Georgia for many years. Average wages paid to women are **36.2 per cent** lower than those paid to men. This is alarming given that the index for the global wage gap is less than 20 per cent. At the same time, Georgia has ratified the fundamental ILO Equal Remuneration Convention, 1951 (No. 100) that obliges the State to ensure equal pay for work of equal value without any discrimination. In 2018, the ILO Committee on the Application of Standards and in 2018–2019, the Committee of Experts on the Application of Conventions and Recommendations discussed the situation in Georgia, as well as in 25 other states whose in compliance with accepted standards has been noted and which have an alarming gender wage gap. The recommendations issued for Georgia by the Committee of Experts aimed to eliminate inequality between wages and develop relevant legislative changes and the methodology to deal with this issue.

Georgia ratified the Equal Remuneration Convention, 1951 (No. 100) in 1993. However, no active steps have been taken thus far and hence there is still great gender inequality in the country.

Under the Convention, remuneration implies the ordinary, basic minimum wage payable directly or indirectly, whether in cash or in kind, by the employer to the employee.

According to the Convention, the equal remuneration principle could be applied by means of:

- National laws;
- Legally established or recognised machinery for wage determination;
- Collective agreements between employers and workers; or
- A combination of these means.

Important recommendations of the Committee of Experts to the Government of Georgia in 2018–2019 were as follows:

- To ensure that national legislation expressly commits to the principle of equal remuneration for men and women for work of equal value in consultation with the social partners.
- To implement effective enforcement mechanisms to ensure that the principle is applied in practice;
- To take steps to raise awareness among workers, employers and their organisations of the laws and procedures available in order to allow them to avail themselves of their rights;
- To develop a methodology based on objective criteria for labour evaluation;
- To identify the underlying causes of inequalities in remuneration, such as gender discrimination, gender stereotypes, and occupational segregation;
- To promote women's access to a wider range of job opportunities at all levels, including top management positions and well-paid jobs; and
- To enhance the capacity of the competent authorities, including judges, labour inspectors and other public officials, to identify and address cases of pay inequalities between men and women for work of equal value.

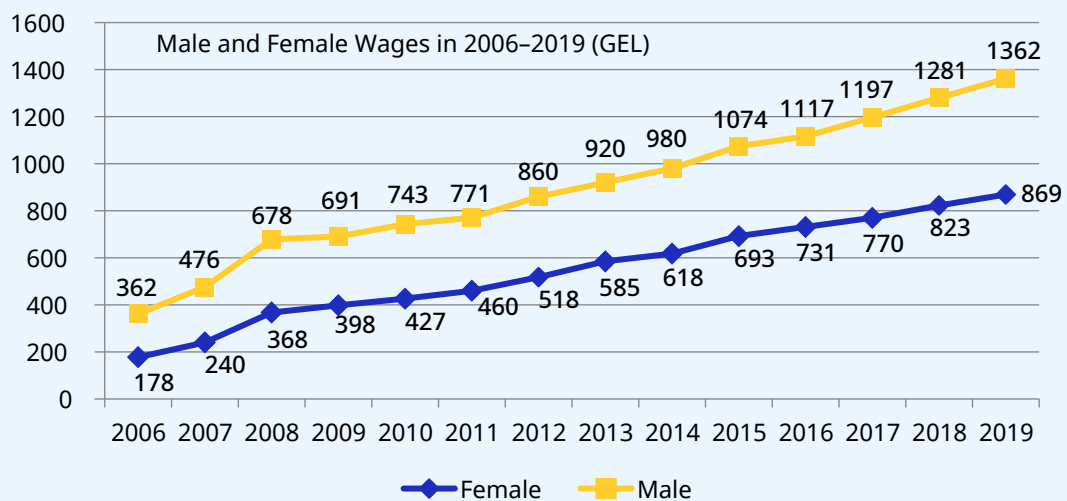
The 2020 report of the Committee of Experts indicated the need to determine the right to equal pay for work of equal value and not only a provision on equal remuneration for equal work. This also applies to the public sector. The main difference between the concepts of “work of equal value” and “equal work” is

that work of equal value may include entirely different types of work if this work is of the same value and employees shall be paid equally. The changes made to the Labour Code by the end of 2020 determine equal pay for equal work and not for work of equal value.

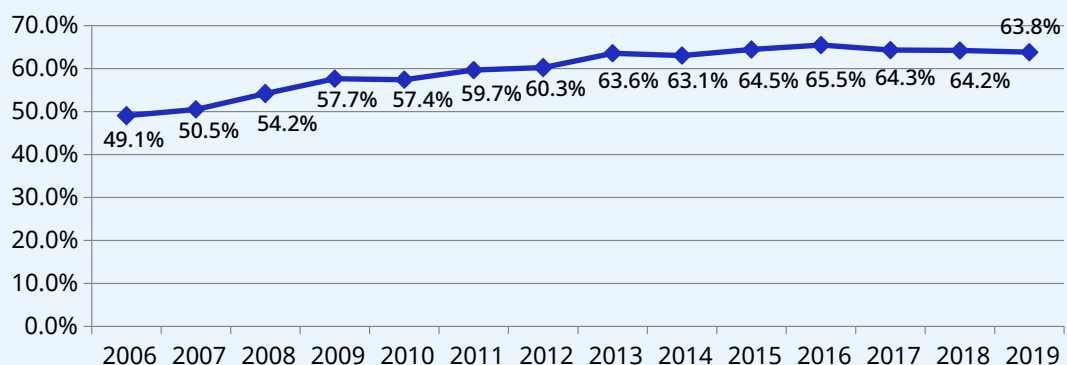
The Committee of Experts also called upon the Government to cooperate with the social partners and Gender Equality Council when determining equal pay for work of equal value for men and women.

In 2006, the average wage for women was 50.9 per cent less than the wage for men. This gap narrowed steadily, and in 2016, it reached 34.5 per cent.⁷ It continued to increase and in 2019 reached 36.2 per cent.

► Chart 1. Wages of male and female workers in 2006–2019

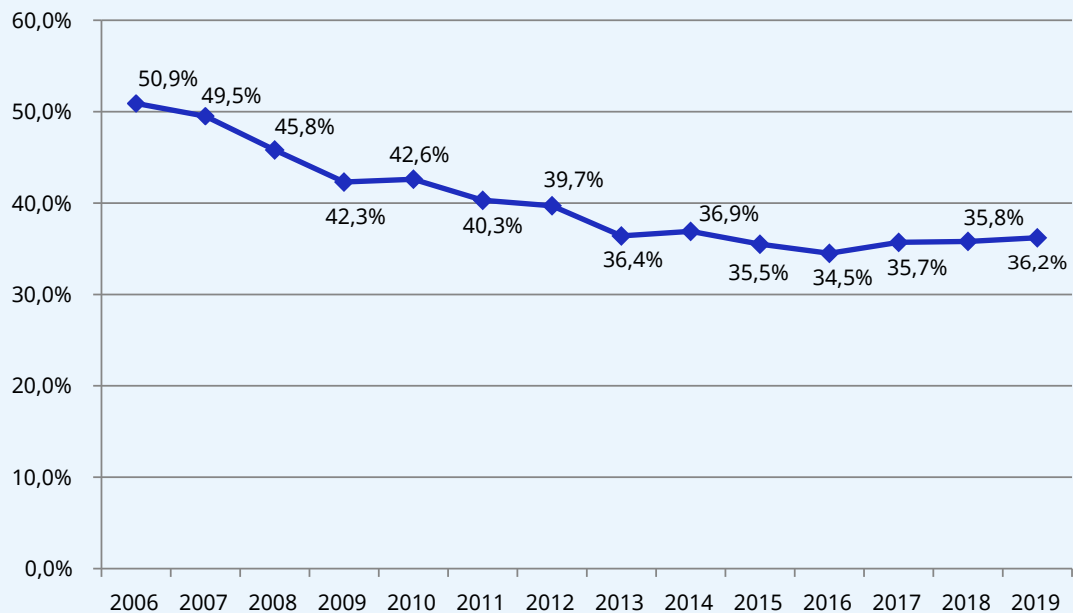


► Chart 2. Female average wage percentage (%) of the average male wage



⁷ Women earn 65.5 per cent per cent of men's wages.

