

# WOMEN'S ECONOMIC INACTIVITY AND ENGAGEMENT IN THE INFORMAL SECTOR IN GEORGIA



CAUSES AND CONSEQUENCES

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# WOMEN'S ECONOMIC INACTIVITY AND ENGAGEMENT IN THE INFORMAL SECTOR IN GEORGIA



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United Nations Entity for Gender Equality  
and the Empowerment of Women

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# LIST OF ACRONYMS

ADB	Asian Development Bank
AYEG	Association of Young Economists of Georgia
CRRC	Caucasus Research Resource Center
GDP	Gross Domestic Product
GEL	Georgian Lari
GEOSTAT	National Statistics Office of Georgia
IFC	International Finance Corporation
ILO	International Labour Organization
NDI	National Democratic Institute
OECD	Organization for Economic Co-operation and Development
PPP	Purchasing Power Parity
UN	United Nations
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHLP	United Nations High Level Panel
USD	United States of America Dollars
WB	World Bank
WVS	World Values Survey

# EXECUTIVE SUMMARY

This report examines the causes and consequences of women's economic inactivity and informal employment in Georgia to inform efforts to improve economic opportunities for women. UN Women commissioned the study with the generous support of the Swiss Cooperation Office in the South Caucasus.

The UN High-Level Panel on Women's Economic Empowerment highlights four key barriers to women's economic activity: "adverse social norms; discriminatory laws and lack of legal protection; the failure to recognize, reduce and redistribute unpaid household work and care; and a lack of access to financial, digital and property assets" (UNHLP, 2016:2). These issues contribute to the fact that only 67 women participate in the labor force for every 100 men, globally (WB, 2017d). Persistent gender inequality related to employment not only exacerbates poverty, economic insecurity, and reduces opportunities for girls and women: economic theory and data show that female non-participation in the economy slows economic growth (OECD, 2012) and impedes other development outcomes (WB, 2012).

Any study that aims to understand the full picture of women's economic opportunities and challenges needs to look carefully at the gender dimensions of informal employment. The informal sector encompasses all economic activities that are not regulated or taxed by the state. More than 2 billion people worldwide (almost two-thirds of the world's workforce) are in the informal sector (ILO, 2018). Although the experiences and income levels of informal workers varies greatly, the lack of oversight and regulation in the informal sector makes workers vulnerable to unsafe and exploitative working conditions. Women are not necessarily more likely to be engaged in informal employment than men, but in the informal sector the occupations, job security, and incomes of women tend to be different than those of men (ILO, 2018).

One key issue that affects women's participation in both formal and informal economies is care work. Globally, women carry out the bulk of both paid and unpaid care work. A recent report (ILO, 2018)

highlighted that women perform three times as much of this work as men. Care work includes direct care for dependents, as well as indirect activities for the household such as cooking and cleaning. As the report highlights, "The majority of the care work worldwide is undertaken by unpaid carers, mostly women and girls from socially disadvantaged groups. Unpaid care work is a key factor in determining both whether women enter into and stay in employment and the quality of jobs they perform" (ILO, 2018: xxvii). Most paid care workers are also women, often working in the informal sector under poor conditions and low pay (ILO, 2018).

This study focuses on the following research questions:

- ✓ *How do male and female employment tend to differ?*
- ✓ *Which sectors predominately employ women, and what are the effects of the gender imbalance in certain economic sectors on women's economic opportunities and gender equality?*
- ✓ *How is education distributed within the labor force, and how does this relate to female labor force participation?*
- ✓ *Which factors (including gendered barriers) contribute to women's economic inactivity rates?*
- ✓ *What are the consequences of female economic inactivity?*
- ✓ *Are women more likely than men to be engaged in informal employment?*
- ✓ *Which factors lead women to enter informal employment?*

To answer these questions, CRRC carried out a mixed-methods study that has followed a structured logic of social science inquiry. The project team began by developing research questions based on previously defined questions and a review of relevant literature. Focus group discussions and key informant interviews were carried out to inform the design of the survey questionnaire. A survey was carried out in April to May 2018, representative of Georgia, as well as Tbilisi, other urban areas, and rural settlements. The survey included 1,438 respondents. Following analysis of the survey data, focus group discussions

were done to follow-up on findings within the survey in greater detail.

## Causes and consequences of women's economic inactivity

The data clearly suggests that the primary cause of women's economic inactivity is the gendered division of labor within society and that women carry out the majority of unpaid care work. Nearly the entire gap in labor force participation can be explained by this factor. Women who report they are not working cite family-related responsibilities twice as often as men as reasons for not working. The labor force participation gap in the productive age range (18-64) is the same as the share of women reporting that they are homemakers and not interested in working. As women enter the 25-34 age group (a key period within the reproductive age range), they are significantly more likely to be affected by these factors than younger or older women. The rate at which women report care-related reasons for not working then declines as women age, and their labor force participation rate rises with age, until reaching the age of retirement, when it declines. A matching with regression analysis suggests that if a woman has ever left a job or not sought one out for reasons related to family, she is 18 percentage points less likely to be in the labor force.

A secondary driver of women's economic inactivity is the weaker financial incentives women have to work, which are reflected in the gender pay gap. Women earn significantly less than men. A significant share of women report that they are not working because available jobs do not pay enough, that they left a job because it did not pay enough, or that they never sought out a job in the first place because available jobs did not pay well. These findings suggest that if women and men had equal income-earning opportunities, female labor force participation rates would likely be higher. Even so, women inside and outside the labor force report doing similar amounts of unpaid care work, which suggests that even if the average incomes women achieved rose to the levels that men attain, the gendered division of labor and unpaid care work would have a depressing effect on women's economic activity. Hence, the weaker financial incentive women have to work (as reflected by the gender pay gap) should be considered a secondary driver of women's economic inactivity.

The factor that has the largest, positive impact on women's labor force participation in Georgia is education. Compared with women who only have secondary education, women with tertiary education are 20 percentage points more likely to participate in the labor force. Yet, the labor force participation rate among women with tertiary education is still significantly lower than the participation rate for men (by 20 percentage points or more) regardless of whether or not men have higher education. Children, marriage, and the experience of ever having not sought out a job or leaving a job for family or care related reasons negatively affect the labor force participation rate of women with vocational or tertiary education, often more than women with secondary education. These findings suggest that while tertiary education removes some barriers for women to be economically active, the gendered division of labor in society and unpaid care work remain challenges for women with tertiary education.

In Georgia, when a woman (the respondent) was not working, her household was 26% poorer. Moreover, women who are not working report lower quality of life indicators. When one less household member is working, whether male or female, it is reasonable to believe that a household's income will be lower in general. Indeed, the data generally support this conclusion. Nonetheless, the data still suggests a lower level of economic well-being for both women and their families when women are not working.

Women who are not working also tend towards more gender adverse views. This is not uniformly the case, however. Working women are more likely to express a number of adverse views than women who do not work, suggesting that the relationship between work and gender-related attitudes is complex and requires further research to untangle.

Based on the study's findings, the following actions are recommended to increase women's labor force participation:

- ✓ Increase access to high quality, low cost or free preschool and kindergarten;
- ✓ Develop stronger policy frameworks for care of the elderly, and increase access to and the quality of eldercare;
- ✓ Carry out social campaigns that encourage men to carry out a larger share of unpaid care work, including care of dependents and household

labor; and that expresses the critical importance of unpaid care work to countries' economies, societal well-being, and quality of life;

- ✓ Consider including a home economics course in the national curriculum to ensure boys learn how to carry out tasks that are generally expected of women by the gendered division of labor in society;
- ✓ Provide targeted scholarships for girls to attain tertiary education who otherwise would be unlikely to do so;
- ✓ Make companies bidding on state tenders report the share of men and women in management and non-management positions and the average salary of men and women in both roles.
- ✓ Design and implement family-friendly working arrangements for all workers. Specifically consider providing flex time and job sharing positions in state employment. Encourage the private sector to do the same, making the work environment more supportive of unpaid care work;
- ✓ Research and promote labor market policies that support the retention, reintegration, and progress of unpaid carers in the labor force.

The above recommendations, based on evidence generated for this report, coincide with the ILO's 5R Framework for Decent Care Work (ILO, 2018). The framework argues that it is necessary to *Recognize*, *Reduce and Redistribute* unpaid care work, *Reward* paid care workers with decent income and protected work conditions, and increase *Representation* for care workers in public decision-making. It is recommended that this framework be adopted as the basis for any strategy aimed at increasing the labor force participation of women in the South Caucasus.

## Informal employment

About one in two working people in Georgia are informally employed. Women and men are equally likely to be found in informal employment in Georgia. Informal employment generally, although not uniformly, is associated with negative outcomes

including lower levels of income, confidence, and happiness. In Georgia, women make ~USD 970 (42%) less per year on average when in informal compared with formal employment.<sup>1</sup> These findings should be interpreted as causal (i.e. informal employment causes these negative outcomes) with some caution. The jobs in the informal sector are often different than those in the formal sector. Formalization (while potentially improving working conditions) has the potential to decrease income due to taxation and regulatory burdens for employers as well as for the self-employed who transition from informal to formal employment.

Nonetheless, there is widespread support for formalizing the informal sector. More than half of the population believes that if all employers had to provide employment contracts and that if all businesses, including sole proprietors, had to register their businesses, it would be positive for both them and the country. While those in informal employment are less expected to support these changes, about half of those in informal employment believe such changes would be positive. When considering formalizing the informal sector, results suggest several recommendations, including:

- ✓ Efforts to formalize the informal sector should be light-touch, and not punish previously informal businesses for attempting to register their businesses;
- ✓ Low tax regimes should continue for micro and small businesses in Georgia;
- ✓ The government should consider adopting the ILO's Convention concerning decent work for domestic workers.<sup>2</sup> This convention sets forth basic worker protections for individuals in domestic work, which this study suggests is done primarily by women and comprises about 7% of the informal workforce in Georgia.
- ✓ In the medium term, the government should consider introducing penalties for informality, although these should be introduced very slowly and generally be light, aiming at encouraging formalization rather than penalizing informality.

1 All USD figures in the report are converted using exchange rates from July, 2018.

2 The treaty is available at [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C189](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C189)



# INTRODUCTION

The UN High-level Panel on Women's Economic Empowerment highlights, "Adverse social norms... [and] the failure to recognize, reduce and redistribute unpaid household work and care" discourage women's economic activity (UNHLP, 2016, 2). Previous studies on the region indicate these causes are present in Georgia. For example, in the 2010 Caucasus Barometer survey, 83% in Georgia reported that a man should normally be the only breadwinner in the family (CRRC, 2010). The depth of family and social norms extends beyond the attitude that men should be the only household members to work. In a 2013 study, 74% of the public reported that a woman is more valued for her family than for success in her career in Georgia (UNDP, 2013). Both women and men absorb and perpetuate gender expectations and stereotypes. This is exemplified by the results of the 2014 NDI survey on women's political participation in Georgia: 78% of women reported that women are not as good at decision making as men, compared with 67% of men.

A number of practices prevalent in Georgia are associated with lower levels of economic activity. First among these is the disproportionate amount of unpaid care work women do. As several studies on the region have highlighted, if childcare duties were reduced, women's economic engagement would likely increase (see AYESG, 2014). Besides the unequal distribution of homemaking work, men and women tend to learn different skills. Although data does not exist for Georgia, in Azerbaijan, a large majority of boys learn to fix household objects and drive, but not cook and clean, while the vast majority of girls learn to cook and clean, but only a minority learn to drive and fix things around the house (CRRC, 2015). A number of studies have found that women's early marriage, an issue in Georgia (UNFPA, 2014), is associated with lower levels of women's economic engagement as well (e.g. Yount, Crandall, and Cheong, 2018).

Gender discrimination in the labor market and negative stereotypes about women can also make it harder for women to find work. In Georgia,

women are less likely to be thought of as leaders. For example, 50% of the population thought that men made better executives than women in 2014 (WVS, 2014). The potential for maternity leave is believed to lead private sector firms to not want to hire women for high-level positions (Margvelashvili, 2017). In Georgia, one study found that businesses generally thought that women do not face barriers besides maternity leave conditions, suggesting that employers are unaware of the challenges women face (ibid). In Armenia, employers report they prefer hiring men, because they can be asked to work significant amounts of overtime, whereas women cannot due to childcare responsibilities (ADB, 2015). All these factors are likely present in Georgia, despite data limitations to show this.

