

BAG INDEX

EMPLOYMENT
BAROMETER



საქართველოს ბიზნეს ასოციაცია
BUSINESS ASSOCIATION OF GEORGIA



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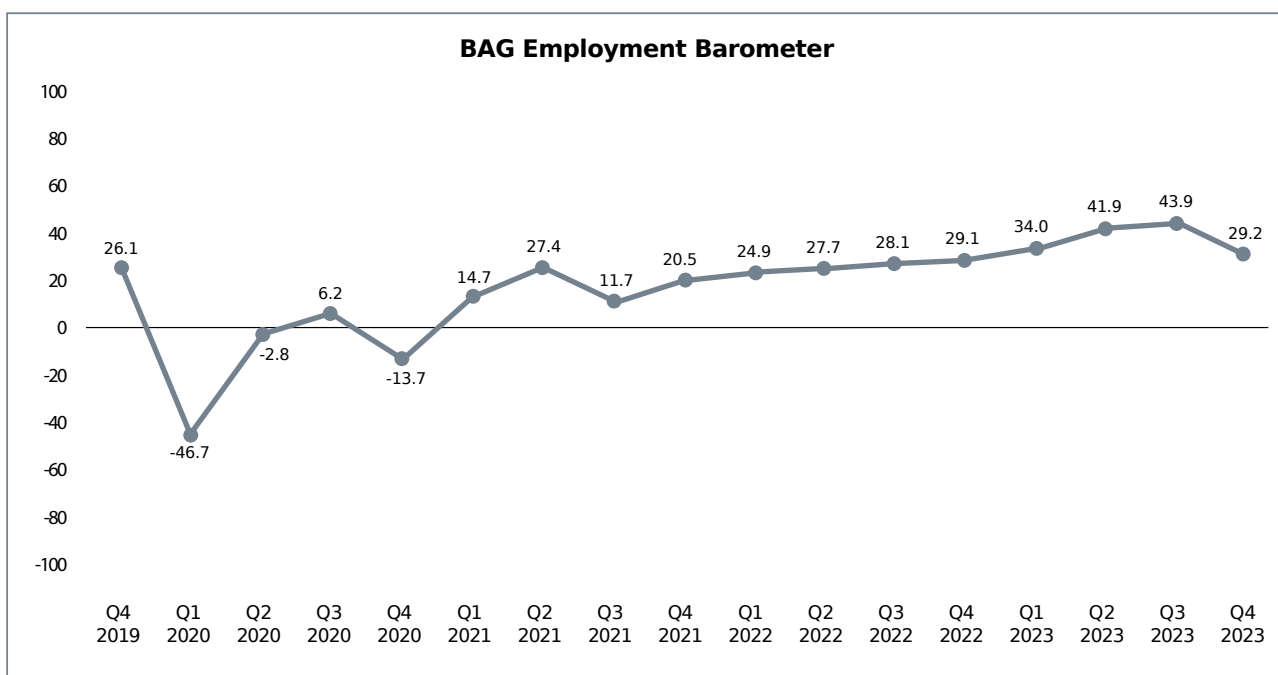
Research

IV QUARTER 2023

BAG EMPLOYMENT BAROMETER

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

IN Q4 OF 2023, THE SURVEYED BUSINESSES GENERALLY HAD A POSITIVE OUTLOOK REGARDING EMPLOYMENT FOR THE NEXT THREE MONTHS. THE BAG EMPLOYMENT BAROMETER AMOUNTED TO 29.2 POINTS, MARKING A SLIGHT IMPROVEMENT, COMPARED TO THE Q4 OF 2022 (BY 0.1 POINTS). HOWEVER, IN Q4 OF 2023, THE BAG EMPLOYMENT BAROMETER DECLINED SIGNIFICANTLY, COMPARED TO Q3 OF 2023 (BY 14.7 POINTS).