► Chart 3. % by which average wages of women is lower than average wages of men

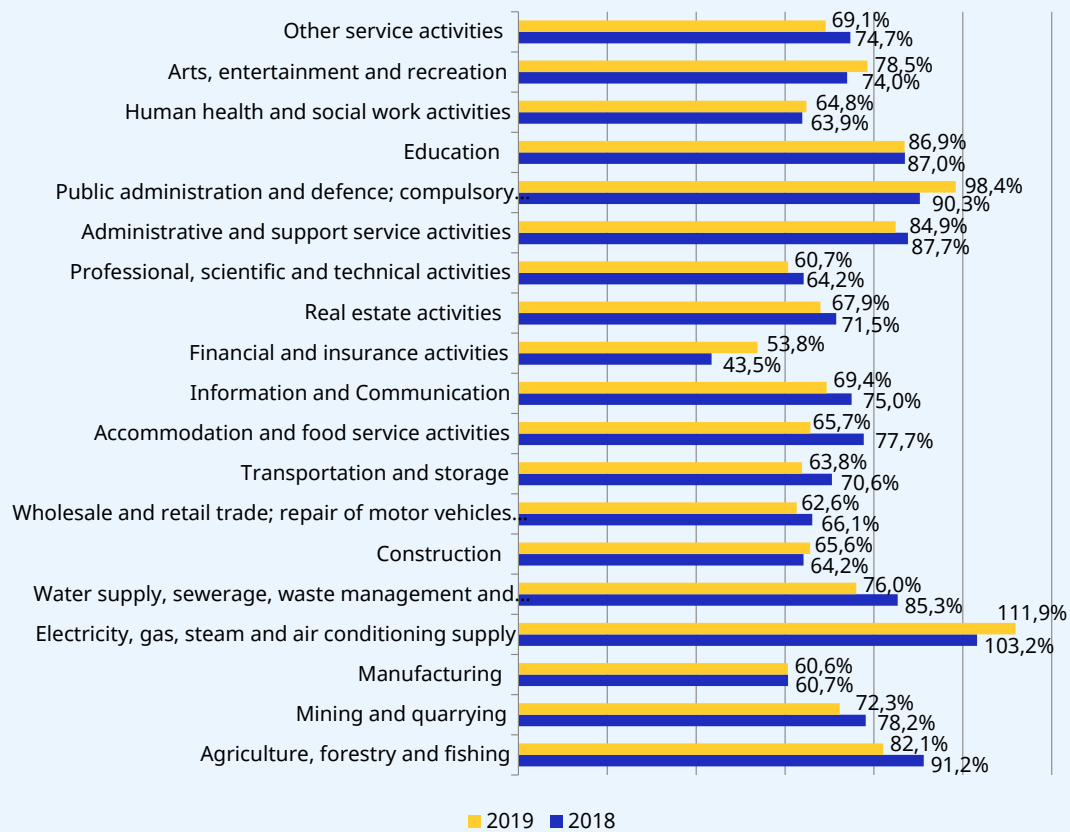


It appears that women have occupied top management positions more frequently over the recent period. However, in spite of the fact that this gap is narrowing, the difference remains significant. The gap was smallest (34.5 per cent) in 2016, whereas in 2019, it grew to 36.2 per cent.

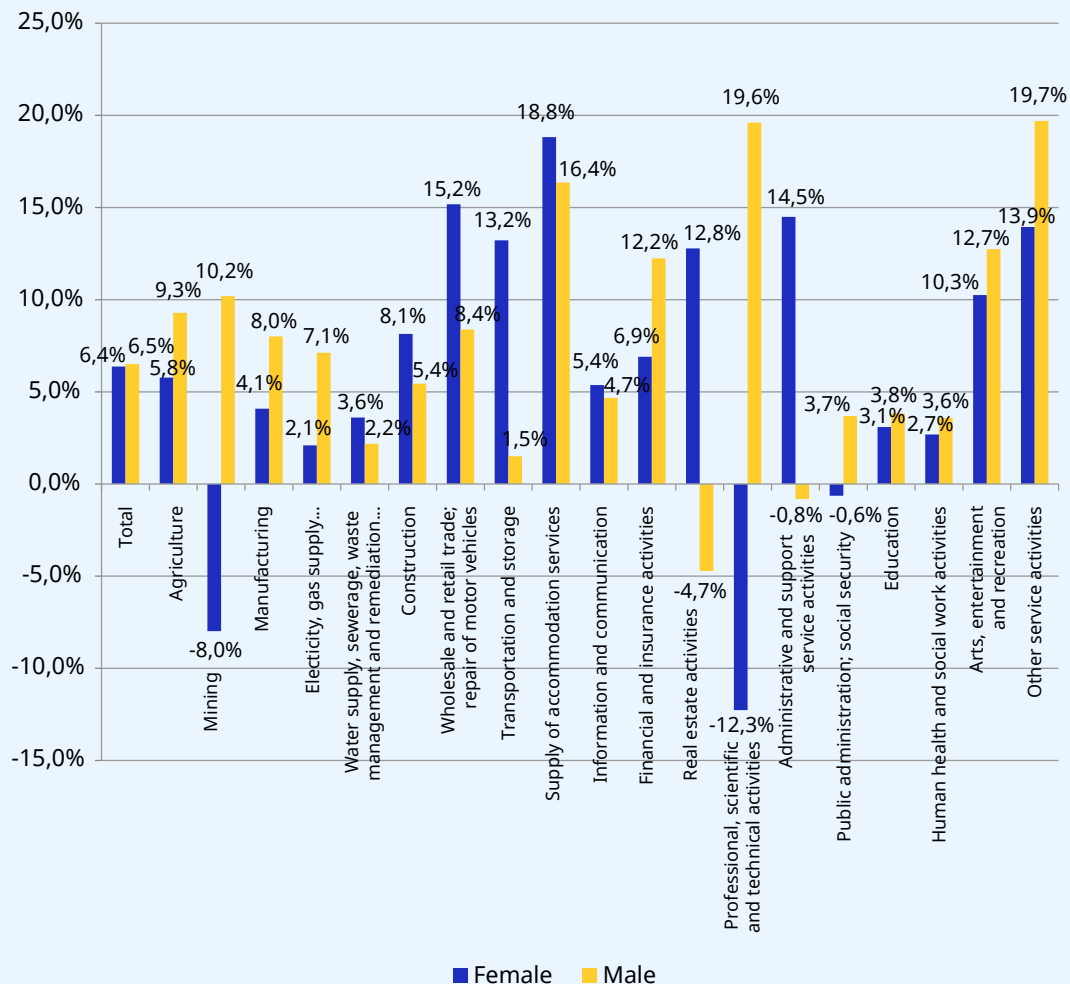
It should be noted that the National Statistics Office of Georgia (GeoStat) does not publish data on employment in various sectors disaggregated by sex. Such data would help policymakers assess the situation and develop evidence-based policies. Only information on wages according to sectors disaggregated by sex is available. **Figure 4** shows that women are paid the least in the financial and insurance sectors. The gap between the salaries paid to employees working in low positions and managers is rather extensive. As a rule, women occupy positions of cashier-operators or other low-paid jobs.

There is a comparatively better situation in the following three sectors: power and gas supply, public administration, defence, social security and agriculture. In the power and gas sectors, women receive even higher salaries than men.