Besides discrimination in hiring, there is a significant wage gap, reflecting the fact that women have weaker monetary incentives to work than men. This report suggests that the weaker financial incentive is a key factor reducing women's economic activity. According to the 2015-2016 Progress of the World's Women report, women make 64% what men do in Georgia. This wage discrimination is present even in sectors where women are over-represented (GEOSTAT, 2015), suggesting that the problem is not entirely due to occupational segregation.

Discriminatory laws, the lack of legal protections, and other policy issues also likely contribute to the problem. However, these issues are not the primary focus of this study.

Research suggests that higher female economic participation rates and narrower labor force participation gender gaps are associated with quicker economic growth in lower and middle-income countries (OECD, 2012). In the region, the World Bank has suggested that women's lower levels of economic engagement reduce GDP by 12% in Georgia (Tembon, 2017). Other research suggests economies and firms are more efficient as women's economic engagement increases (WB, 2012). Moreover, barriers to women's

economic participation are likely to slow innovation, since the best talent is not efficiently allocated (ibid).

In general, gender equality is associated with human development indicators (UNHLP, 2016). A substantial body of evidence suggests that when women control a larger share of a household's income, spending shifts to the benefit of children. Although women's economic activity does not necessarily correlate with control over resources, it can increase women's bargaining power within the household (e.g. see Heath, 2014) which tends to positively impact

children's nutrition and education (WB, 2012), creating long-run economic and social benefits.

Although there are large numbers of men and women working informally, the form of work is often highly gendered. Women often work as domestic servants, as unpaid contributors to family businesses, and perform a large number of invisible roles and unpaid labor in the care economy – e.g., cleaning, cooking, and caring for a wide range of dependents (ILO, 2018).

# METHODOLOGY

The study followed a standard logic of inquiry. Following a review of the literature and the development of research questions, data collection instruments were developed and used to collect qualitative and quantitative data. After data collection, the research team analyzed the data to answer the research questions developed at the outset of the project. Qualitative data collection tools included focus group discussions and key informant interviews, while quantitative data collection included surveys representative of the population of Georgia.

## Quantitative data collection and analysis

CRRC implemented a statistically representative survey of Georgia using clustered stratification. The list of election precincts was used as the sampling frame. Stratification by settlement type was used to obtain representative samples of the capital city, other urban areas, and rural areas. The sample was sub-stratified by geographic quadrant (northwest, northeast, southwest, and southeast). To select households for interviews, the organization carried out systematic random walk. After selecting households, respondents were selected using a Kish table. The achieved sample size of the survey, response rate, and average margin of error are presented in the table below:

**Figure 1:**  
Survey characteristics

Sample size	Response Rate	Average margin of error
1,438	45%	3.9%

Data analysis includes a combination of descriptive and inferential statistics. In general, descriptive statistics such as frequencies and cross-tabulations

were used to describe the prevalence of various attitudes. Matching with regression analysis was used to understand the causes and consequences of women's economic inactivity and participation in informal employment. Matching is a process wherein a sample is divided into two groups based on one characteristic (e.g., whether or not there are children in the household), and then the outcomes for people in the "yes" group are compared against the outcomes of the people in the "no" group with the most closely matching background characteristics. The logic of matching is relatively straightforward: instead of comparing outcomes for two totally different cohorts (i.e., comparing apples to oranges), we compare outcomes for two groups that start out the same or very similarly. To achieve an apples-to-apples comparison, matching was used to identify people with similar educational and family backgrounds, age, marital status, parental status, age of marriage (early marriage or not), minority status, whether the individual was affected by a conflict in the region, and confidence when looking at labor force participation.

Matching was carried out separately for women and men. This was done to attempt to parse out how different factors affect men and women differently and to calculate an effect for women and an effect for men for each factor. Multivariate matching with genetic weighting was used to carry out matching.<sup>3</sup> As per best practice, matching was followed by ordinary least squares regression or logistic regression, depending on the type of outcome of interest.

## Measurement

This report makes use of a number of specific terms throughout. Rather than explain them as they appear, this section provides an overview of the terminology, concepts, and measures used below.

3 For an overview of genetic matching, see Diamond and Sekhon, 2013, available at: [https://www.mitpressjournals.org/doi/abs/10.1162/REST\\_a\\_00318](https://www.mitpressjournals.org/doi/abs/10.1162/REST_a_00318).

### **Employment statuses**

Economists use a variety of different categories when looking at economic status. Key concepts in the present context include labor force participation and unemployment. A *member of the labor force* is employed, a contributing family worker, or unemployed (ILO, 2013). *Contributing family workers* are individuals who contribute to a household business though they may not receive monetary compensation for their contributions and they may not identify as employed (ILO, 2013). For a person to qualify as *unemployed*, they must be interested in a job, have looked for a job recently, and be able to start a job in the next few weeks (ILO, 2013). People who identify as unemployed are further divided into the unemployed and discouraged workers. *Discouraged workers* are those who do not meet the three criteria for unemployment and are without work, but are still interested in finding work. They are considered outside the labor force.

In the chapters below, the definitions given in the previous paragraph are followed. Unemployed refers to the specific definition given in the paragraph above as does employed. When the report notes that people who reported they are not working are considered, this includes women and men who are a) unemployed, b) out of the work force, and c) contributing household workers. In general, men and women who are contributing household workers reported they were not working. Their status as contributing household workers was determined based on their responses to questions about whether the household had a business or was engaged in for-profit agricultural activity and whether they engaged in that activity.

### **Informal employment**

In the report, informal employment is operationalized following the ILO's definition as provided in the International Labor Conference's Recommendation 204 (2015). This definition considers all people working in an unregistered business (whether the owner or an employee); contributing household workers; and own accounts workers and employees without a recognized employment relationship to

be in informal employment. For the purposes of the survey, all individuals who reported that they or their employer were not paying taxes on their employment activities are considered informally employed as are contributing household workers. This standard definition of informal employment is also generally applied in Georgia.

### **Time spent on unpaid care work**

As noted above, the amount of unpaid care work and household labor women perform is substantially larger than it is for men. To measure how much time people spend on various activities though is relatively difficult, and generally requires a time-use survey. The present study did not have the requisite resources to carry out a full time-use survey. Hence, the study relies on self-reported responses to the question: "How much time in a week do you usually spend doing the following, on average, for your family?" Respondents were asked about childcare; cooking; cleaning; repairing things around the house; laundry; grocery shopping; taking care of other family members, including the elderly, sick, and disabled; and helping family members who have a business or are self-employed with their business. These responses were summed, and then trimmed to lead to a maximum response of 16 hours per day. The responses in general should be considered to be indicative of the general pattern of unpaid care and household labor and its distribution between men and women rather than as highly precise estimates of the amount of time women and men spend on these activities.

### **Adverse social norms**

As the UN Secretary-General's High Level Panel on Women's Economic Empowerment has highlighted, "Social norms are a pervasive feature of all our lives. Norms are shared beliefs about what is typical and appropriate behaviour in a group of people. ... Norms shape expectations and attitudes and often have beneficial effects, such as enabling cooperation, but they can also sustain and prescribe gender inequality" (UNHLP, 2016: 38). Women and men's attitudes, which often reflect the norms of a society, could discourage women from entering the

labor force or encourage women who are in the labor force to leave. Perceptions of gender attitudes (for example, whether women believe their fathers or husbands support their employment in certain sectors, or men feel they will be seen as less manly if they are caregivers) irrespective of whether these perceptions are correct can also shape behavior. To analyze adverse social norms, ten questions<sup>4</sup> were asked relating to attitudes towards women in the workplace, society, and family. Based on the responses a 30-point index was created, with respondents that held consistently adverse attitudes scoring 29 and respondents that held consistently non-adverse attitudes scoring 0. Respondents were also asked what they thought their partner or family members of the opposite sex believed on the issue. An identical index was created for respondents' perceptions of their family members or partner's views. The respondent's score was then subtracted from their perceptions of their partner or family members' attitudes to understand whether people thought that their partner and other family members held a different view from their own. This results in a 59 point index, with -29 corresponding to perceiving one's partner to have entirely adverse views and one having entirely non-adverse views and a score of 29 corresponding to having entirely adverse views and perceiving one's partner to have entirely non-adverse views. The index measures the gap between perceptions.

### Gender pay gap

The gender pay gap has been extensively discussed in recent years, and can be calculated in a number of ways. For the purposes of this study, the average annual income from all sources of income reported on the survey was calculated for women and men.

4 Respondents were asked, "There are many opinions about the roles of men and women in Georgia. Using this card, please indicate your attitude." On the show card, options, strongly agree, agree, disagree, and strongly disagree were presented. The statements presented on the card included: "Men should have the final word about decisions in the home"; "Women should tolerate violence in order to keep her family together"; "When jobs are scarce, men should have more right to a job than women"; "If a woman earns more

These are then compared to determine the difference between women's and men's incomes. The study has not made use of more complicated gender pay gap estimation methodologies that take into account the nature of work that men and women are engaged in (e.g. Nopo's Matching methodology) to ease interpretation of findings.

### Leaving the workforce or choosing not to enter it

Below, leaving the workforce or choosing not to enter it, because of a) family related reasons and b) pay related reasons are discussed. On the survey people were asked whether or not they had ever left a job for a variety of different reasons. They were also asked whether or not they had ever not looked for a job in the first place for those reasons. In the analysis of these questions, two variables were constructed: 1) leaving or not entering the work force for family related reasons and; 2) leaving or not entering the work force for pay related reasons. The first variable is coded one if the respondent reported leaving the workforce or not seeking out a job, because of a 1) lack of kindergartens; 2) lack of affordable childcare services like nannies or daycare centers; 3) paternity leave conditions; 4) spouse not wanting them to work; 5) other family member not wanting them to work. Otherwise the variable was coded 0. For the second variable, respondents who reported they had either left the workforce for pay related reasons or not sought out a job because the jobs did not pay enough were coded as 1. Those who did not mention these factors were coded 0.

### Access to finance

Access to finance is measured on the survey using the questions, "Have you applied for a loan in the last three years?" and "Was your loan application accepted, pending, or rejected?". Individuals who

money than her husband, it's almost certain to cause problems"; "Having a job is the best way for a woman to be an independent person"; "A university education is more important for a boy than for a girl"; "On the whole, men make better business executives than women do"; "Taking care of the home and family makes women as satisfied as having a paid job"; "Employed mothers can be as good caregivers to their children as mothers who do not work"; and "It is better for a preschool aged child if the mother does not work."

applied for loans were considered when looking at access to finance. Individuals who had not applied for a loan or had a loan application pending were not included in the analysis. The analysis did not take into account the purpose of the loan.

### **Quality of life indicators**

A number of quality of life variables were measured on the survey. Specifically, respondents were asked “Overall, how happy would you say you are,” and then asked to respond on a scale where 0 corresponded to extremely unhappy and 10 corresponded to extremely happy. A similar measure is used for confidence: “In general, how self-confident would you say you are on a 10-point scale where 10 means very self-confident and 0 means not self-confident at all?” To measure mobility, respondents were asked whether or not they had spent two nights or more in a settlement they did not live in during the last six months, a standard indicator of mobility.

### **Qualitative data collection and analysis**

Qualitative data was used within the study for three purposes. First, focus group discussions and key informant interviews were performed prior to the survey to inform the design of the questionnaire. Second, qualitative data was collected after the survey to help understand unexpected survey findings. Third, qualitative data is used to provide a more complete picture than quantitative data alone can provide.

In total, eight focus group discussions were conducted in Georgia: four before the survey and four after. In addition, five key informant interviews were carried out. While the qualitative data collection prior to the survey focused on women’s economic inactivity and engagement in the informal sector in general, the focus group discussions after the survey covered the consequences of women’s inactivity, and discriminatory and hostile work environments.

### **Limitations**

Although this research project aims to understand the causes and consequences of women’s economic inactivity and their engagement in informal employment, the study of cause and effect is fraught with challenges. The use of experimental methods is generally not possible when examining a diverse spectrum of broad, economy-wide issues such as women’s economic inactivity and their engagement in informal employment. Hence, analysis reported here is inherently correlational, and as is well known, correlation is not causation. With this important caveat in mind, the report attempts to parse out likely causes and consequences of women’s economic inactivity and engagement in the informal sector, via a theory-informed approach. During the inception phase of the project, the research team put forward their hypotheses in the project’s inception report to reduce the likelihood of a-theoretic data mining (fishing for spurious correlations in the data). The analysis also attempts to make use of variables unlikely to be caused by the outcome (e.g. one’s parents’ education is unlikely to be affected by one’s employment status). Notwithstanding all these good research practices, causal inferences still should be interpreted with the caution required for observational studies.