Graph 1: BAG Employment Barometer

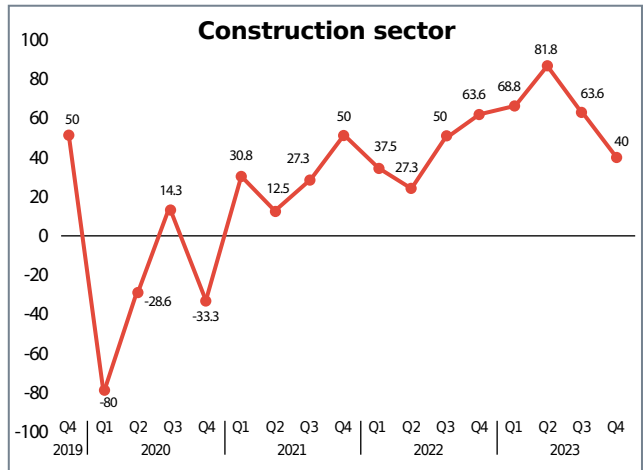
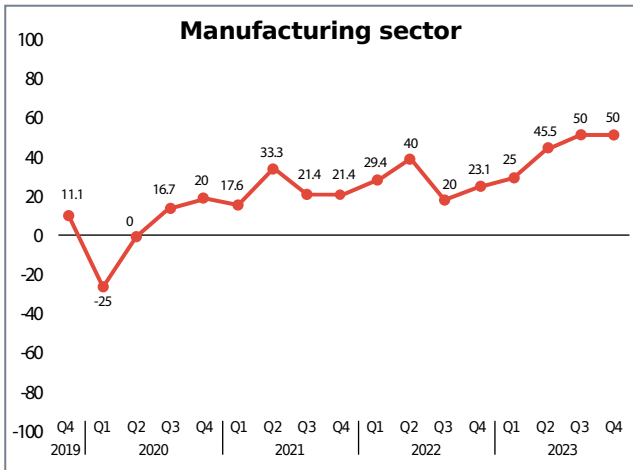
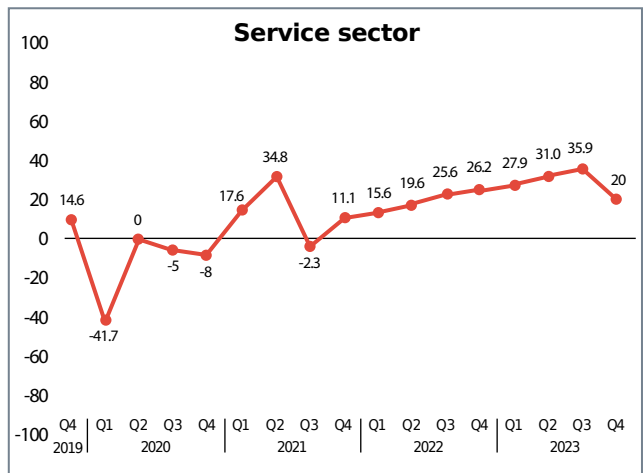
In Q4 of 2023, the BAG Employment Barometer was positive for all sectors. In Q4 of 2023, compared to Q3 of 2023, the employment barometer indicator decreased in the construction (by 23.6 points), service (by 15.9 points), and trade (by 14.1 points) sectors. Meanwhile, the employment barometer indicator did not change in the manufacturing sector (see graph 2).

In Q4 of 2023, compared to Q3 of 2023, the significant decline of the employment barometer indicator in the construction and trade sectors can be associated with worsened assessments of the business situation and expectations in these sectors. In the service sector, the decrease in the employment barometer can be attributed to an anticipated decrease in demand in the following quarter (in the service sector, 25% of the surveyed companies expect a decline in sales in Q1 of 2024).

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.