► Chart 4. Ratio between wages of females and males by sectors in 2018-2019

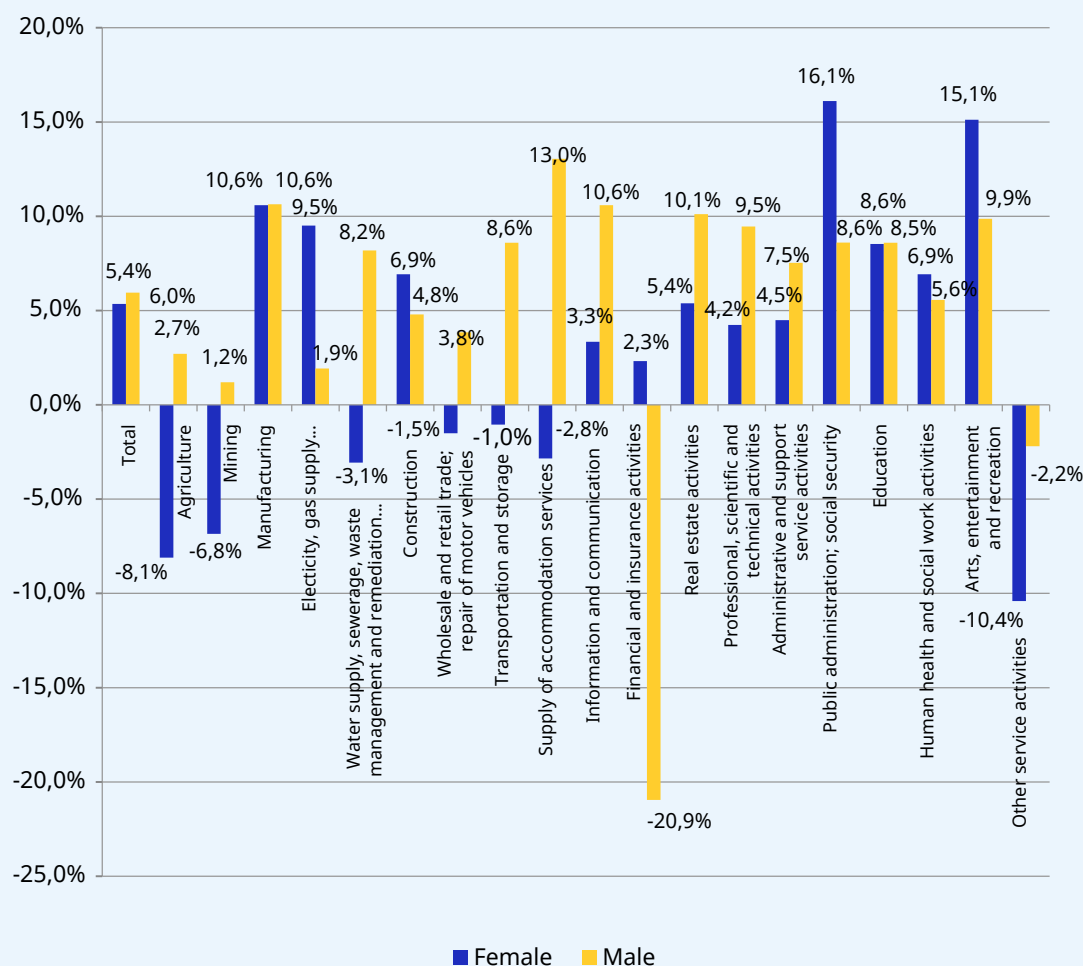


► Chart 5. Change in women's and men's wages by sector in 2018



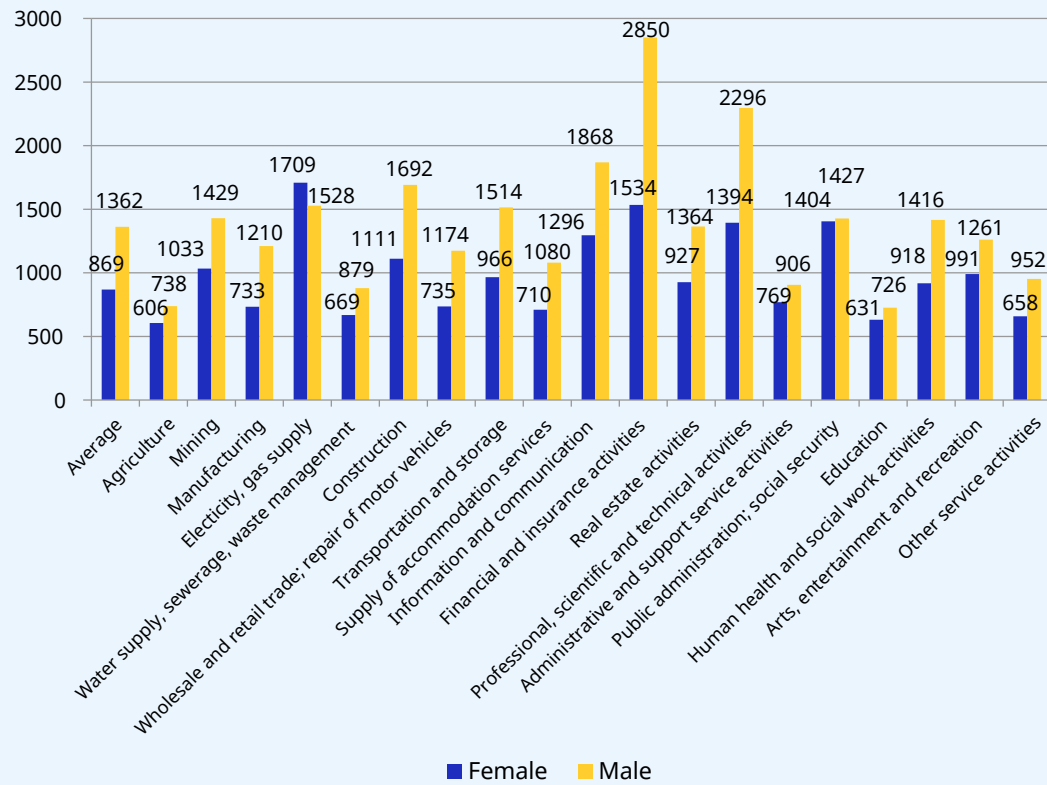
The growth rate of the average wage in 2018 was 6.5 per cent. The rate was a bit lower for women at 6.38 per cent, and for men it was 6.54 per cent. The growth of wages significantly differs from one sector to another. The most significant growth of 18.8 per cent was in the catering and accommodation services for women. Average wages increased from GEL627.8 to GEL734.2. At the same time, there was significant growth in women's wages in wholesale and retail trade (15.2 per cent) and administrative and support services (14.5 per cent). There was a reduction in women's wages for professional scientific and technical activities (-13.3 per cent), whereas men's wages in the same sector grew by 19.6 per cent. **In the financial and insurance sector, where the wage gap was the widest, the growth rate of wages for men was almost twice as fast, reaching 12.2 per cent (the growth rate in women's wages was 6.9 per cent). Therefore, the gap between the wages in this sector has widened further.** Apart from the financial sector, the gap between the wages also grew in agriculture, mining industry, manufacturing, professional scientific and technical activities, public administration and social security, human health and social work, arts, entertainment and recreation sectors.

► Chart 6. Change in women's and men's wages by sector, 2019



In 2019, the situation changed in the financial sector, where the average male salary has decreased by 20.9 per cent and the average female wage has slightly increased. The decrease in women's wages has continued in the mining sector at -6.8 per cent. The female wage significantly reduced in the agriculture sector and different forms of services. Due to the fact that the average male salary increased further in 2019, the gender wage gap has further widened. The salary reduction has slowed down only in certain sectors: public administration, social security and art, entertainment and recreation.

► Chart 7. Wages of women and men by sector in 2019



Lower wages for women is a significant problem in the education sector. Women mainly carry out teaching activities. Their average wages make up 86.9 per cent of the salaries paid to men.

The difference in the public administration sector has reduced by 8.1 per cent, and the gap in the public administration sector is 1.6 per cent. As labour remuneration in public institutions is defined by law and persons employed in similar positions have similar salaries, wages are more or less the same. The existing small gap indicates that men occupy managerial positions more often.

► 3. Difference by hours worked

GeoStat has published data on hours worked by sector and by sex since 2017. According to this data, the average hours worked by women in 2018 was 35.7 and by men 43.3. The national average is 39.6 hours. It should be noted that this data does not include hired workers or self-employed persons.

In 2020 GeoStat reviewed its methodology for the purpose of calculation of labour force data. According to the updated statistical data, people living in rural areas engaged in subsistence farming are no longer considered to be employed. If according to the old methodology, in 2019, the self-employed made up 49.2 per cent of the population, their share in 2020 decreased to 31.9 per cent.

Until 2021, GeoStat applied the following definition: **employed** (hired or self-employed) refers to a person at the age of 15 or above who had worked seven days before the interview process (for at least one hour) to generate income (salary, profit or other compensation in-kind), or helped other household members for free, or was formally considered employed but for some reason did not attend work. According to this definition, the biggest share of the rural population was considered to be employed. According to GeoStat, the unemployment rate in rural areas in 2019 was 5.8 per cent, whereas in urban areas, it was 19.3 per cent.

According to the new definition, only in-kind compensation is insufficient to consider a person employed. Furthermore, as a result of reviewed statistics, the unemployment rate has significantly increased from 12.7 per cent to 19.2 per cent in 2018. In 2019, the unemployment rate slightly decreased to 17.6 per cent, but as a result of the 2020 crisis, the official unemployment rate increased to 18.5 per cent.

This change specified the situation in the labour market to a certain extent. However, some gaps still remain. For example, those helping household members for free are presently also considered employed, and in most cases, such people are young family members. While the Georgian Statistics Department uses ILO standards when compiling employment statistics, under the Georgian Labour Code, the working age starts at the age of 16,⁸ instead of 15. That means there are 15-year-olds included in official statistics who are considered employees, even though it is not legal in Georgia. Officially child labour in Georgia is at 4.2 per cent.

According to GeoStat, 14 per cent of the rural population's income is made up of non-cash income. A total of 13.1 per cent of their income comes from selling agricultural production.⁹ The average income of one household member in a rural area (GEL279.8) is 18.9 per cent less than the income of a household member in an urban area (GEL345).

