

BAG INDEX

EMPLOYMENT
BAROMETER



საქართველოს ბიზნეს ასოციაცია
BUSINESS ASSOCIATION OF GEORGIA



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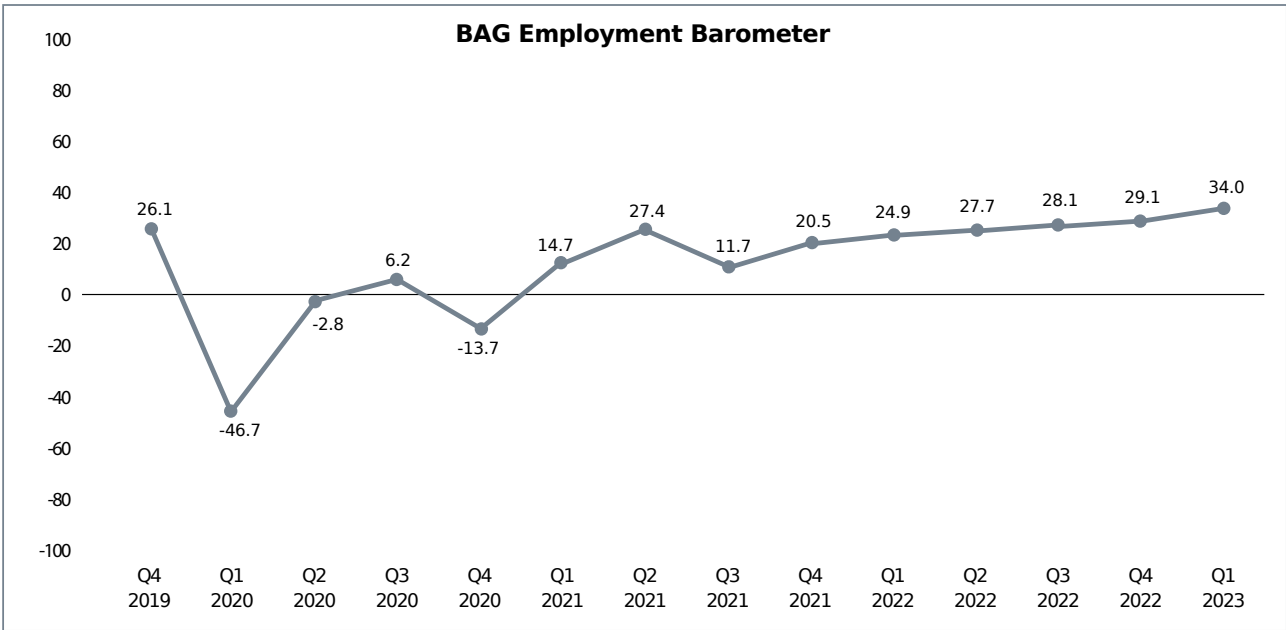
Research

I QUARTER 2023

BAG EMPLOYMENT BAROMETER

The BAG Employment Barometer reflects companies' expectations regarding changes in employment in the next three months.¹

IN Q1 OF 2023, THE SURVEYED BUSINESSES GENERALLY HAD A POSITIVE OUTLOOK REGARDING EMPLOYMENT FOR THE NEXT THREE MONTHS. THE BAG EMPLOYMENT BAROMETER AMOUNTED TO 34.0 POINTS, MARKING AN IMPROVEMENT, BOTH COMPARED TO THE Q1 OF 2022 (BY 9.1 POINTS) AND Q4 OF 2022 (BY 4.9 POINTS).