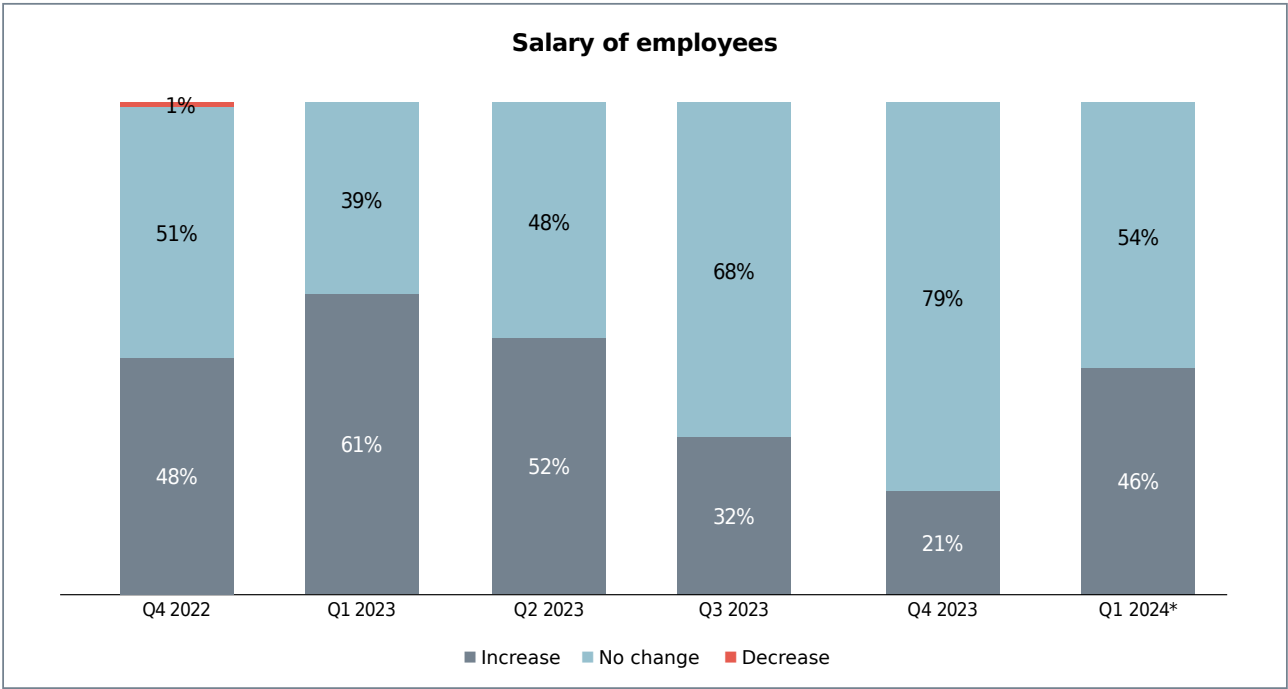
Table 2: Employment Barometer. Balance values by sector

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	Q2 2023	Q3 2023	Q4 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	41.0	44.7	30.6
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	31.0	35.9	20.0
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	45.5	50.0	50.0
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	81.8	63.6	40.0
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	41.9	43.9	29.2