Another important caveat is that labor force participation, employment, income, and other economic indicators are particularly difficult to estimate in emerging economies. In many cases, the survey is likely to have under-estimated economic activity, despite the research team’s best efforts to capture it. To take a concrete example, if someone helps their family with milking the cows, and a different family member sells that milk at the market, then the family member is a contributing household worker, and thus employed. However, many people would not consider themselves employed, because they help milk the cows. For this and similar reasons, economic activity is likely underestimated,

albeit slightly. To better measure this, the survey questionnaire included questions about whether people contributed to household agricultural or business activities that their family received income from. In other, comparable situations, similar steps were taken to attain the best measure possible.

Finally, the survey suggests a number of economic indicators that are different from what the national statistics offices of each country report. The differences have a number of sources. First and foremost, both the surveys carried out within this study as well as the surveys the national statistics offices carry out to measure different economic

indicators have error. For example, this survey suggests that unemployment is approximately 18% in Georgia. The most recent National Statistics Office of Georgia survey suggests that unemployment is 14%. This may appear to be a rather large difference. However, given that the survey for this study has a margin of error of 3.9%, and there is also error in the Georgian National Statistics Office survey, it is reasonable to believe that the actual unemployment rate is somewhere between the two. In general, in the sections below, estimates for all indicators come from the survey, and should be interpreted with the above limitations in mind.

# FINDINGS

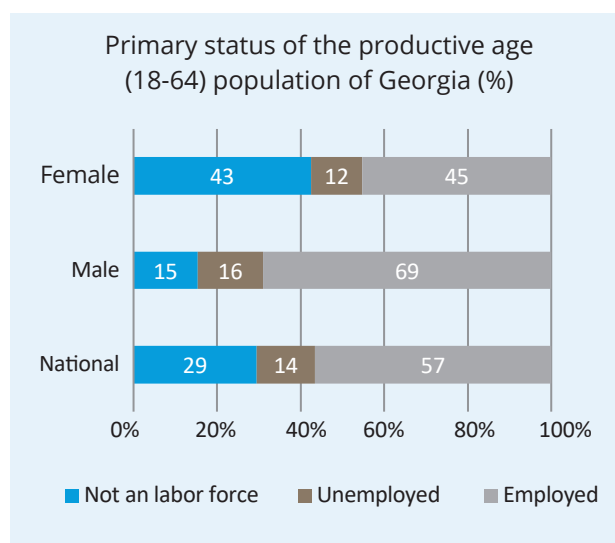
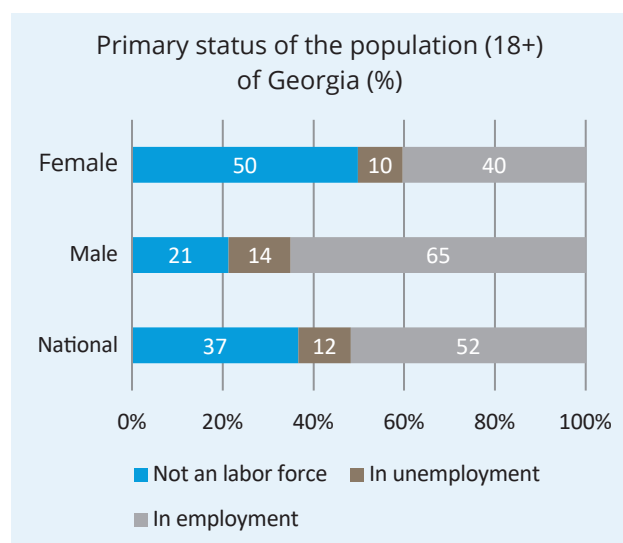
Georgia is a lower-middle-income country which has experienced moderate economic growth over the last two decades, though it has slowed in recent years (WB, 2017b). GDP per capita stands at 10,700 USD PPP (WB, 2017c). The main sector of the economy in terms of employment is agriculture (GEOSTAT, 2017), however, agriculture was only 7% of GDP in 2017 (WB, 2017d). Women are significantly less likely than men to participate in the labor force. This study suggests that the primary causes of women’s lack of economic activity are the gendered division of labor in society and the weaker financial incentive women have to work, which is reflected in the gender wage gap. Women’s lack of economic engagement results in lower levels of economic well-being for households and a poorer quality of life for women. In terms of informal employment, the data suggest that women are no more likely than men to be engaged in it. However, informal employment is associated with significantly lower incomes for women than men as well as lower levels of mobility and confidence. Georgians support the formalization

of the informal sector, but this support is weaker among the informally employed.

## Workforce at a Glance

The survey suggests that labor force participation is 63% of the population (18+),<sup>5</sup> with 79% of men participating in the labor force and 50% of women. Among the productive-aged population (18-64), 71% of the population participates in the labor force, with 85% of men and 58% of women participating. This leads to a 68% female to male labor force participation ratio in the productive-age population. There is no significant variation in labor force participation in different settlement types. About 80% of men in Tbilisi, other urban areas, and rural areas participate in the labor force compared with about 50% of women. Breaking down labor force participation into employment and unemployment within the survey suggests that approximately 18% of the labor force (18+) is unemployed, with no significant gender gap (17% unemployed men; 20% unemployed women).

**Figure 2:**  
Labor force statistics



5 The chart above suggests that labor force participation is 64%. However, this is due to rounding error associated

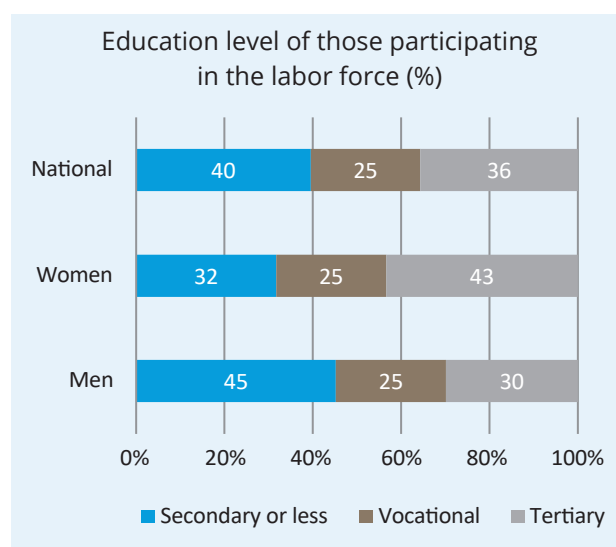
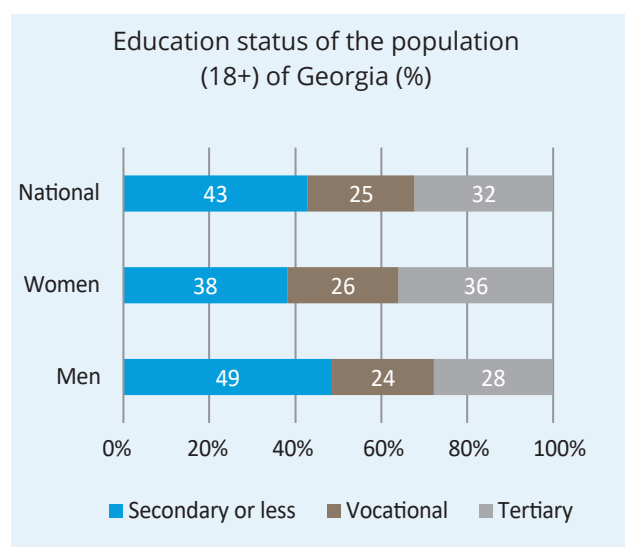
with breaking labor force participants into employed and unemployed. Similar discrepancies in this and other paragraphs in the report are also due to rounding error.



As the charts below show, women (36%) are more likely to have higher education than men (28%) in general, and women in the labor force (43%) are much more likely to have higher education than men (30%). In contrast, men in the labor force are more

likely to have only finished secondary education. Equal shares of men and women both in and out of the labor force completed secondary or post-secondary vocational education.

**Figure 3:**  
Education and labor force participation



The main sector for employment is agriculture for both men and women. There are more women in:

- ✓ Wholesale and retail trade, repair of motor vehicles, motorcycles, and personal and household goods;<sup>6</sup>
- ✓ Education;
- ✓ Healthcare and social work.

More men are engaged in construction as well as the transport, storage, and communications sector than women. There is no significant difference between men and women in terms of representation in above and below average paid sectors, based on the survey data collected within this study. The null finding should be interpreted with some caution, however, due to the relatively low number of respondents per sector.

### Causes of women's economic inactivity

Women's participation in the labor force in Georgia is significantly lower than men's, with a 29 percentage point gap in participation in the adult population and 27 point gap between men and women in the productive age range (18-64). The majority of the gap

can be accounted for by the primary statuses that women outside the labor force report compared with men: 21% of adult women and 27% of women in the productive age range identify as homemakers. In contrast, less than a percent of men reported their primary activity was homemaking in the population as a whole as well as the productive-age population.

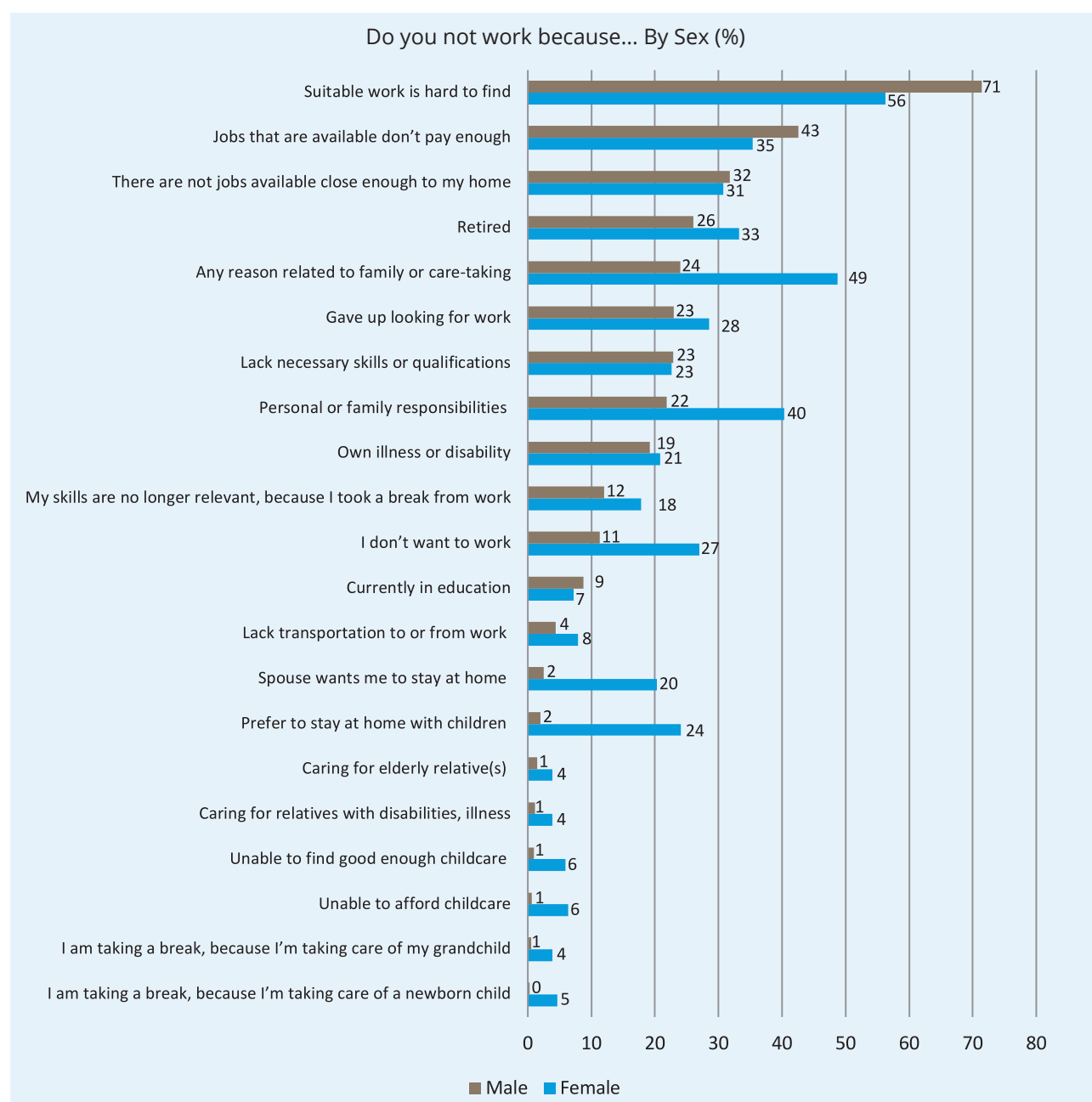
The fact that about one in four women of productive age range consider themselves homemakers, while very few men do, suggests the primary cause of women's economic inactivity: the gendered division of labor in society and the associated unpaid care work inhibit women from working. This suggestion is buttressed by the reasons given by women who report they are not working to explain their economic inactivity. Forty percent of women reported they were not working because of "personal or family responsibilities", compared with 22% of men. While 24% of women stated that they prefer to stay at home with the children, and hence do not work, only 2% of men stated the same. One in five women that reported they were not working stated their spouse wants them to stay home, compared to one in fifty

6 All of these activities, taken together, are generally considered one sector.

men that report they are not working. While 6% of women cited the unaffordability or lack of quality childcare, only 1% of men reported the same as a reason for their lack of employment. Less than 1% of men were taking a break from employment to care for a newborn at the time of the survey; 5% of women were. Four percent of women reported they were caring for a grandchild, elderly relatives, or relatives with disabilities, respectively, and hence were not

working, compared with 1% of men reporting the same.<sup>7</sup> The reasons women provide for not working in Tbilisi, other urban areas, and rural areas are similar overall. However, women in other urban areas are slightly more likely to report that suitable work is hard to find (66% of women in other urban areas compared with 51% and 53% in the capital and rural areas, respectively).