Graph 1: BAG Employment Barometer

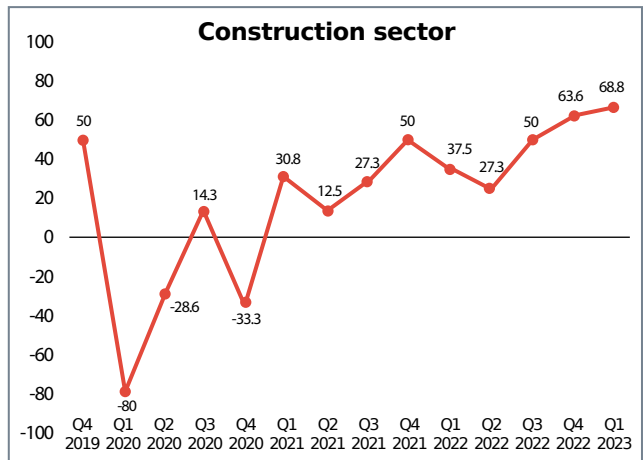
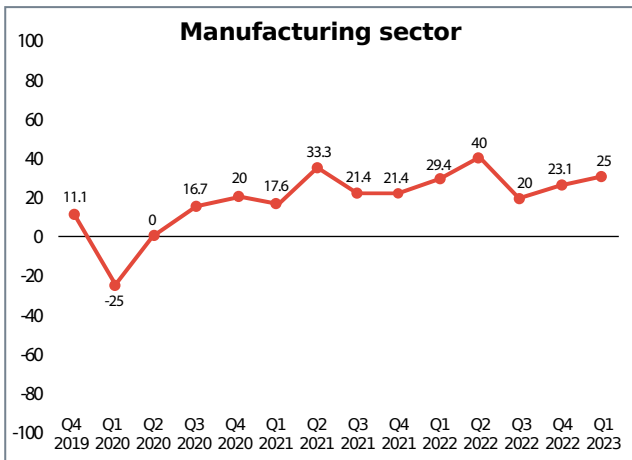
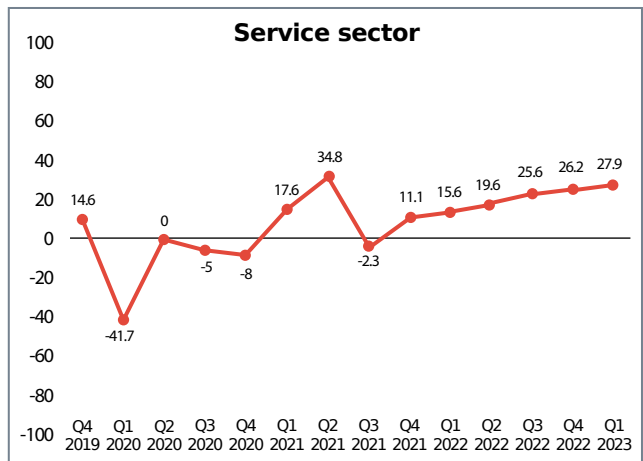
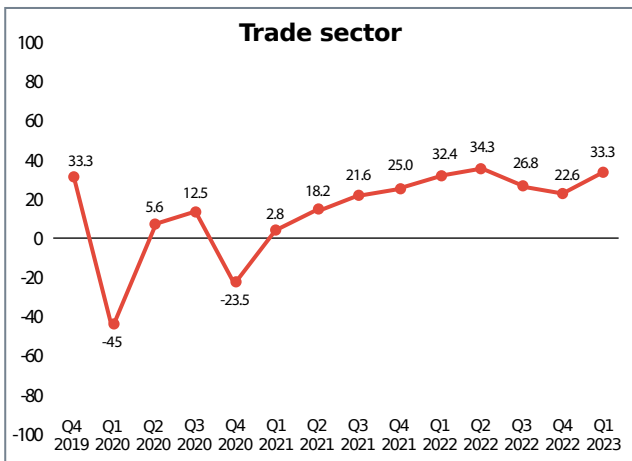
In Q1 of 2023, the BAG Employment Barometer was positive for all sectors. In Q1 of 2023, compared to Q4 of 2022, the employment barometer indicator improved in the trade (by 10.7 points), construction (by 5.2 points), manufacturing (by 1.9 points), and service (by 1.7 points) sectors.

In Q1 of 2023, compared to Q4 of 2022, the significant improvement of the employment barometer indicator in the trade sector can be associated with optimistic expectations regarding the growth of sales in that sector.