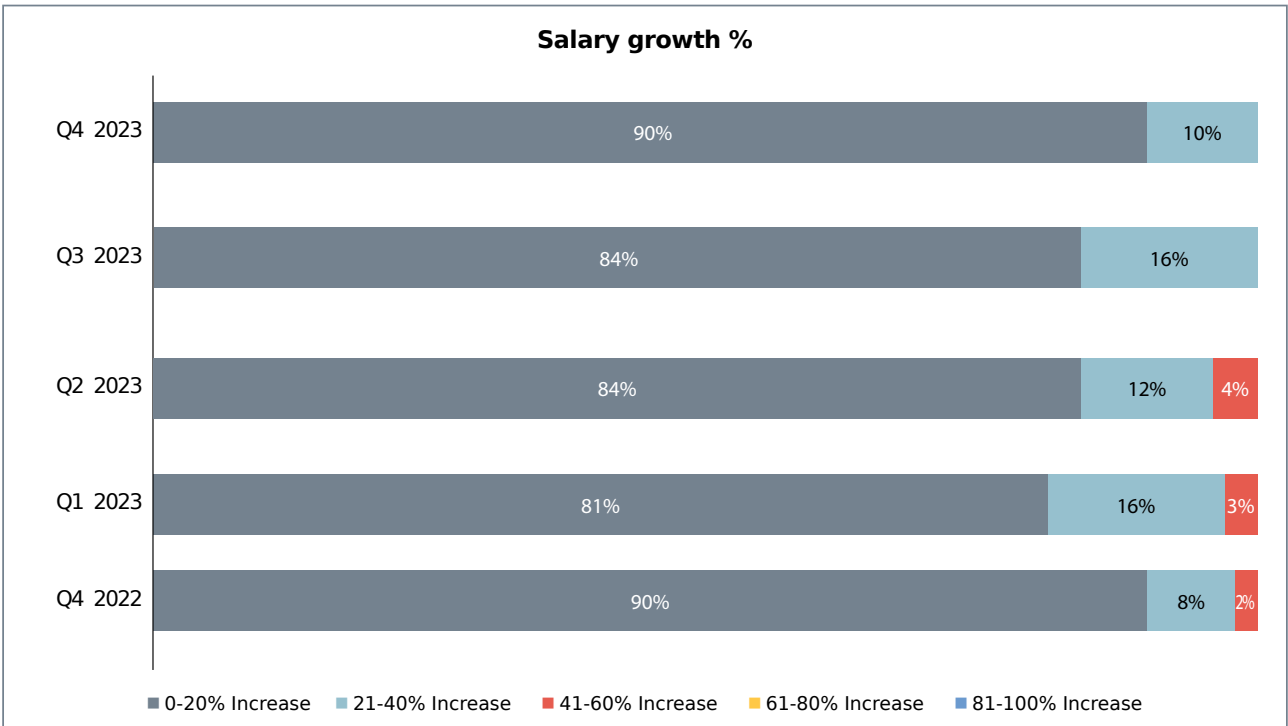
Graph 2: BAG Employment Barometer by sector

When examining employment, it is imperative to analyze the employee compensation dynamics in the process. The survey results revealed that 21% of companies raised their employees' salaries in Q4 of 2023, which is potentially attributable to a lack of specialists and a labor shortage in Georgia. Indeed, many companies recognized these factors as hinderance for their business. Notably, in Q4 of 2023, 63% of surveyed companies identified a lack of specialists in the country as a hindering factor, while 43% pointed to a labor shortage.