**Figure 4:**  
Reasons men and women report not working



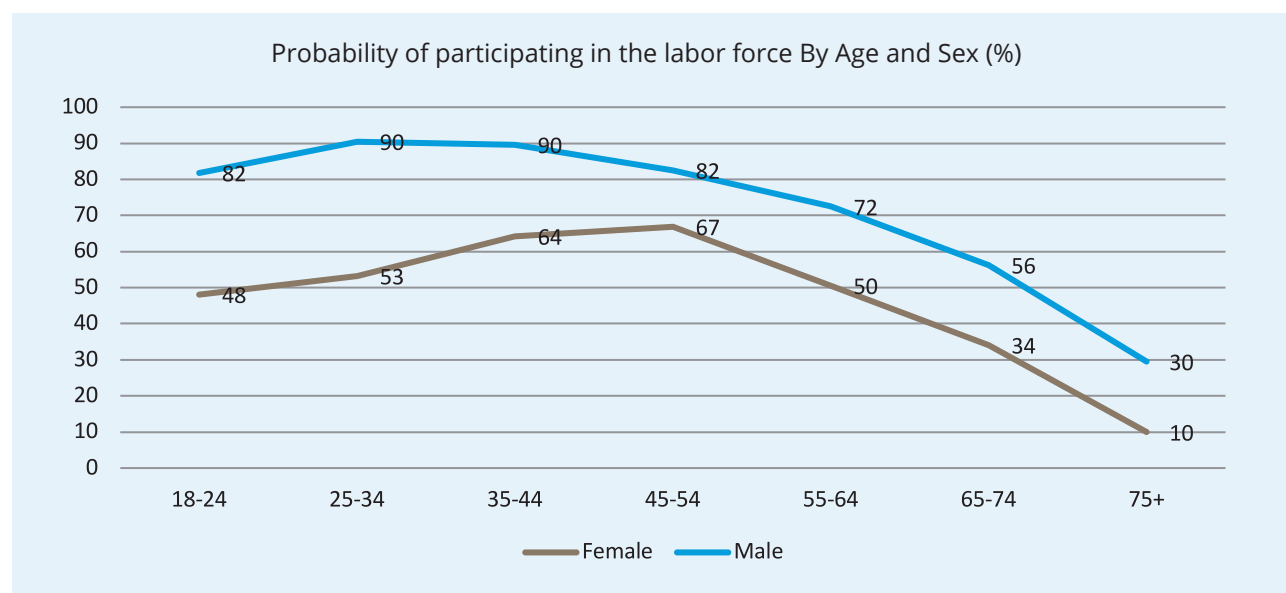
7 Given the question formulation, the data presented in this paragraph should be interpreted as reasons for not working at the time of the survey.

Overall, 49% of women that reported they were not working cited at least one of the above reasons related to family or personal obligations – twice the rate (24%) that out-of-work men reported. This share is 57% of women in their productive years. Women who identified as homemakers suggest some form of family or personal obligation 74% of the time, as a reason why they were not working, compared with 37% of women whose primary status was not homemaking. This clearly suggests that homemaking activities are a primary cause of the labor force participation gap between women and men in Georgia.

The reproductive age range (18-45) is associated with a lower level of labor force participation among women in Georgia. As women exit these years, their

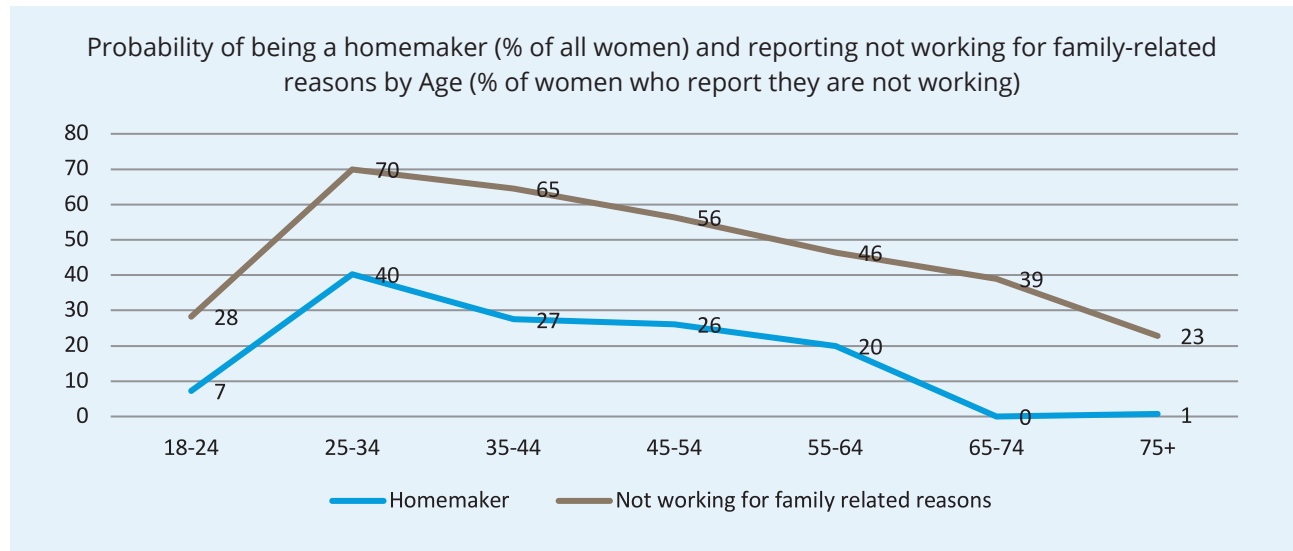
chances of working increase. The chance that a woman participates in the labor force increases from 53% between the ages of 25 and 34 to 67% between the ages of 45 and 54. It then begins to decline. There is a sharp increase in women citing family care related reasons for not working between the ages of 25-34 compared with the 18-24 age group, who are frequently in education. The frequency of women saying that they are not working because of family related reasons follows a similar pattern as does identifying as a homemaker. After exiting the 18-24 age range, there is a steep rise in women reporting they are homemakers or not working for family related reasons. However, women cite these reasons and identify as homemakers less over time. These facts underline the fact that unpaid care work is a key factor that prevents women from labor force participation.

**Figure 5:**  
Labor force participation by sex and age



**Figure 6:**

Probability of being a homemaker and not working for family reasons

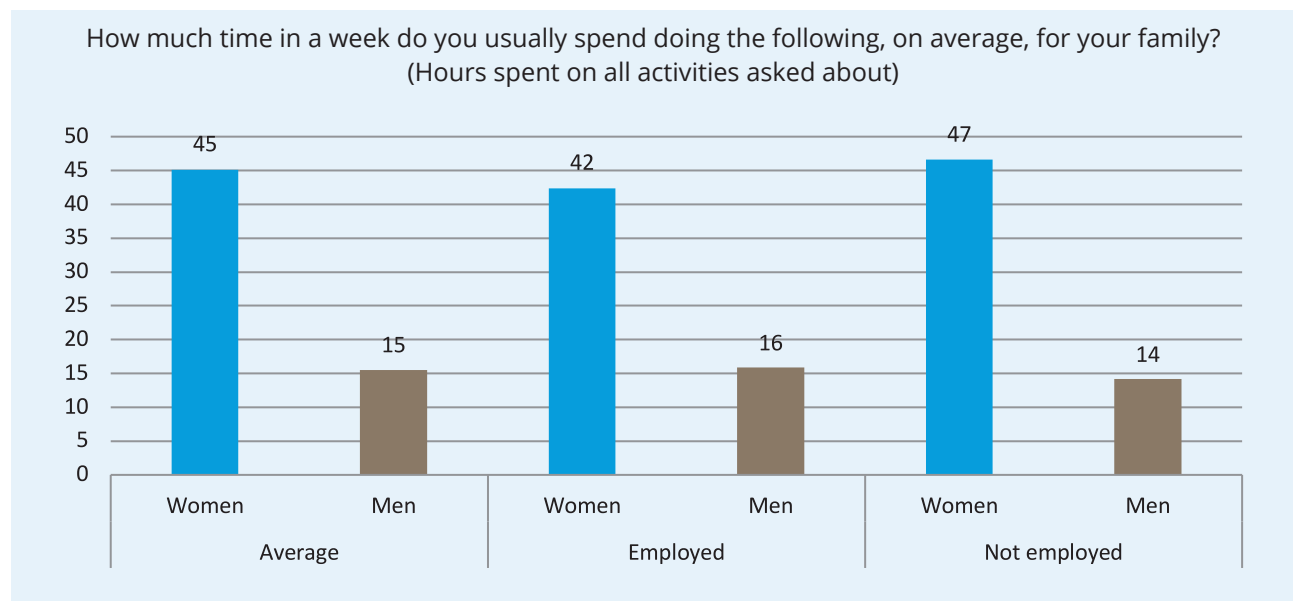


When considering the amount of time spent on family responsibilities, it is clear why so many women cite these reasons for their lack of employment. Women report spending 45 hours a week, on average, in homemaking: the equivalent of working a full time job, with regular overtime. The burden of family care work is no smaller among employed women compared with either unemployed women or women outside the workforce. It appears to be particularly

high among women in urban areas besides Tbilisi. Women in other urban areas report to carry out 56 hours of unpaid work at home compared with 43 hours in Tbilisi and 37 hours in rural areas. In contrast to women, men report spending 15 hours a week on homemaking activities. Working and non-working men do not report spending significantly different amounts of time on homemaking-related activities, nor do men in different settlement types.

**Figure 7:**

Amount of time spent on unpaid care related work



To explore whether the gendered division of labor in society and the associated unpaid care work disproportionately affect women's labor force participation, we estimated the impacts of having children; being married; and the experience of leaving the workforce or choosing not to enter it for family-related reasons, using matching as noted in the methods section. The results suggest that women who have at any time in their life not worked due to family-related reasons are 18 percentage points more likely to be out of the labor force, when compared to women who did not claim family-related reasons had ever prevented them from working. In contrast, not enough men in the survey reported having left a job for family-related reasons to make a reliable estimate of the effect on labor force participation. Notably, marriage has a strong, positive effect on men participating in the labor force, with married men 14 percentage points more likely than unmarried men to participate in the labor force, all else equal. Marriage, after controlling for other factors, does not have an effect on women's labor force participation. This suggests that rather than marriage or children in and of themselves, in Georgia, the experience of leaving or not seeking out employment because of family is key to women's lower labor force participation rate.

Survey findings coincide with qualitative data collected in focus group discussions. As one woman noted, "Often men do not want their wives to be working." Women noted that husbands discourage women from working and that child care responsibilities take up a significant amount of time. Besides this, participants noted that a lack of support from family led many women to burn out at work. When asked what was important for women in a job, participants noted that the schedule was important, because husbands expected their wives to "come home on time."