¹ Respondents could describe their plans regarding the number of employees for the next three months as "increasing," "stable," or "decreasing". The balance value of these plans is the difference in the percentage shares of the "increasing" and "decreasing" responses. The BAG Employment Barometer is a weighted mean of the balances in different sectors. The BAG Employment Barometer can be between -100 and +100. -100 means all surveyed businesses expect employment to decrease in the next three months, while +100 means all surveyed businesses expect employment to increase in the next three months.

Table 2: Employment Barometer. Balance values by sector

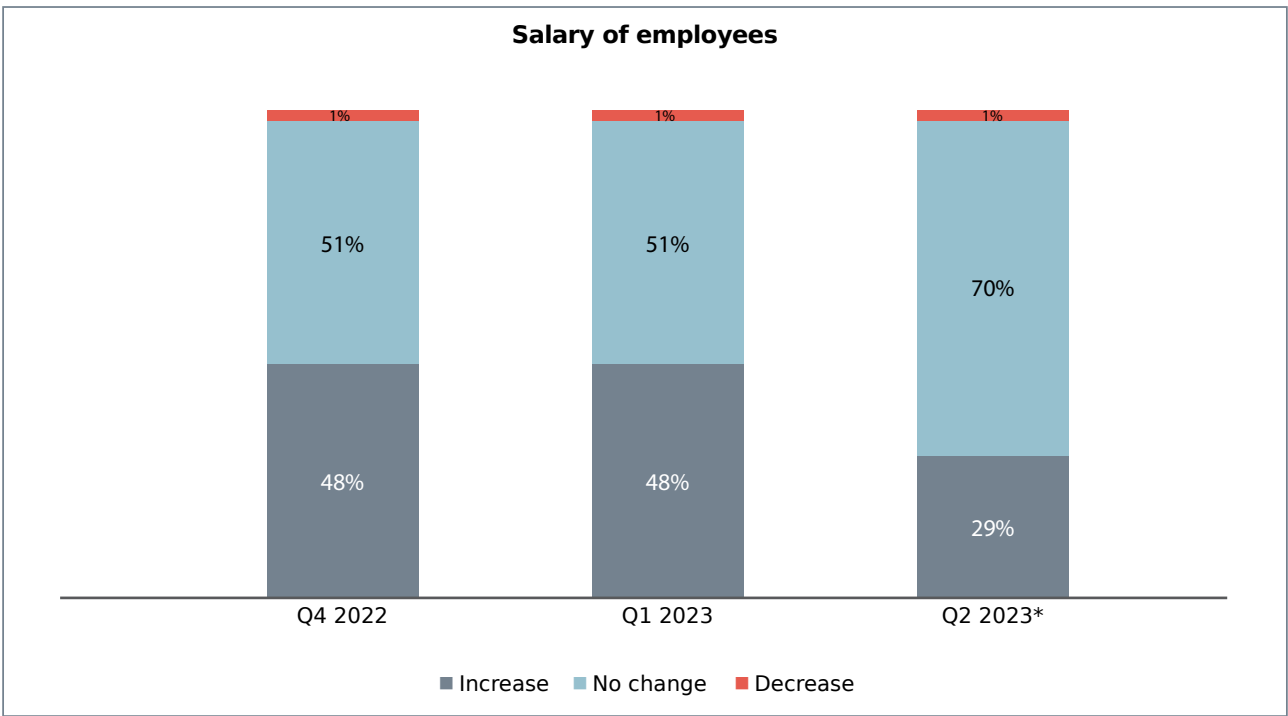
Sector	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Trade	33.3	-45.0	5.6	12.5	-23.5	2.8	18.2	21.6	25.0	32.4	34.3	26.8	22.6	33.3
Service	14.6	-41.7	0.0	-5.0	-8.0	17.6	34.8	-2.3	11.1	15.6	19.6	25.6	26.2	27.9
Manufacturing	11.1	-25.0	0.0	16.7	20.0	17.6	33.3	21.4	21.4	29.4	40.0	20.0	23.1	25.0
Construction	50.0	-80.0	-28.6	14.3	-33.3	30.8	12.5	27.3	50.0	37.5	27.3	50.0	63.6	68.8
BAG	26.1	-46.7	-2.8	6.2	-13.7	14.7	27.4	11.7	20.5	24.9	27.7	28.1	29.1	34.0