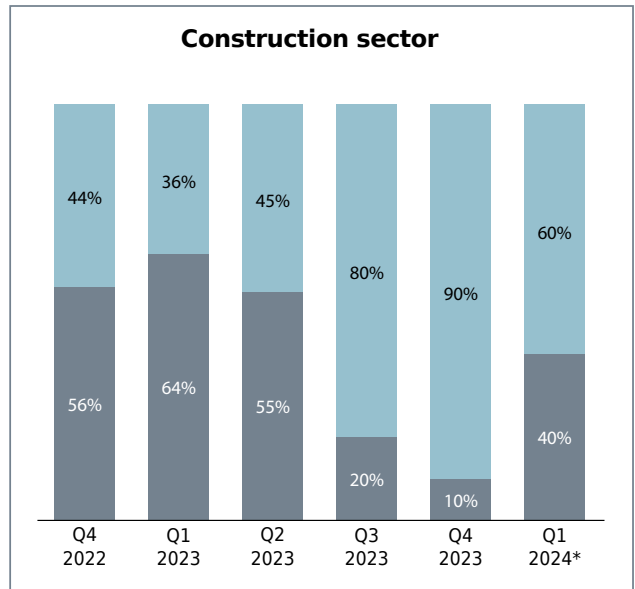
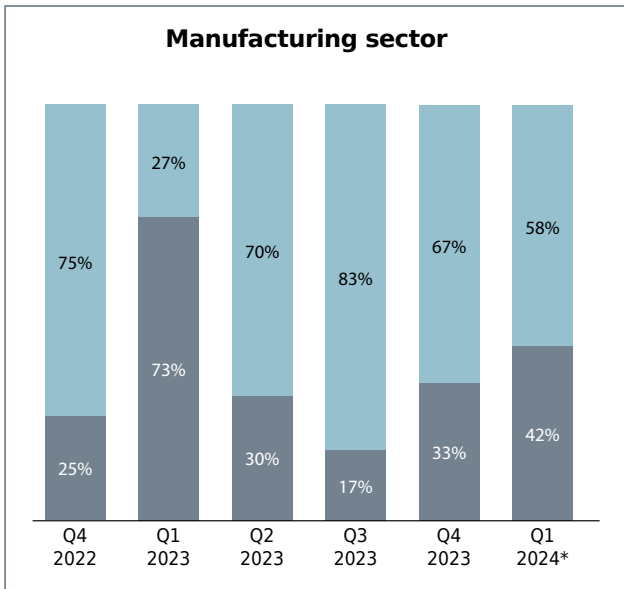
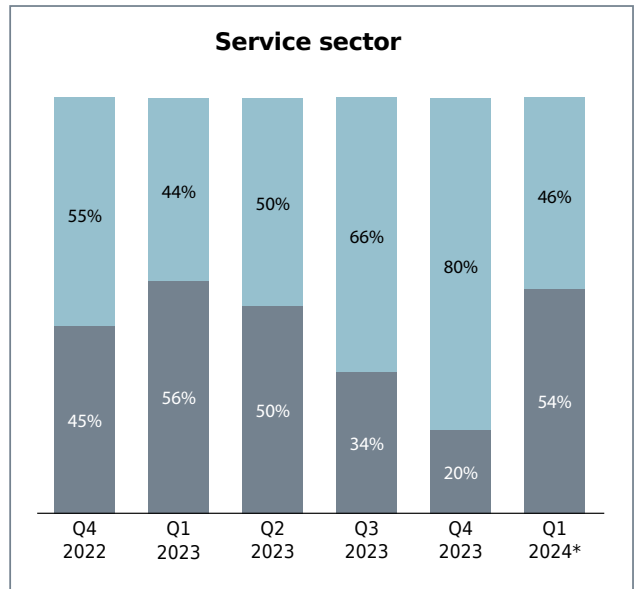
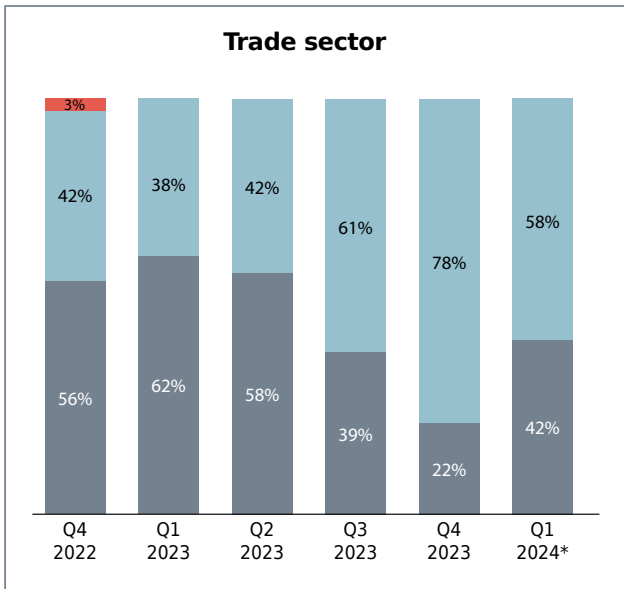
Graph 3: Salary of employees