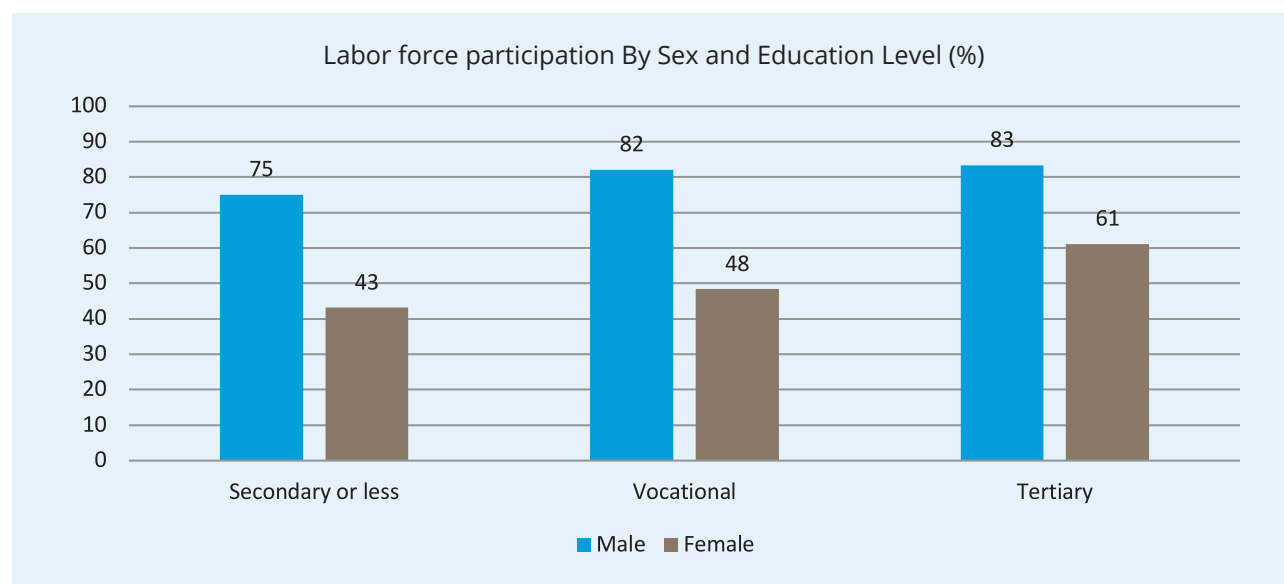
Women also noted that access to kindergartens and childcare were a problem. As one woman in a rural area noted, "More women would choose to work if there were better child care services in terms of quality and access in the regions. I personally was

offered a job when my child was one year and six months old and there was no nursery school available in the village ... [so I could not accept the job]." Furthermore, focus group discussions participants noted that the schedule for care facilities was also problematic, because kindergartens close at 6PM while the traditional work day also ends at 6PM. As one focus group discussions participant highlighted, "Kindergartens are only until 6 PM and if your work is longer, you simply won't be able to leave your kid anywhere."

### **Reasons for women with vocational and tertiary education for not working**

In Georgia, women with tertiary education are significantly more likely to be in the labor force than women without. While 61% of women with tertiary education are in the labor force, 48% and 43% of women with vocational education and secondary education or less respectively participate in the labor force. To test whether tertiary education and vocational education are associated with a substantially higher level of labor force participation, a matching analysis was carried out controlling for other factors as in the previous section, with a slight modification. Instead of controlling for whether or not the respondent had tertiary education or not, the analysis compared the chances that a person with secondary education would participate in the labor force to the chances of a person with vocational education and a person with tertiary education. The results suggest that, controlling for other factors through matching, women with tertiary education are 20 percentage points more likely to participate in the labor force. However, women with vocational education are no more or less likely than women with secondary education or a lower level of educational attainment to participate in the labor force. Clearly, tertiary education is associated with a higher rate of labor force participation for women. Yet, even women with tertiary education are significantly less likely to participate in the labor force than men with any level of education: 83% of men with tertiary education are in the labor force, 82% of men with vocational education, and 75% of men with secondary or a lower level of education.

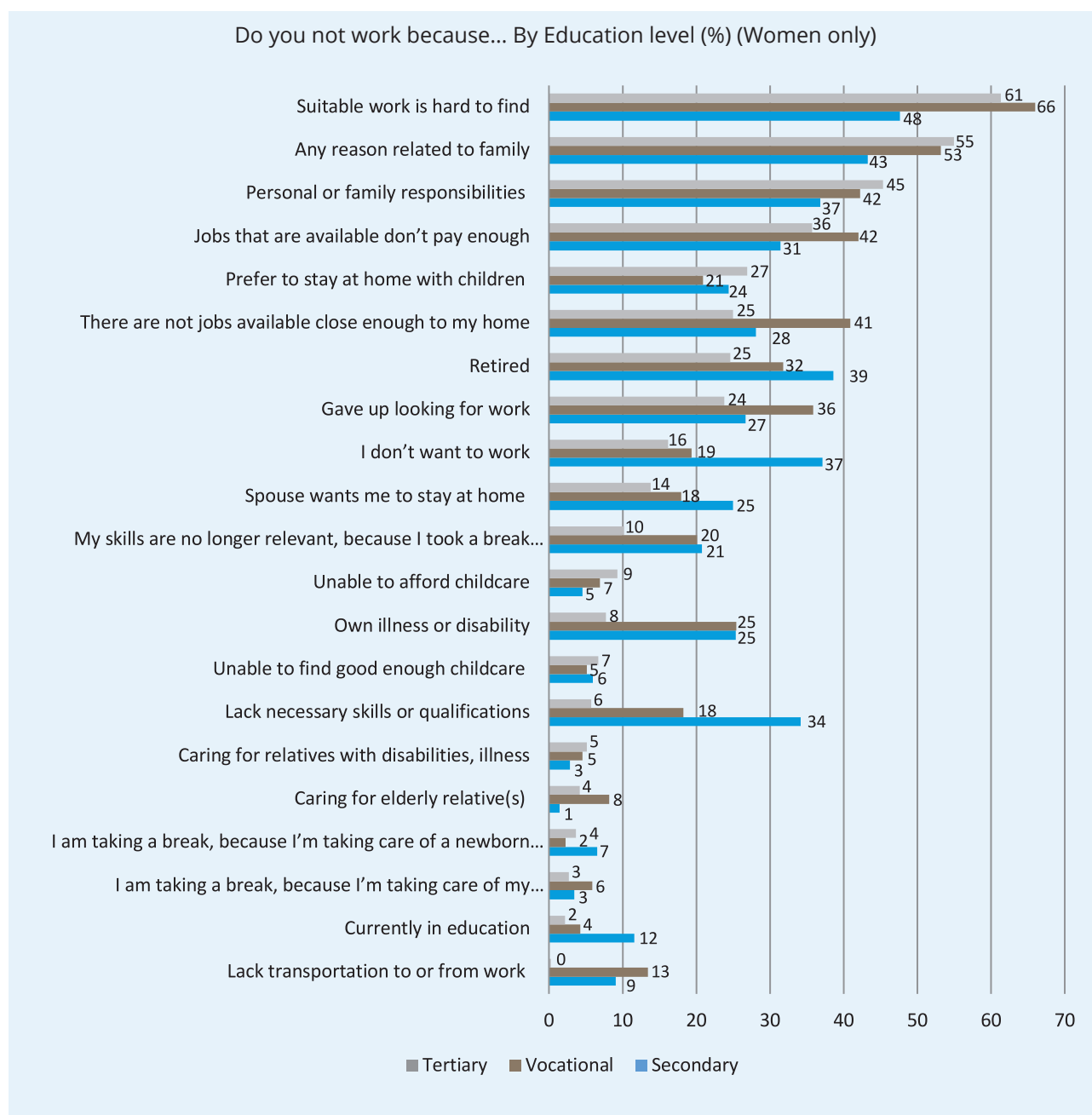
**Figure 8:**  
Labor force participation by sex and education level



Women with higher education levels cite family-related responsibilities as the key reason for not working: 55% of women with higher education and 53% of women with vocational education who are not working cited at least one of the reasons related to family or care compared with 43% of women with secondary or a lower level of education. While the primary cause of non-participation appears to be the same between women with different levels of

education, a number of factors are less likely to be issues for women with tertiary education. Women with tertiary or vocational education are less likely to cite the following issues when explaining why they do not work: lack of necessary qualifications; lack of transportation to work; or they do not want to work. Women with tertiary education are also slightly less likely to report their skills are no longer relevant because they took a break from work.

**Figure 9:**  
Reasons for not working by education level



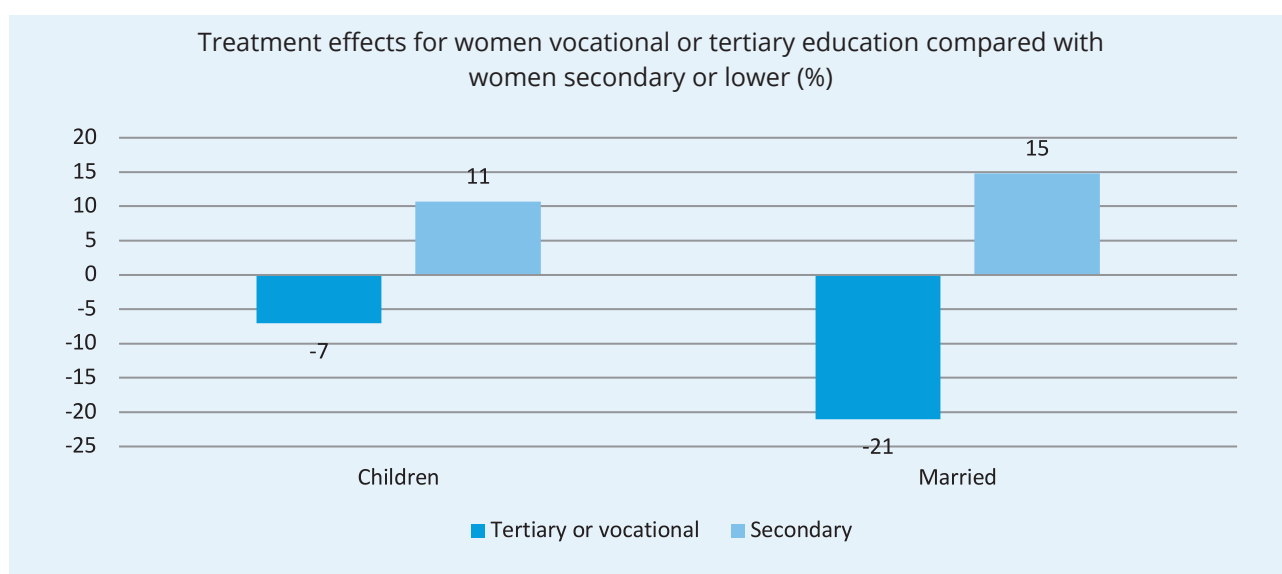
The same matching with regression analyses described in the previous section were implemented to understand whether there were any factors that disproportionately affected women with higher or vocational education. Results suggest that children have a negative impact (7 percentage points) on labor force participation for women with tertiary or vocational education. In contrast children

are associated with a higher level of labor force participation for women without tertiary or vocational education of 11 percentage points. Marriage shows a similar pattern. Married women with vocational or tertiary education are 21 percentage points less likely to participate in the labor force than women who are not married, all else equal. In contrast, married women without a vocational or tertiary education

are 15 percentage points more likely to participate in the labor force, all else equal. This pattern re-affirms the above finding that women with higher levels of education are a bit more likely not to work due to unpaid care work. This may be due to the fact that these women have overcome other barriers (such as lack of education, lack of access to well-paying

jobs) that may be the more direct causes of the lower economic activity of women with lower education levels. The association between having ever left a job or not seeking one out for family-related reasons was not estimated due to low sample size within the subsamples considered.

**Figure 10:**  
Effects of children and marriage on labor force participation by education level



### Adverse social norms

As noted in the background section of this report, adverse social norms could discourage women from labor force participation. Moreover, women’s internalization of society’s negative stereotypes as well as the perception that family members and partners in particular do not want them to work could reasonably discourage women from working. Indeed, as noted above, many women report that their partner not wanting them to work is one of the reasons they do not.