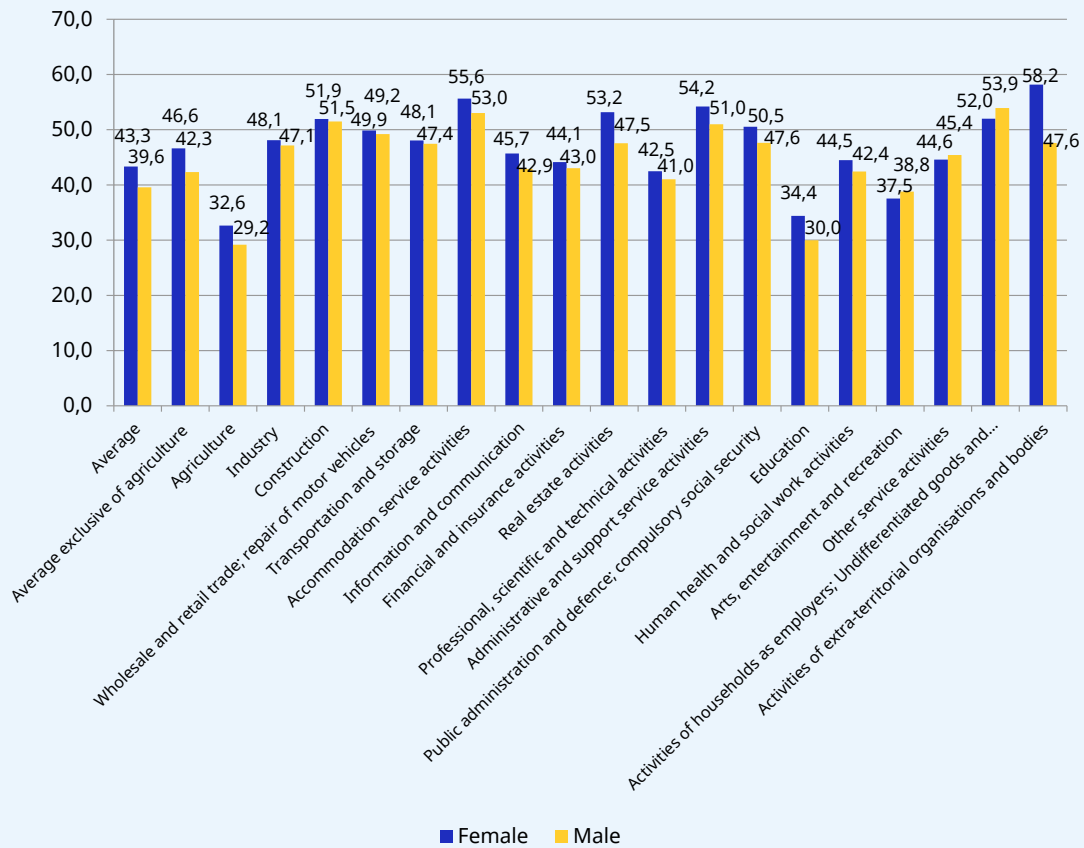
In 2019, 49.7 per cent of employees were involved in agriculture. There is no precise statistical data, but most agriculture workers were self-employed (a change in methodology in 2021 meant the number of agriculture workers halved). Employment in agriculture is partial (29.2 hours per week). Hence it would be more appropriate to evaluate the number of hours worked with the exception of this sector. This way, the average number of hours worked for an average worker is 45 hours per week. The average number of hours worked by women is 42.34 hours per week, and the number of hours worked by men is 46.61 per week. As these numbers show, the average number of hours worked exceeds a 40-hour working week defined by the Labour Code of Georgia.¹⁰

⁸ The only exceptions are sport and cultural activities which is permitted at the age of 14.

⁹ <https://www.geostat.ge/en/modules/categories/50/households-income>

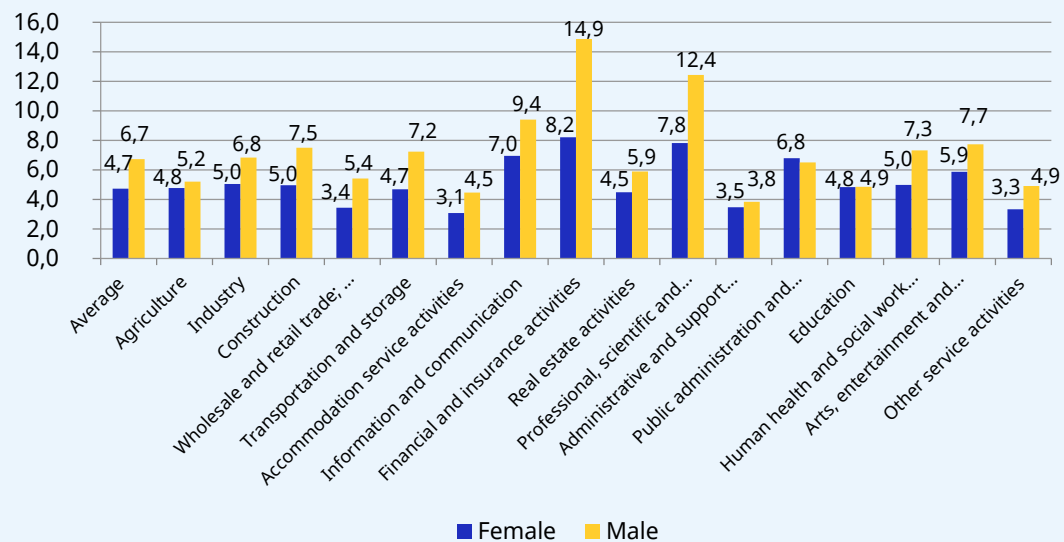
¹⁰ <https://www.matsne.gov.ge/en/document/view/1155567?publication=20>, Article 14

► Chart 8. The average number of usual weekly hours of work by kind of activity (Nace rev. 2) and sex in the main job, 2018

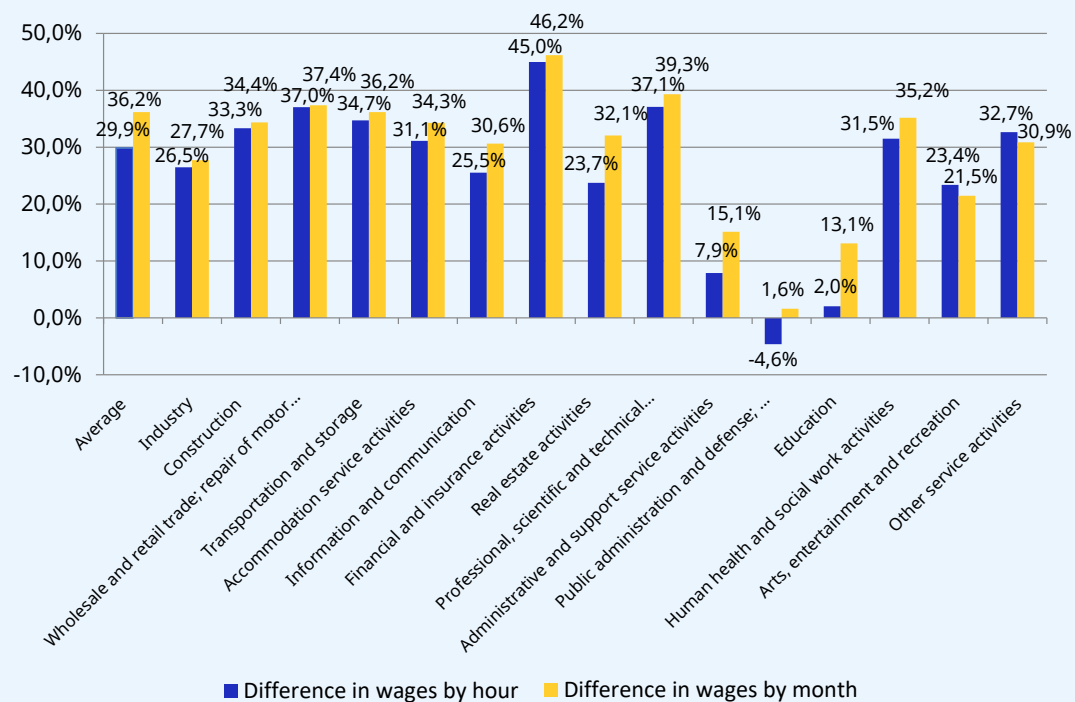


As the number of hours worked by males exceeds those worked by females, adjusting the methodology to determine the wage gap would reduce the existing difference. Hours worked by males per week make up 46.6 on average, with the exception of agriculture, whereas the number of hours worked by females is 42.3. Therefore, the difference is 9.2 per cent.

► Chart 9. Wages of women and men by sector per hour



► Chart 10. Difference in wages calculated by hour and by month



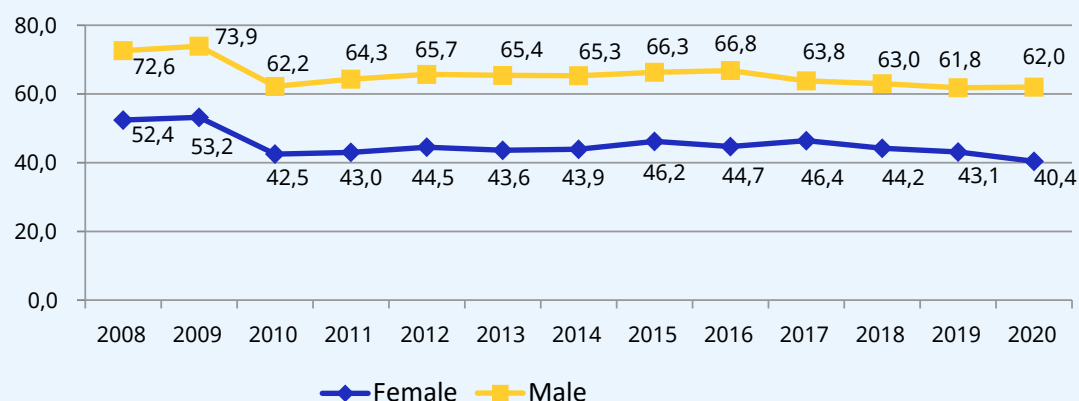
► 4. Employment, population activity level

From 2008 to 2020, the activity level for men¹¹ was 20 per cent higher on average than for women. This could be caused by the fact that women's wages are lower than men's. Wages are lower in female-dominated sectors like education and social assistance. Women are less motivated to work because of low wages. Often, where household tasks and childcare are concerned, families find it more favourable for men to continue working, as their wages are higher, and women stay at home to take care of the household. Because of this situation, many women remain unemployed and are not included in the labour force.