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



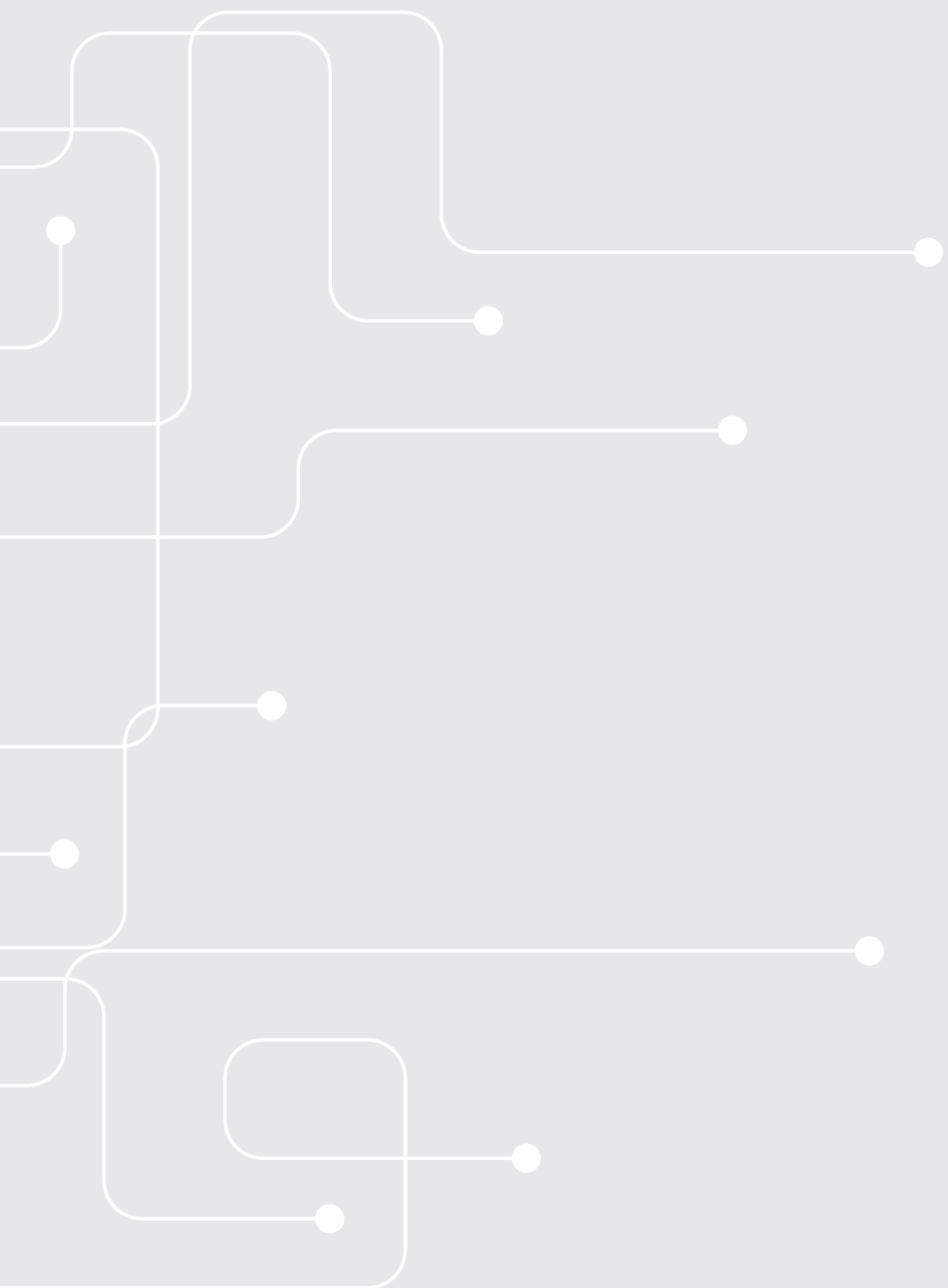
Graph 4: Growth (%) of salary of employees

By sectors, in Q4 of 2023, the largest share of companies in the manufacturing sector recorded an increase in the salaries of employees. In Q1 of 2024, the largest share of companies planning to increase the wages of employees was recorded in the service sector (54%).



■ Increase ■ No change ■ Decrease

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



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