As noted in the methods section, three indexes were developed to test for whether such attitudes and perceptions are related to women’s labor force participation. None of the indexes had a significant relationship with women’s labor force participation. Nonetheless, they are informative in terms of understanding gender dynamics in Georgia. The

average score in the respondent attitude index was 13 for men and 10 for women. This is a statistically significant difference, suggesting that men hold slightly more adverse views than women. When it comes to perceptions of family and partners, the average score for men was 12 and for women 14, again a statistically significant but substantively small difference. The difference does suggest however that both men and women think their family members are a bit less pro-gender equality than they are likely to be. For the gap between partners’ perceptions, the average score for men was -0.5, while it was 4 for women. The difference is statistically significant, and relatively large. This data suggests that while men think their partners and family members of the opposite sex hold similar views to them, women (accurately) think their male family members and partners hold less gender-equality positive views.

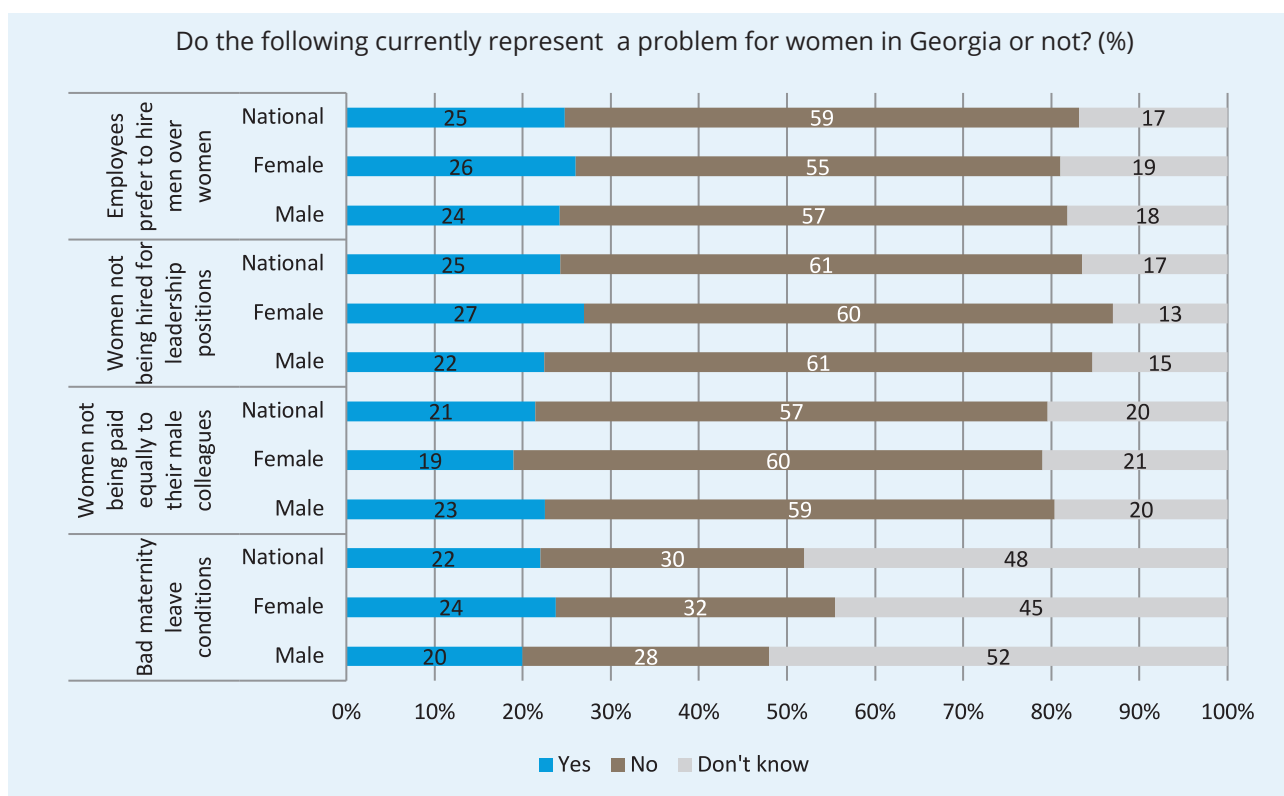


## Discrimination

Labor market discrimination has the potential to depress women's economic activity, and working women may be discouraged from continuing their employment upon encountering discrimination.

However, few women reported that they have 1) left a job because of some form of discrimination, 2) think that a variety of forms of labor force discrimination are a problem in Georgia, or 3) have not sought out a job for some reason related to discrimination.

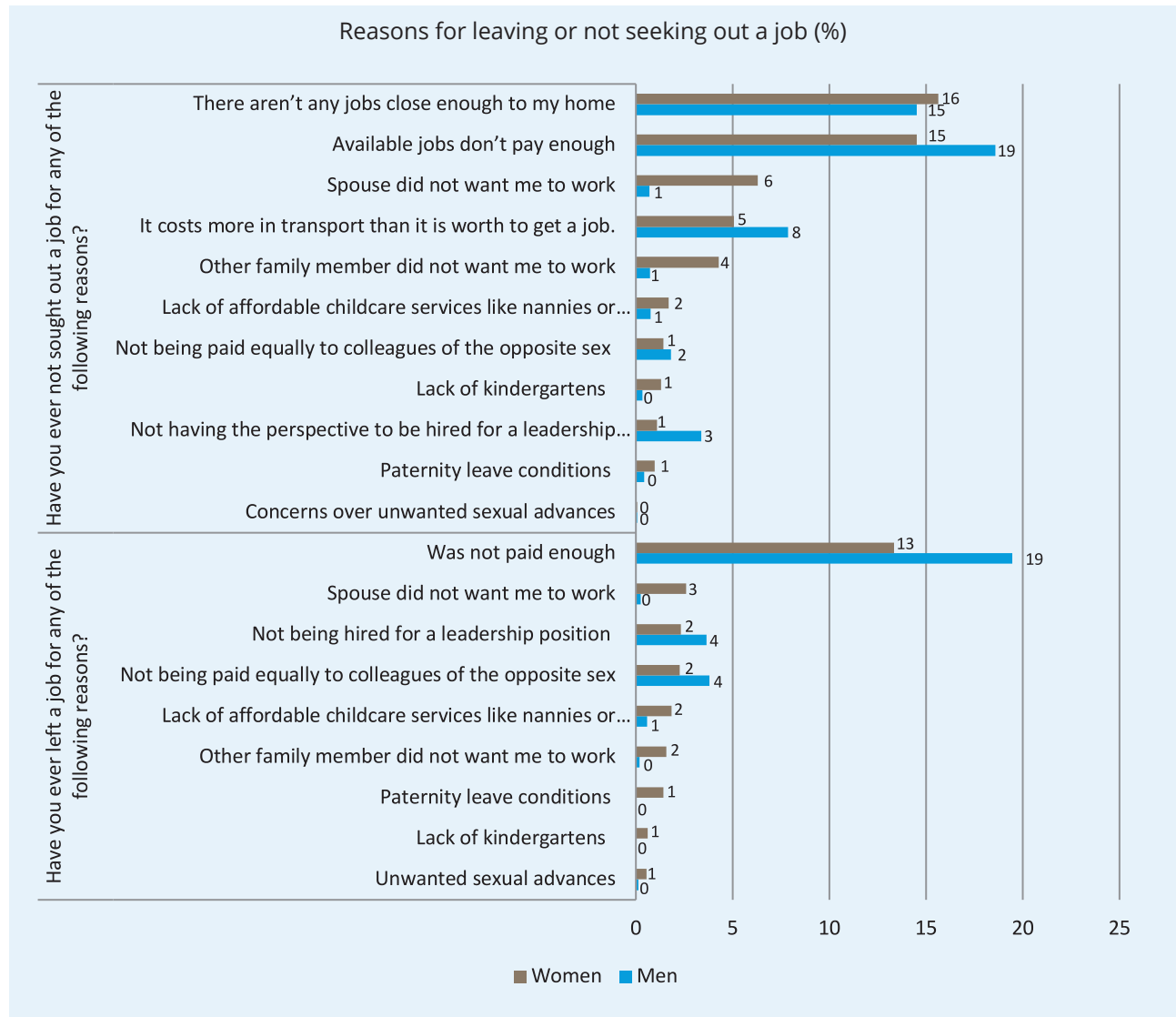
**Figure 11:**  
Attitudes towards different issues women face in Georgia



A significant number of women report that they do not work, have not sought out a job, or have left a job, because the jobs that are available do not pay enough. This reported reason for not working is well founded as the data suggests women are paid far less than men. On the survey, the average annual income for women was about ~1,830 USD (GEL 4,517), compared with ~3,110 USD (GEL 7,681)

suggesting a pay gap of 41%. In Tbilisi, the pay gap stood at 43%, while it was 53% in other urban areas, and 26% in rural areas. The significantly smaller pay gap in rural areas likely stems from the nature of the jobs available in rural areas: self-employment in agriculture and work in government institutions like schools.

**Figure 12:**  
Reasons for leaving or not seeking out a job



Women make less than men on average, and a significant number report that they are not working because available jobs do not pay enough. All of this indicates that women have less of an incentive to work than men. If the gender pay gap were to decline or disappear altogether, it is reasonable to think that more women would enter the workforce. However, a labor force participation gap would likely remain, because of the significant amount of unpaid care work women perform whether or not they are working and the gendered division of labor in society more broadly. Thus, addressing unpaid care work is equally, if not more, important.

### Consequences of women's economic inactivity in Georgia

While the causes of economic inactivity among women in Georgia are clear, they also appear to have a number of consequences. To test for these consequences, a matching with regression analysis was carried out that compares women who work to women who do not and men who work to men who do not. The results suggest women who are unemployed or outside the labor force live in worse economic conditions, have lower quality of life indicators, and more adverse attitudes towards women's role in society.

Women who responded to the survey who are unemployed or outside the labor force live in poorer households and have more limited access to finance when compared to women who responded to the survey and were employed. In households where female respondents were working, the average income was GEL 11,706 (~USD 4,800) per year. The average household income was GEL 8,666 (~USD 3,480), 26% lower, when women were unemployed or outside the labor force, controlling for other factors through matching. Thus, when women do not work, their households have significantly worse economic conditions than when women do work. This finding does not apply solely to women – in any household where someone is not working, the income would generally be expected to be lower. Nonetheless, the finding suggests that economic well-being is lower in households where women are either outside the labor force or not working. Besides income, access to finance is also worse when women are unemployed or outside the labor force. Women who applied for loans and did not work had an 85% chance of receiving a loan, while working women had a 94% chance of receiving a loan.

In terms of non-economic quality of life indicators, working women are no more or less likely to be confident or mobile than women who are outside the labor force or unemployed. They are slightly more likely (8 percentage points) to report being happy at or above the average level of reported happiness in the country. This finding should not be taken to suggest that there is something inherently less rewarding about the unpaid care work which is frequently performed by women in Georgia. One potential explanation is that unpaid care work is rewarded with less non-monetary value by society (on top of the fact that it is unpaid, and hence not monetarily rewarded). However, this is one of many potential explanations. Ultimately, more research is needed to further untangle the causal relationship between happiness and work.

While the survey provides limited evidence of lower quality of life indicators among women who are

outside the labor force or unemployed, focus group discussions participants suggested that life would be better if working. Out of work women were asked how they imagine their life would be different if they were working during focus group discussions. One participant stated, “It would have been more active and cheerful.” Another stated, “Everything is different if you are working. You become successful and you are not occupied only with your housework.” The preponderance of data suggest that not working negatively affects women’s quality of life. However, it is important to note that given that working women tend to still be expected to carry out the bulk of care work, unless they can afford to hire someone to help, this workload continues to fall on them regardless of the employment situation of their male household members.

Working women have more egalitarian attitudes towards relations between men and women in the family and workplace when it comes to some issues. Working women are slightly less likely to think that “Women should tolerate violence in order to keep her family together” (10% versus 6%). Working women are also five percentage points less likely to think that, “It is better for a preschool aged child if the mother does not work.”