For those women, who take care of children, it is impossible to find part-time jobs. If they are working full-time and they need to take some time off because of this reason, they are paid lower wages.

Women who spend less time in the labour force because of household tasks and childcare have less time and fewer opportunities to develop their skills and gain experience, which is fundamental for finding a job under the conditions of the high unemployment rate and intense competition. Due to a lack of experience, women are paid less than men.

► Chart 11. Economic activity by sex (%) 2008–2020



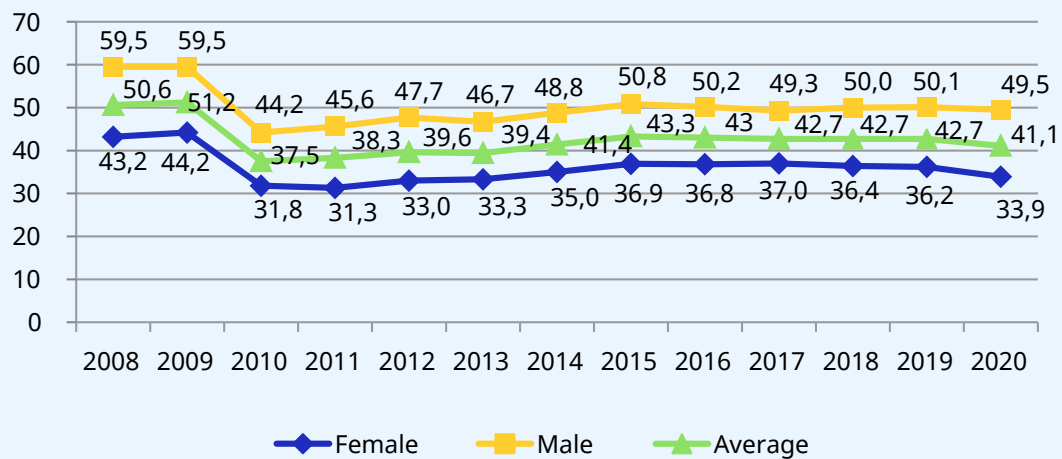
Dominant cultural perceptions in the country also influence the level of activity of women. A large majority of the population considers that men should work and women should take care of the household and children.

Often employers think that women who have children want a less intensive schedule, as a result of which their burden and remuneration is relatively lower. At the same time, it is considered that women request a pay rise less frequently, as they do not want to risk damaging their relationship with their boss.

Similar to the labour force index, the employment level among men exceeds that among women.

¹¹ For the employed and jobseekers.

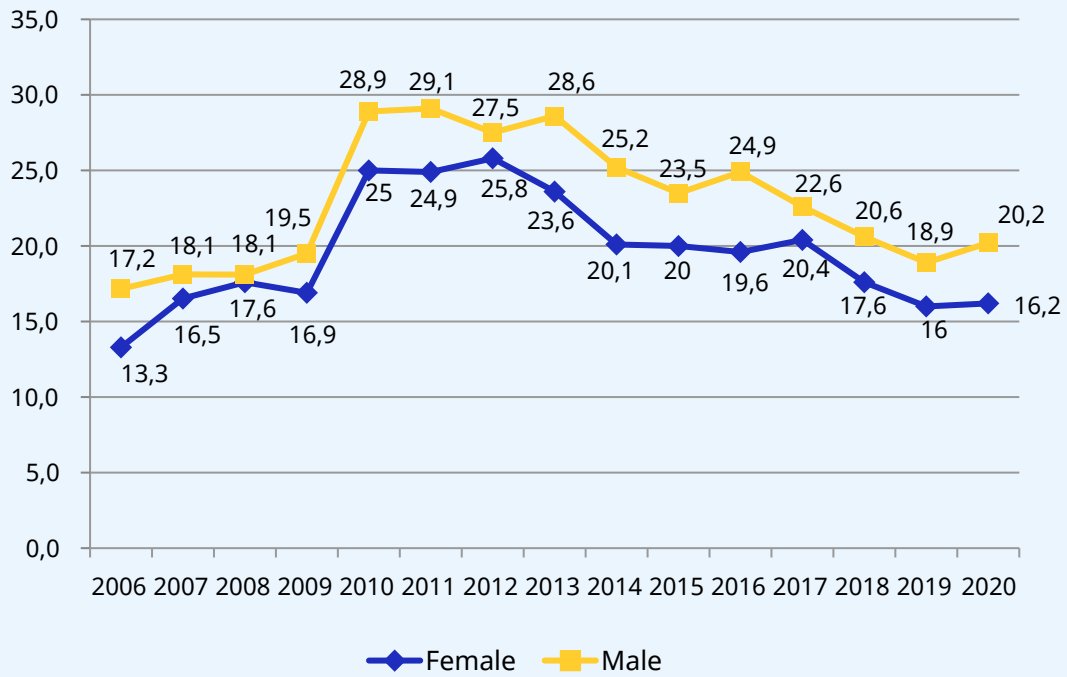
► Chart 12. Employment rate by sex (%)



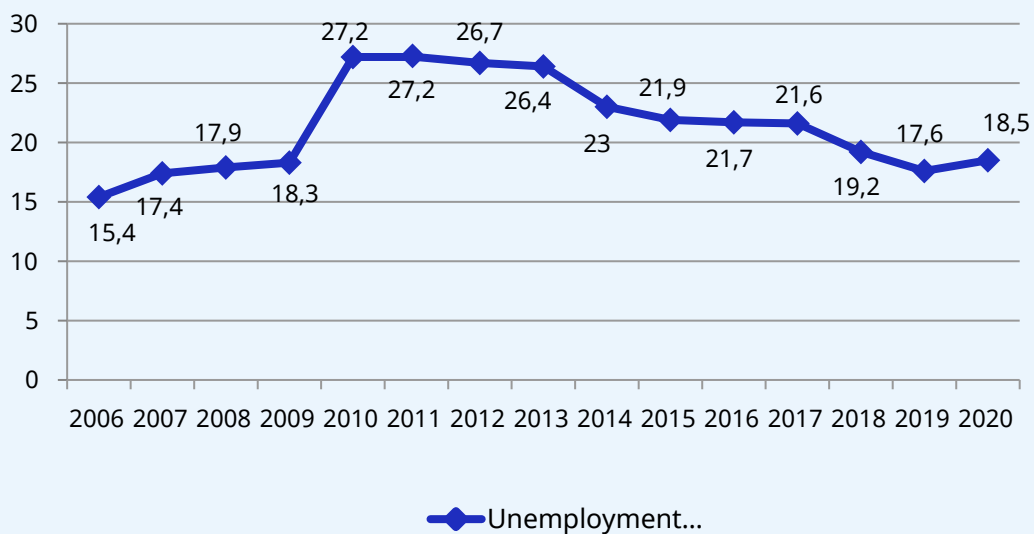
The unemployment level in 2006–2020 for women and men followed a similar trend. However, men's unemployment rate always exceeded that of women.

Men who have high expectations relating to remuneration remain unemployed, whereas women, as a rule, agree to work for lower wages, and therefore the unemployment level among women is lower.

► Chart 13. Unemployment rate by sex



► Chart 14. Unemployment rate (country average)



It should be noted that the unemployment curve for females is characterised by more elasticity. The economic crisis of 2008 is a clear example of this when the overall unemployment rate increased significantly. Figure 13 shows that the level of unemployment among women increased a lot more in 2008 and almost equalled that of men, which means that during crises, women are among the first to lose their jobs.

In 2017, the unemployment curve of women and men moved in opposite directions. Unemployment among women increased from 10.9 per cent to 12.7 per cent, whereas among men, it fell from 16.6 per cent to 15.0 per cent.

In 2017, 58 per cent of women and 75 per cent of men were economically active. Therefore, 42 per cent of women and 25 per cent of men were economically inactive. Among them, 18 per cent of women and 8 per cent of men were stay-at-home parents, 5 per cent of women and 6 per cent of men were students, 18 per cent of women and 19 per cent of men were pensioners, and 1 per cent of women and 2 per cent of men was placed under the category of "others".

► 5. Level of education by sex

As of 2014, the number of women who have completed higher education stands at 283,000 and the number of men at 250,000.¹² The difference is 33,000, which makes 11.6 per cent. The number of women with vocational education is 189,000, and the number of men is 157,000. Therefore, the number of men with such education is 16.9 per cent (32,000) less.

The number of males in the whole population is 48.1 per cent (1,791,200), and the number of females is 51.9 per cent (1,935,300) accordingly. The share of women who have completed higher education in the total number of women is $283,000/1,935,300 \times 100 = 14.6$ per cent. The same index for men is $250,000/1,791,200 \times 100 = 14$ per cent.

The same index for women with vocational education is $189,000/1,935,300 \times 100 = 9.8$ per cent and for men it is $157,000/1,791,200 \times 100 = 8.8$ per cent.