Graph 2: BAG Employment Barometer by sector

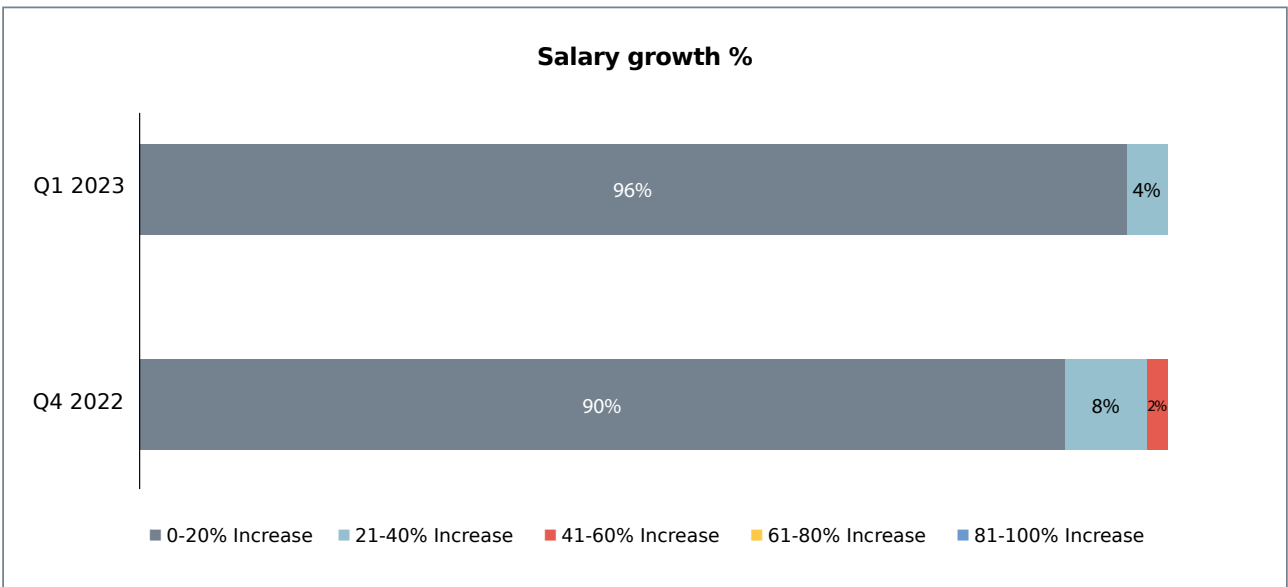
When examining employment, it is imperative to analyze the employee compensation dynamics in the process. Therefore, for the Q1 2023 survey, a number of questions were integrated into the survey and companies were asked additional questions about employee compensation.

The survey results revealed that 48% of companies raised their employees' salaries in Q4 2022 and Q1 2023, which is potentially attributable to a labor shortage and a lack of specialists in Georgia. Indeed, many companies recognized these factors as hindrance for their business. Notably, in Q4 2022, 53% of surveyed companies identified a lack of specialists in the country as a hindering factor, while 46% pointed to a labor shortage. Moreover, in Q1 2023, 48% of surveyed companies cited a lack of specialists as a hindrance, while 47% referred to a labor shortage.