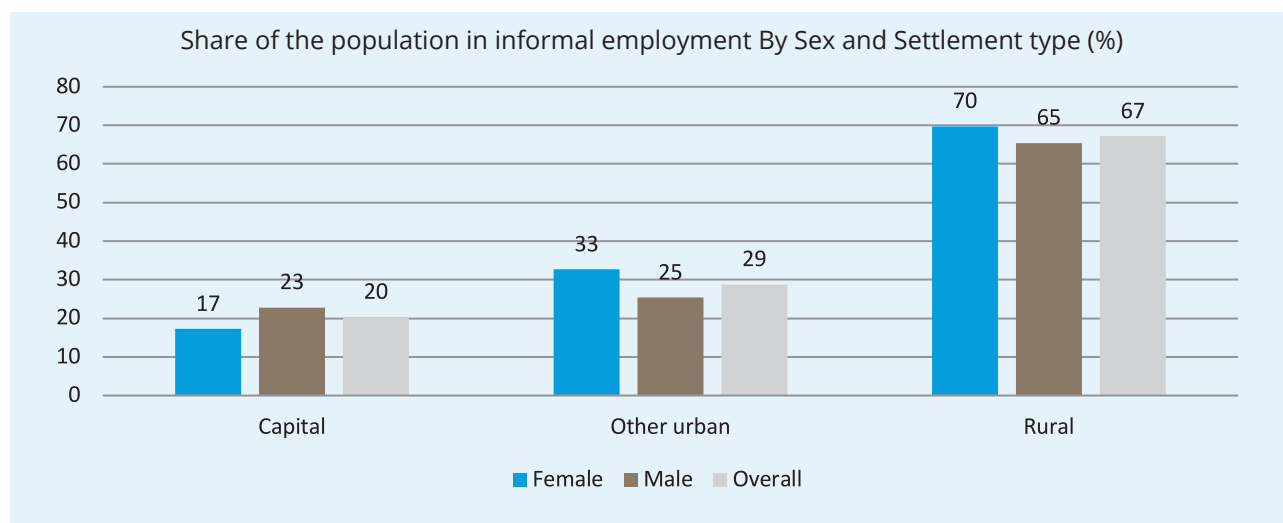
However, it is important to note that gender attitudes are complicated, and working women are more likely to hold adverse views on some gender related issues than women who are outside the labor force or unemployed. They are six percentage points more likely to think that “Men should have the final word about decisions in the home”; five percentage points less likely to think that “Having a job is the best way for a woman to be an independent person”; and ten percentage points more likely to report that “Taking care of the home and family makes women as satisfied as having a paid job.” This suggests work may lead women to less adverse attitudes in some regards, and discourage this in others. Women with these sets of attitudes could also be more likely to enter the workforce. In all likelihood, some combination of all of the above is likely taking place.

## Informal employment in Georgia

In Georgia, approximately 23% of the population is engaged in informal employment. This accounts for 45% of employment. Men and women are equally likely to be in informal employment, with 45% of working women and men in informal employment,

according to the survey results. People in rural areas are significantly more likely to be engaged in informal work than people in urban ones, and those in Tbilisi are slightly less likely to be in informal employment than people in other urban areas.

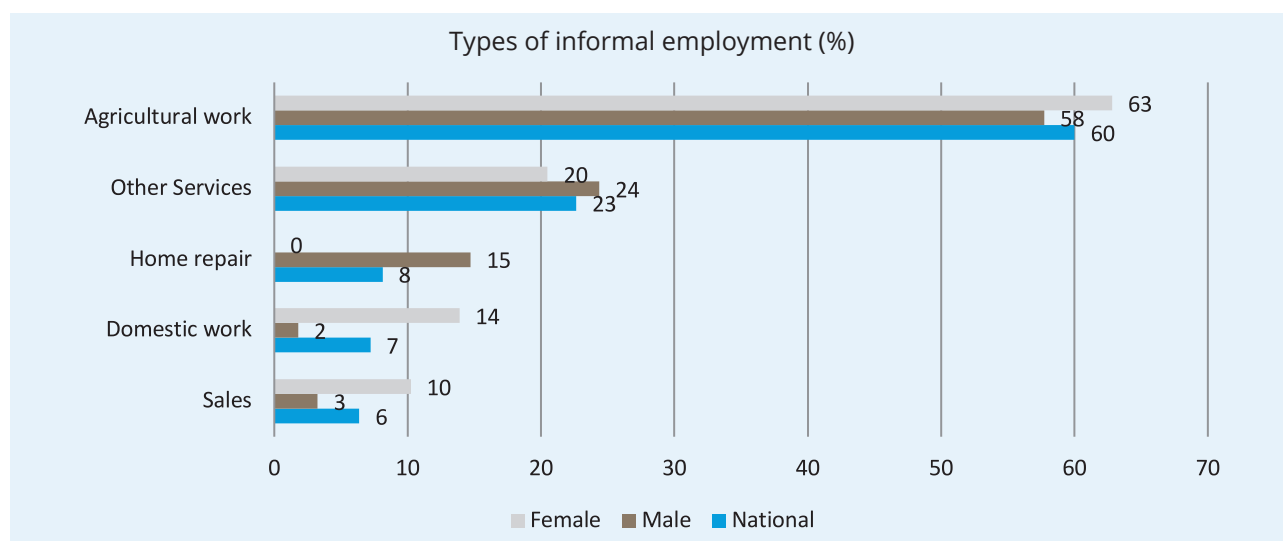
**Figure 13:**  
Informal employment by settlement type and sex



People in informal employment were asked about the type of work they did. The majority reported working in agriculture (60%), followed by repair work, domestic work, and sales. The provision of a wide variety of

other services (23%) made up the rest of the informal sector, from accounting to jewelry making. The sectors women and men work in are largely similar. However, home repair related work was solely reported by

**Figure 14:**  
Types of informal employment by sex

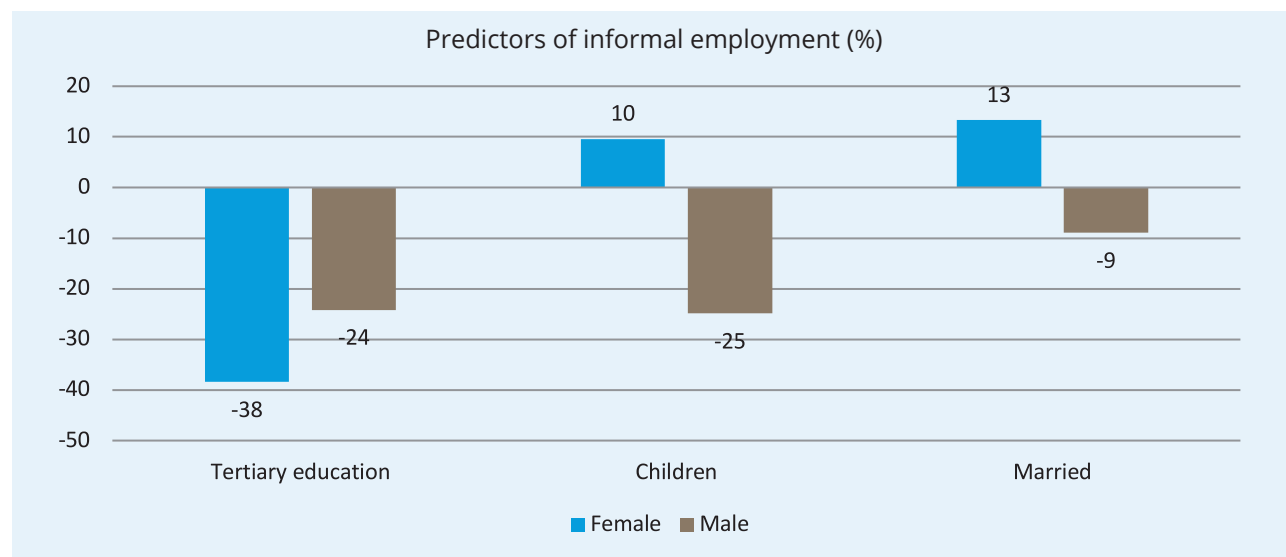


Note: The above graph does not add up to 100%, because some individuals have multiple informal jobs.

men, and domestic work of various types (cooking, cleaning, child care) was predominantly reported by women. The vast majority of people in rural areas work in agriculture whether or not they are male or female. In contrast, in urban areas home repair is the most common type of work for men, and a variety of different types of service provision is the most common type of informal work for women. Although men and women were equally likely to be engaged in informal employment, different factors affect the chances of being engaged in it for men and women, according to a matching with regression analysis that compares women who are in informal employment to women who are in formal employment and men

who are in informal employment to women who are in informal employment. Tertiary education has a strong, negative effect on the chance that a man or women will enter informal employment. While marriage decreases the chances that men will enter informal employment by nine percentage points, it increases the chances that women will by thirteen percentage points. A similar pattern is present with children: men with children are 25 percentage points less likely to enter informal employment, all else equal, while women are 10 percentage points more likely to be in informal employment when they have children.

**Figure 15:**  
Predictors of informal employment



There is also evidence that informal employment is negative for women and their families compared with formal employment in terms of both economic conditions and quality of life indicators. Women who are in informal employment are 13 percentage points less likely to report being confident at or above the average level in the country. Moreover, they are 22 percentage points less likely to have left their settlement for two nights or more in the last six months, a standard indicator of mobility. However, they are not significantly less likely to report being at or above the average level of happiness in the country than women in formal employment.

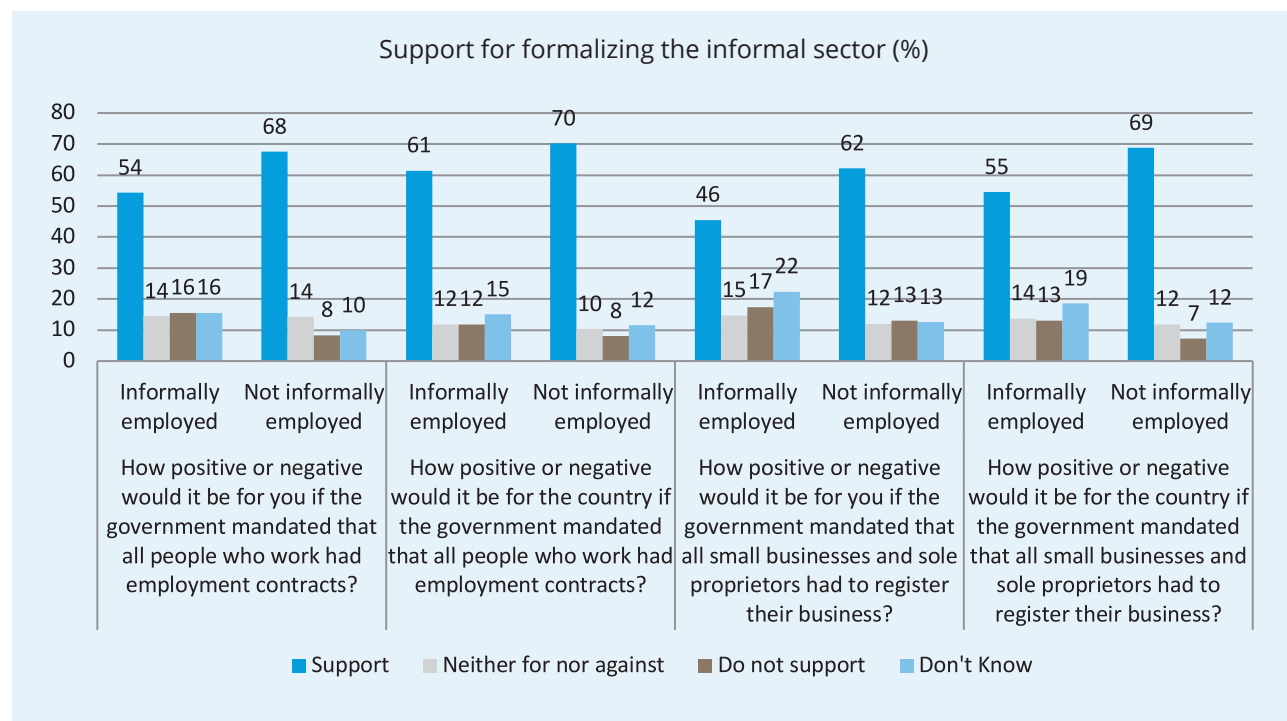
Besides these quality of life indicators, women in informal employment have significantly lower incomes, and they live in poorer households. Women in informal employment make ~ USD 970 (GEL 1,766) or 42% less per year on average than women in formal employment. Moreover, they live in households that are significantly poorer: the average income in households with women in informal employment is ~USD 1,220 (GEL 3,047) or 32% lower on average. While there appears to be a number of negative outcomes for women associated with informal employment, access to finance does not appear to be affected by being in informal employment. This

fact likely stems from the relatively high level of loan approval among study participants and potentially the question wording. About two in five respondents had applied for a loan, and among these, 88% were approved. Among the working population, 94% were approved regardless of whether they were in formal or informal employment. In terms of question wording, the survey asked about loans applied for in the last three years. Given recent changes in Georgian finance regulations, this pattern could also have changed over the last year.