As the number of women who have completed higher and vocational education exceeds the number of men with similar education, developing a methodology to deal with wage gaps would increase the existing gap even more. The difference is only 1.6 per cent in total.

It should be noted that the level of trust in education system diplomas is relatively low on the part of employers. A qualitative survey of the labour market¹³ shows that employers often have stronger demands in relation to higher education for such positions, where lower levels of education would suffice.

The education system reform in Georgia that introduced the Common National Entrance Exams for enrolment in higher education institutions started in 2005. Prior to 2005, the enrolment was on an individual basis, at the discretion of these institutions, and the quality of teaching was lower.

Until present, employers have paid less attention to the higher education certificates/diplomas and concentrated more on individuals' experience when employing people.

¹² [GeoStat and UN Women. Population statistics and publications.](#)

¹³ Mataradze and Diakonidze.

► 6. Informal employment

According to the report published by the International Monetary Fund (IMF),¹⁴ the informal economy in Georgia constituted 53.07 per cent of the economy in 2015. Based on its average of 64.9 per cent during 1991–2015, Georgia's informal economy was ranked the largest out of 158 countries.

Needless to say, while the size of the informal economy does not coincide with the share of informal employment, these two indices are closely interrelated. One of the reasons for such a large informal economy is that the majority of employed persons are involved in agricultural activities in the country.

According to the IMF methodology, the informal economy includes registered enterprises whose production is not reflected in the statistics and enterprises that do not have to be registered.

Taxable income earned from the primary supply of agricultural products produced in Georgia by a natural person engaged in agricultural production until 1 January 2023, if the gross income earned by the natural person from such supply during the calendar year does not exceed GEL200,000, shall be exempt from income tax.

At the same time, persons engaged in agricultural activities in rural areas are considered entrepreneurs and not obliged to register with the state authorities. Persons engaged in agricultural activities make up approximately 40 per cent of the total employed persons. However, it is important to evaluate the rate of informal employment among persons working in agriculture. The Georgian national bureau of statistics published the statistics on the share of informal employment in total non-agricultural employment for the first time in 2017. That year the index showed 33.9 per cent, and in 2018 it rose to 36.2 per cent.

It should be noted that informal employment increased more quickly among men than women. Informal work of women in 2017 equalled 29.2 per cent, and in 2018 it rose by 0.6 per cent up to 29.8 per cent. The same index in the case of males increased from 37.9 per cent to 41.5 per cent.

These figures show that more men are involved in informal employment than women. As informally employed persons do not pay income tax, their disposable income is much higher.

As of 2018, the share of men in informal employment is 11.7 per cent higher than the percentage of women. Therefore, **a reduction in informal employment will be a step towards levelling out of disposable incomes of men and women.**

The rate of informal employment is higher in rural areas (40 per cent) than in urban areas (34.6 per cent). Males often work informally as taxi drivers. In 2019, taxi drivers were obliged to register, but only in the capital. As a result, more than 40,000 persons were registered, making up 4.6 per cent of the total number of employees in the country. Despite the fact that taxi drivers can operate independently, they often have contracts with taxi company operators and are therefore they are considered employed persons.

The main sectors for informal employment for women are domestic work (household chores, nannies, carers, cleaners and cooks) and education (private tutors).

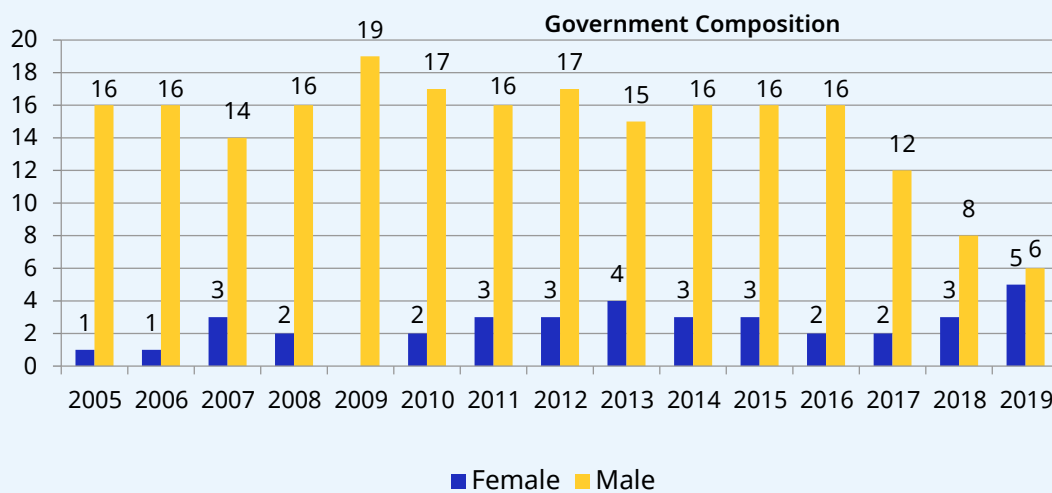
Employment in the informal economy causes tax evasion and leaves the employed without minimum social protection guarantees or protection of labour rights. Such persons may not have access to holidays or maternity leave, do not have standard working hours, are not included in the pension scheme, etc.

¹⁴ IMF Working Paper Shadow Economies Around the World: What Did We Learn Over the Last 20 Years?

► 7. Women's representation in management

The Government of Georgia, as of 2019, consisted of five women and six men, while in 2018, there had been three women and eight men.

► Chart 15. Composition of the Government of Georgia in 2005–2018 by sex

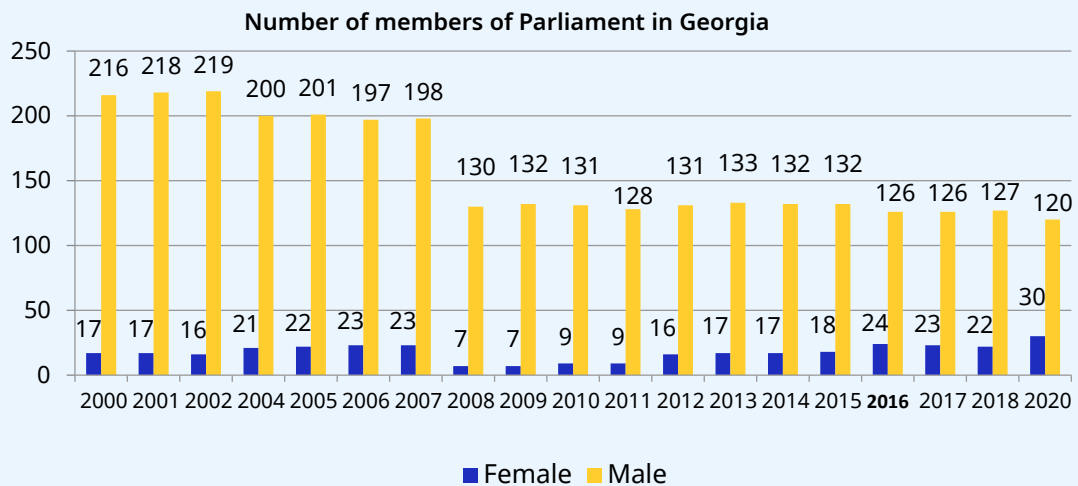


The number of female members of Parliament (MPs) is significantly less than the number of male MPs. The number of female MPs makes up 20 per cent of the total number of MPs.

It should be noted that there is a pay gap among the top managers. According to the 2018 GeoStat survey,¹⁵ the average salary of legislators, senior officials and managers is GEL2,177. The average salary for women in those categories is GEL1,651 and GEL2,432 for men.

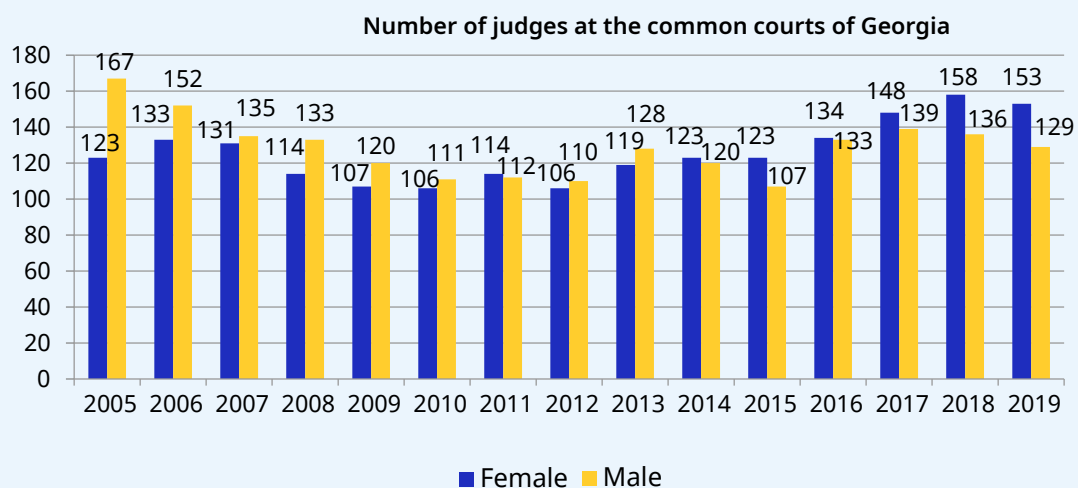
¹⁵ National Statistics Office of Georgia. 2018.