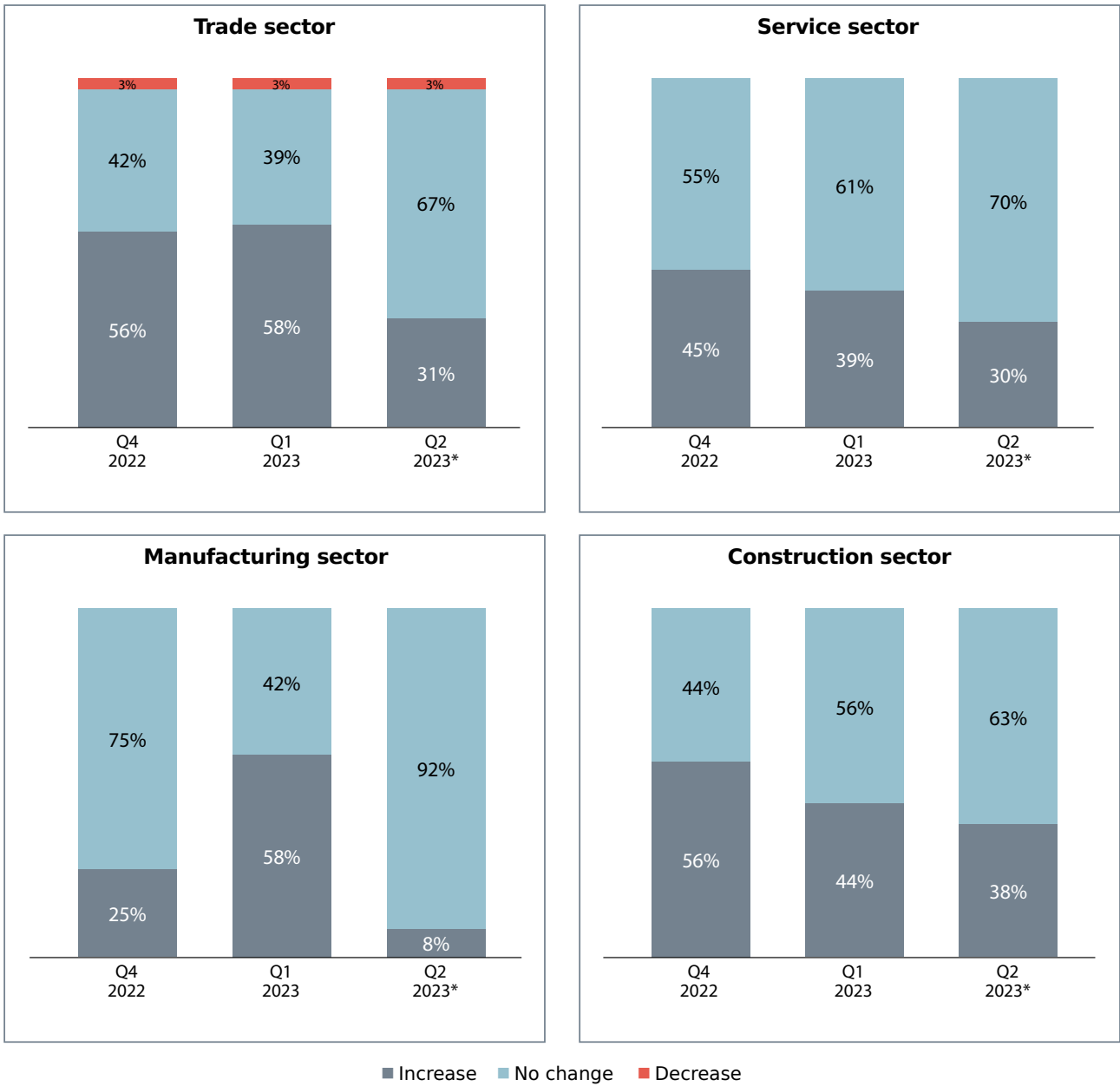
Graph 3: Salary of employees

Most surveyed companies (90% in Q4 2022 and 96% in Q1 2023) increased the salaries of their employees by 0-20%. Meanwhile, in Q1 2023, none of the surveyed companies increased the salaries of their employees by more than 40%.