► Chart 16. Number of members of Parliament in Georgia by sex



The number of women is greater than men in only one common court. Women represent 54.2 per cent of the total number of judges.

► Chart 17. Number of judges at the common courts of Georgia by sex



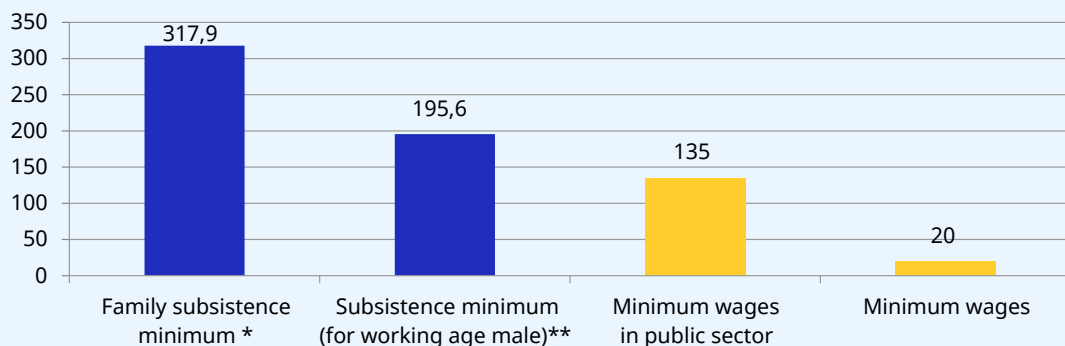
Unfortunately, GeoStat does not publish data by sex and by occupied positions.

► 8. Minimum wages and poverty

The minimum wage in the Georgian private sector is defined by Presidential Decree No. 351 of 1999 and is GEL20 per month, while it is GEL135 in the public sector.

Minimum wages make up 10.5 per cent of the subsistence minimum in the private sector, whereas in the public sector, they make up 69 per cent.

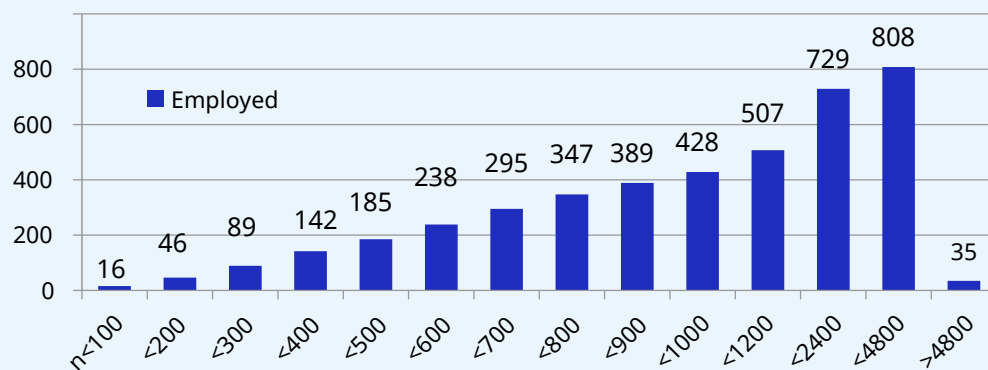
► Chart 18. Minimum wages and subsistence minimum



*November 2020; **January 2021

Among employed persons, 11.2 per cent have a salary that is lower than the subsistence minimum. The highest-paid 100 people earn the salary of around 130,000 of the lowest-paid people. According to the Gini coefficient, Georgia is among the European countries with the most unequal income distribution (37 per cent).

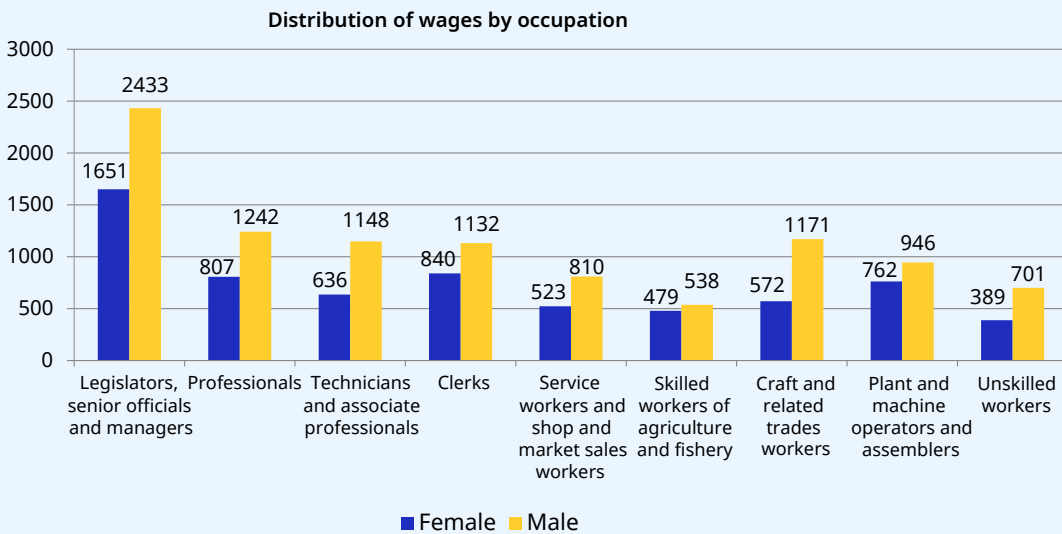
► Chart 19. Distribution of salaries in Georgia (thousand GEL, 2020)



Source: Ministry of Finance

There is a rather big gap (45.5 per cent) in salaries by sex in the category of unskilled workers. Therefore, an increase in minimum wages will have a significant influence on efforts towards gender equality.

► Chart 20. Distribution of wages by occupation, 2018



► 9. Conclusion

As the gender wage gap can be seen in more detail at company level, it is necessary to have two different methods to evaluate this gap: the first to be used by GeoStat to access the gap at the national level and the second to be used by specific companies for ensuring equal pay for work of equal value.

Given the practicalities, it is almost impossible to cover factors including employees' experience and ability to fulfil assignments and complexity of duties at national and sectoral levels. Hence, these factors could be considered only at the company level. GeoStat should consider the following to establish the gender wage gap at the national level:

- Level of education
- Number of hours worked
- Position occupied

As wages vary significantly in different sectors of the economy, the statistical data should be specified at the sectoral level. An average among sectors may be calculated to establish the national wage gap further. This would exclude wages at the sectoral level in the gender pay gap methodology.

Coefficients should be applied to education levels, and average wages should be divided by the coefficients. Likewise, coefficients should be used to occupied positions.

The gap should be calculated on an hourly basis, which means that the existing index should be divided by the average number of hours worked by females and males accordingly.

The following factors should be considered for the evaluation of work of equal value at the company level:

- Qualifications;
- Effort (complexity of duties);
- Responsibility;
- Working conditions (number of hours worked and other conditions).

Along with the evaluation of the level of education, the employer should assess the experience and the ability to fulfil assignments (subfactors).

Relevant criteria for subfactors and factors should be defined, shares (coefficients) of which multiplied by a basic salary would form the wages that should be paid to a specific employee.

The equal value work evaluation methodology at a company level should be reflected in the Labour Code, and companies should apply this methodology to determine equal pay for work of equal value.

In order to eliminate the gender wage gap, in addition to the methodology, the Labour Code should cover the following:

- Definition of remuneration;
- It is necessary to limit hours of work per week to 40 and the overtime work per week to a maximum of eight hours. An increased rate of 1.5 coefficients should be applied. The number of hours worked by men per week exceeds those worked by women by 4.3 hours. The introduction of an increased (specific) rate for overtime work will result in an equal number of hours worked between men and women.

The legislation should stipulate guarantees for the reconciliation of family and work such as granting benefits to parents with children under three years, defining leave-taking, obtaining the consent of any person who is a parent with children under three years old as a necessary condition to overtime work. Under the current law, overtime work without the employee's consent is prohibited only where the employees are minors, persons with disabilities, pregnant women or women having recently given birth. At the same time, an employee is obliged to perform overtime work to prevent natural disasters and/or eliminate their consequences.

It is necessary to take steps to approximate women's and men's economic activity levels. To this end, it is essential to reach equal distribution of family-related and domestic activities. In parallel, aligning women's salaries with men's would encourage women to be involved in economic activities. The difference in wages is a factor that motivates families to entrust household duties to women. If women's and men's wages are made equal, more women will decide to become part of the labour force, and more men would accordingly be involved in household work. It is also important to fight against stereotyped assumptions that channel women and men into different education and training paths, with women having a narrower range of education and training opportunities.

As women receive a 36.2 per cent lower salary on average, policy instruments such as minimum wages and progressive income tax can contribute to ensuring equal wages for men and women.

The State should take steps to encourage women to occupy more managerial positions to increase motivation among women to be employed and to narrow the gap between wages. To this end, quotas for women in state bodies could be introduced.

It is necessary to introduce mandatory anti-discriminatory policies for companies that would reflect equal rights for women and men. The development of such policy would ensure equality between females and males in the workplace.

Employment in the informal sector is a significant problem in the country. Women are mainly employed informally in households. They work as carers, nannies, cleaners and tutors. According to 2015 IMF data¹⁶, the size of the shadow economy in Georgia is 53.07 per cent, which is one of the largest in the world. In addition, according to the GeoStat data, the share of informal employment in the non-agricultural sector is 33.9 per cent.

The State should take steps to move informally employed persons to the formal sector. It should encourage employees to move through offering social guarantees and protection of labour rights. One such benefit could be the pension system, where the self-employed have to pay four per cent of their income with the State contributing two per cent, while an employee pays only two per cent and the State pays four per cent in total. A four-percent contribution is quite a heavy burden for most employees. Therefore, to incentivise formalisation, it would be expedient for the State to pay four per cent to the self-employed and the employee to contribute two per cent.

Financing maternity leave is another significant incentive. At present, employers in the private sector are not obliged to pay salaries to persons on maternity leave, which has a certain influence on the gender wage gap. As in the public sector, it is necessary to introduce paid maternity leave in the private sector. In addition, self-employed women who carry out registered activities should also receive a salary during maternity leave. This step would encourage the formalisation of the self-employed.

Persons employed in households do not enjoy the right to paid leave and temporary disability leave and the law must therefore also provide for these two rights.

In sectors where employment is mostly informal, the State should introduce certain tax benefits. Otherwise, it would be challenging to reach voluntary formalisation.

¹⁶ IMF. Shadow Economies.

The lack of so-called part-time and short-hour jobs is somewhat problematic. It is important for women who have family obligations and minor children to have an opportunity to be employed part-time rather than being forced to leave their work.

The formation of public opinion is also an important factor. Awareness-raising campaigns should be held:

- in companies to avoid gender-based discrimination;
- in households concerning the distribution of labour and the necessity to involve both women and men in family matters;
- in households that employ workers concerning the need to protect their labour rights;
- to bridge the gap between the “masculine” and “feminine” occupations established in society; and
- to raise the level of awareness among judges, defence lawyers and labour inspectors of gender equality, including with regard to equal pay for work of equal value.

The level of education among women is on average higher than among men. However, this is not reflected in their remuneration. One of the reasons for this is insufficient trust in the certificates/diplomas on the part of employers. Therefore, the State must take such steps to increase trust among employers in the documents proving formal education. Employers have greater trust in employees who have received training within their company. Therefore, it would be fruitful to popularise and expand dual education that includes on-the-job training.

► 10. Recommendations

1. Job value determination methodology should be defined at both national and company levels.

The methodology should stipulate:

1.1 For GeoStat:

- Level of education
- Number of hours worked
- Position occupied
- Sector of economy

1.2 The following factors should be considered during the evaluation of work of equal value at the company level:

- Qualifications
- Effort (complexity of duties)
- Responsibility
- Working conditions (number of worked hours and other conditions)

Evaluation criteria for the indicated factors should be defined in the methodology at the company level.

Criteria should be granted relevant scores, which, multiplied by a baseline salary, should be the remuneration of a specific person.

The equal labour evaluation methodology at the company level should be reflected in the Labour Code.

2. Ways to reduce the differences:

2.1 State Policy

The State should study the reasons for the gender wage gap and identify ways to narrow the gap in cooperation with social partners:

Approximation of levels of economic activity between women and men.

- Equal distribution of family obligations matters, one of the preconditions of which is equal pay.

Encouragement of women to occupy more managerial positions.

- Introduction of quotas for female representation in state bodies.

Requirement for companies not to have a gender wage gap in order to be able to participate in state tenders.

Introduction of a mandatory anti-discrimination policy document for companies.

Measures directed towards the reduction of informal employment:

- Financing maternity leave for women employed in the private sector, including the self-employed who carry out registered activities.

- Maintaining salaries for persons employed in households during periods of temporary disability.
- Introduction of tax benefits in fields where employment is primarily informal.

Encouragement of the creation of short-hour and part-time jobs.

2.2 Formation of public opinion

Awareness-raising campaigns:

- in companies to prevent gender-based discrimination;
- in households to encourage the fair distribution of household tasks and the involvement of both women and men in family matters;
- on the necessity to defend labour rights of persons employed in households;
- to bridge the gap between the “masculine” and “feminine” occupations established in the society; and
- among judges, defence lawyers and labour inspectors on gender equality, including with regard to equal pay for work of equal value.

Raising the level of trust among employers towards secondary education certificates/diplomas.
Popularisation of dual (work-based) learning and its expansion.

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► Annex I. Rule of Labour Remuneration in Public Institutions

The law on remuneration in public institutions defines the rule governing wages for persons employed in public institutions. Official salary, salary increment, class-based increment and monetary reward are defined as types of remuneration. The law contains many exceptions and does not apply to:

- members and employees of national regulatory bodies;
- members of the Board of the National Bank of Georgia and employees of the National Bank of Georgia;
- the General Auditor, his or her deputies, members of the Presidium, auditors and analysts of the State Audit Office;
- members of the Constitutional Court of Georgia and judges of the common courts of Georgia;
- members of the High Council of Justice of Georgia; and
- prosecutors and investigators of the Prosecutor's Office, etc.

The norms established by this law do not apply to persons employed in public institutions whose remuneration is funded by the grant received by the State in accordance with the legislation of Georgia and/or an international agreement ratified by the Parliament of Georgia, nor does it apply to Georgian representatives employed in diplomatic missions and international organisations.

This law applies to persons who receive wages based on hours worked. If a person receives so-called "piece wages" and the remuneration is calculated according to the volume or value of the work performed (hours worked, the share of the service fee and/or other indexes), a rule other than the one defined by this law may be established.

Otherwise, different conditions may exist for a person working on a contract basis if his/her profession is considered in high demand and/or is more highly paid in the private sector.

Exceptions may be established through a reasoned motion of authorised persons of public institutions in agreement with relevant executive authorities.

The amount of a basic official salary is determined by the law on the state budget of Georgia for the respective year, which is multiplied by the respective coefficient to produce an official salary for a particular post/position.

According to the 2018 budget, the basic official salary equalled GEL1000.¹⁷ The law on remuneration in public institutions presents nine classes, and each class rank has ten official salary grades.

Official salaries are determined with due consideration for post/position responsibilities by multiplying the basic official salary by the respective coefficient and are included in the staff list of a public institution. Salary upgrade is one of the types of incentives. One of the forms of a disciplinary sanction is transfer to a lower salary grade – for not more than one year.

The President of country, Chairman of Parliament and Prime Minister have the highest limits of an official salary.

The payment of a **salary increment** has specific conditions. It is paid for fulfilling overtime work or additional functions, including working at night, on days off/holidays or in working conditions containing health risks. The one-off amount of a salary increment may not exceed the amount of one month's

¹⁷ Law of Georgia on the state budget for 2018, Article 22(2).

official salary provided for a respective post/position. The total amount of salary increments received during the year may not exceed 20 per cent of the annual amount of an official salary. A salary increment is paid based on an individual administrative act, which specifies the grounds for paying the salary increment and its amount.

A salary increment can be paid to a public officer, a state servant, a person employed on the basis of an employment agreement or an agreement under public law. Public political officials and political officials may not receive salary increments.

A class-based increment applies to the employee class stipulated by the law of Georgia on public service. It is paid only to public officials and not persons employed based on an independent contractor agreement. It is calculated in the amount of a percentage of an official salary, as follows:

Officer's class	1	2	3	4	5	6	7	8	9	10	11	12
Rate of class-based increment	1%	2%	3%	4%	5%	6%	7%	8%	9%	10%	12%	15%

Decisions about the evaluation method are made by the director of a public institution. The evaluation procedure should comply with Resolution No. 220 of the Government on rules and terms of the public officer professional assessment. An official shall retain the salary increment determined for the given class in case of transfer to another position (another institution).

Monetary bonus is a means of motivation envisaged for the excellent and exemplary performance of functions by an officer, a person employed on the basis of an independent contractor agreement or an agreement under public law, for their long and faithful service or for the performance of a task of special complexity and importance.

The total amount of the bonus received over the year by a person employed in a public institution cannot exceed 10 per cent of the annual amount of the official salary for a post/position held by the person.

A monetary bonus is paid on the basis of an individual administrative act, which specifies the grounds for paying the bonus and its amount. The monetary bonus may not be paid to public political officials and political officials.

In exceptional cases, by a decision of the Government of Georgia, a person employed in a public institution may be paid a monetary bonus on a one-off basis without consideration of the limit established by this law.

An official salary of a state servant (except for a public official) employed in a public institution (legal entities of Public Law) financed from the state budget may not exceed the basic official salary multiplied by the coefficient of an official salary of a Minister of Georgia (coefficient 8.5: GEL8500).

In public institutions, persons working overtime, at night, on days off/holidays or in working conditions containing health risks shall be remunerated according to hours worked and the official salary, in line with the procedure established by a respective public institution, within limits provided for by this law.

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