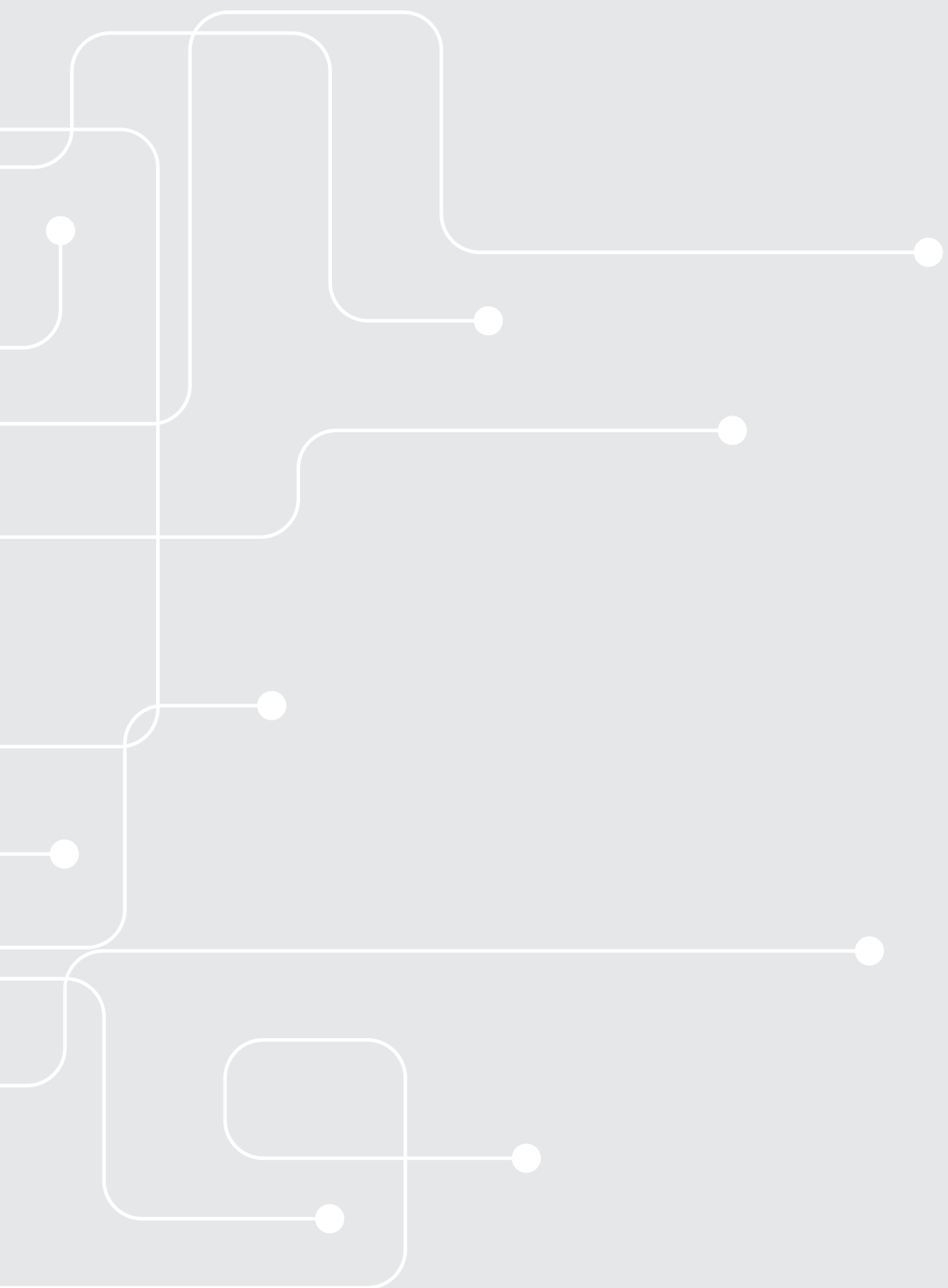


Graph 4: Growth (%) of salary of employees

By sector, in Q1 of 2023, the largest share of companies in the trade and manufacturing sectors recorded an increase in the salaries of employees. In Q2 of 2023, the largest share of companies planning to increase the wages of employees was recorded in the construction sector.



Graph 5: Salary of employees in trade, service, manufacturing, and construction sectors



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