There is significant popular support for formalizing informal work. About two thirds of the country think that requiring all employers to provide employment contracts would be positive for the country, and that it would be positive if all businesses and sole

proprietors had to register their businesses. There is no significant difference in attitudes to this based on whether someone works in the informal sector or not. Respondents were also asked whether they thought that requiring all employers to provide employment contracts and requiring all business people and sole proprietors to register their business would be a good or bad thing for them. Two thirds of the public still reported that both changes would be positive for them. However, people in informal employment are slightly less likely to support either of these steps towards formalization for themselves or the country, as shown on the chart below. A regression analysis that controls for whether or not someone is in the informal sector as well as sex, suggests there are no significant differences between men and women in terms of supporting formalization.

**Figure 16:**  
Support for formalizing the informal sector



# CONCLUSIONS AND RECOMMENDATIONS

The above data and analyses clearly shows that women's economic inactivity negatively affects women, as well as their household's economic well-being and quality of life. Women who are outside the labor force or unemployed tend to live in households that are poorer on average. While this finding is intuitive – when one less household member is working, the family's income is generally going to be lower – it still suggests a lower level of economic well-being for both women and their families. Women who do not work often have lower quality of life indicators. It was only possible to analyze a number of indicators of economic and social well-being in this study. Hence, it is highly likely that women's economic inactivity has more negative consequences for women, their families, and Georgia, than shown in the above chapters.

The primary driver of women's economic inactivity is the gendered division of labor in society and the accompanying unpaid care work which women predominantly carry out. Women who report they are not working explicitly cite family-related reasons for not working, and further statistical analysis reaffirms women's claims: having left or not sought out work for family-related reasons are strong predictors of whether or not a woman participates in the labor force. In Georgia, if a woman has ever left a job or not sought one out for reasons related to family, she is 18 percentage points less likely to be in the labor force. While male labor force participation is 14 percentage points higher with marriage, it has no significant impact on the labor force participation rate for women in Georgia.

Men rarely mention family-related reasons as factors in their decisions with respect to work. When considering that women in Georgia report performing around 45 hours of homemaking activities a week (about 3 times as much as

men), it is unsurprising that many women do not work. Moreover, the data suggests that their care responsibilities remain largely unchanged irrespective of whether or not women are employed. This suggests that the decisions they make at work, and time and energy they are able to offer are affected by the persistent responsibilities they face with respect to unpaid care work.

Adverse social norms may also play a role. This is not uniformly the case, and correlation in the present case cannot definitively be said to be causation. Moreover, in some cases, working women have more adverse attitudes, suggesting that there is not a clear causal relationship wherein work leads women to become less adverse. Women with less adverse views could enter the workforce and keep their views, or the experience of working could lead women to have more egalitarian attitudes. The experience of work may also lead some working women towards more adverse views in some domains. In all likelihood, all of these processes are at work in the pattern observed in the data. This suggests the need for further research on the subject. The research should specifically explore whether encouraging more egalitarian attitudes among women increases their chances of working. To explore this, one option would be carrying out a randomized control trial on the integration of training on gender issues and gender equality in professional training, though many other potential studies could be devised. Importantly, this would serve the dual purpose of enabling an understanding of whether greater awareness of gender issues leads to increased labor force participation, while also educating male students on the importance of gender equality.

In attempting to dampen the effects of the gendered division of labor in society on women's labor force participation, the ILO's recently published

5R framework is worth particular attention. The 5R Framework for Decent Care Work (ILO, 2018) recommends recognizing, reducing, and redistributing unpaid care work, and rewarding paid care workers with decent income and protected work conditions and increasing their representation in public decision-making.

To achieve progress on redistributing more care work to men, two recommendations are particularly pertinent. First, non-governmental organizations should run social campaigns that aim to increase the role men play in what are socially considered female domains. No matter what the campaign specifically focuses on, it should also aim to increase recognition for and positive acknowledgement of the unpaid care work that continues to be predominantly carried out by women. By increasing the recognition of the importance of this work to healthy economies and the well-being of all of society, its status will hopefully improve, leading to men being more engaged in care work, and to workplaces that are more aware and supportive of unpaid care work.

Second, previous studies from the region suggest that boys are not taught to do female gendered activities such as cooking and cleaning (CRRC, 2012). Hence, the educational system could provide home economics courses for all students to make up for this gap in socialization, to communicate that this work is essential to an effective economy and society, and enable and encourage future generations of men to share in household responsibilities.

This study also suggests that the provision of affordable care services for dependents would increase women's economic activity and economic opportunities. The data presented above suggests that the availability, quality, and cost of kindergartens and other child care services are all concerns that lead women not to work. Moreover, many women who leave the workforce for family-related reasons never return. Hence, ensuring universal access to high quality and low cost or free kindergarten is likely to increase women's labor force participation rate through a) removing a reason why women leave

the workforce and b) reducing the amount of time women are engaged in unpaid care work. A simple fix of making kindergartens and pre-schools work beyond 6:00PM has the potential to enable women who are currently not working to enter the labor force because kindergartens and pre-schools close at 6PM and the average work day lasts until 6PM. Importantly, this underlines the point that the state can take relatively simple steps to better coordinate services with the predominant conditions on the labor market to enable more caregivers to work.

Clearly, the provision of universal access to high-quality kindergartens has significant costs. However, in addition to the likely increase in women's labor force participation that would have positive economic benefits, kindergarten and pre-school have been shown to have numerous positive economic and social benefits, from increases in productivity to lower crime rates among the adult population which attended kindergarten and pre-school (Schweinhart, et. al, 2005; Reynolds, Ou, and Temple, 2018). This suggests that this policy would, in the long term, have numerous other positive outcomes associated with it, while also increasing women's economic activity immediately.

Women are also more likely to care for the elderly than men. Policy in the region on elderly care is under-developed; access to paid elderly care services is poor; and quality of care is a concern when services are available, as a reviewer of this report noted. This is a second area where service provision is likely to have an immediate effect, leading more women to work as well as lead to a healthier society through the professionalization of eldercare. Given that globally the momentum in job creation is in services, including care work and elderly care specifically, the government of Georgia should consider developing a stronger policy framework and infrastructure for providing elderly care today rather than waiting for the situation to deteriorate.

Besides the provision of increased access to social services, creating workplaces responsive to the needs of caregivers would likely increase women's labor



force participation. Two pertinent options in this regard are promoting flex time work and job sharing. Flex time work schedules enable employees to do their work, when they are able to, while also making time for care giving. For example, if a kindergarten closes at 6PM, the mother or father can come to work at 9AM instead of 10AM and leave at 5PM instead of 6PM, enabling them to work and take care of their children. Job sharing is the practice of having two individuals working part time on what traditionally would be a single job. Through the reduced workload, people with caregiving responsibilities are able to remain in the workforce while also fulfilling their unpaid caregiving responsibilities. As almost 50% of women reported unpaid care work responsibilities as a key reason for not working, such arrangements may increase their labour force participation. Importantly, neither of these options are foreign to the region, though they are not explicitly thought of in terms of flex time or job sharing. Explicitly promoting these options as win-wins for employers, families, and the economy has the potential to increase women's labor force participation through enabling care giving. Furthermore, it also has the potential to enable men who would like to play a greater role in care giving to do so, while allowing them to remain in the workforce. To some employers in the region, this may at first appear burdensome, but as the IFC (2016) has argued, promoting women is a smart business strategy that can support not only the development of a strong economy, but also more competitive businesses. Businesses benefit from attracting and retaining the most talented, committed, and educated workers. Flexible and innovative family-friendly policies can attract the most talented workforce, operate more efficiently, and better enable workers to excel and succeed at work. It is in the interest of employers and society as a whole to enact policies that enable both women and men to succeed and reach their potential while also being caring contributors to their families and communities.

Women who have either left the labor force or decided not to enter it at any time, because of family related reasons are less likely to participate

in the labor force today. After controlling for this experience statistically, neither children nor marriage was associated with a negative impact on labor force participation among women. This suggests the need for policy experimentation, with the participation of the private sector. Research should be conducted on what policies can support the retention and reintegration of unpaid carers into the labor force.

While reducing, recognizing, and redistributing unpaid care work are critical to increasing women's labor force participation, the paid care work which is critical to this should also be better rewarded. Salaries in professions involving care, such as nursing, social work, and teaching (including in pre-school and kindergarten), are often poorly remunerated in the region. Increasing the rewards of paid care work through monetary and non-monetary means is likely to encourage greater recognition of this work from society and more men to enter these professions which are generally gendered. This further has the potential to redistribute unpaid care work by increasing the number of men in care professions and hence the numbers of men with the necessary skills to perform care work (both paid and unpaid). Through the development of the paid care work economy generally, people who currently are unpaid caregivers will potentially be able to become paid workers either within or outside the care economy.

Beyond reducing, recognizing, redistributing, and rewarding, representation of the voices of caregivers in policy making is critical. Given the gendered nature of caregiving in Georgia, one of the most straightforward ways of increasing the voice of caregivers would be through increasing women's representation in politics. Although limited evidence exists, what does suggest that women who enter politics prioritize different policy options which are also oriented towards improving the situation of women (Clots-Figuera, 2005). In Georgia, CRRC and NDI's data suggests people are generally supportive of more women in politics (CRRC, 2014). There are many potential steps towards increasing caregivers' representation in politics, from the creation of parliamentary committees focused on the state

of care work (both paid and unpaid) to increasing women's participation in local government through expanding on participatory budgeting practices in Georgia.

### **The weaker financial incentive women have to work drives down labor force participation**

Even though the gendered division of labor in society is the primary driver of women's economic inactivity, the weaker financial incentives which are reflected in the gender pay gap also reduce women's labor force participation. A significant share of women report that they are not working because available jobs do not pay enough; that they have left a job because it did not pay enough; or that they never sought out a job in the first place because the available jobs did not pay well.

At the same time, women earn significantly less than men. If women were paid the same as men, more would likely participate in the labor force. If women's wages increased to the level of men's even to the point of the disappearance of the gender pay gap, however, it is unlikely to make the labor force participation rate equal. As the study has shown, women who work and who do not work perform a similar amount of household care work. Hence, for many women, the increase in economic incentive may not be enough to overcome the already loaded unpaid work schedule.

A decline in the gender pay gap could be achieved in various ways. First, the state can nudge companies towards pay equality through requiring all firms that bid on state issued tenders to report on a) the number of women and men working in their firm, b) the number of women and men in managerial roles, and c) the average pay for women and men in managerial and non-managerial positions. This step is likely to increase awareness of the pay gap at a minimum. Further, the state is the largest economic actor in Georgia. If the private sector is aware that the state considers pay equality important, it may encourage them to examine and improve their practices. The private sector here too can play a role through tracking their own pay gap, by position and

responsibility, and through taking appropriate action to remedy pay gaps where they exist.

Second, the government could consider pay equality legislation. Although passing legislation would likely be simple, enforcement would likely present numerous challenges. A methodology for determining whether pay discrimination took place would be required. Even though it would be possible to create this kind of legislation without specifying a specific enforcement agency, thus leaving it to the courts to enforce the legislation, it would likely be less effective. Hence, this policy option should only be considered after thorough study of international practice and further research.

### **Women with tertiary education are more likely to participate in the labor force**

The factor that has the largest, positive impact on women's labor force participation in Georgia is tertiary education. Women with higher education are 20 percentage points more likely to participate in the labor force. Vocational education is not associated with a higher or lower labor force participation rate. Yet, the labor force participation rate among women with tertiary education is still close to 20 percentage points lower than the rate for men, whether or not they have higher education. In general, family related issues have larger effects on women with higher education. Marriage and children significantly and negatively affect labour force participation of women with vocational or tertiary education.

While education is crucial for women's labor force participation, for men it makes a small difference or a statistically and substantively small difference. This suggests that increasing the share of women entering tertiary education is likely the best way of increasing women's labor force participation rate in the long-term. One policy option that could support this goal is to provide scholarships that are explicitly for women who are otherwise unlikely to gain higher education. While there is little publicly available data on the financial barriers to higher education for girls to the best of the research team's knowledge, collecting or making such data publicly available

would be a first step towards informing policy and programmes and understanding the potential costs of enabling all girls who have the capability to and interest in pursuing tertiary education to have the opportunity to do so.

In Georgia, women already are more likely to attain tertiary education than men. On the one hand, this further highlights the other barriers that women face in participating in the labor force. On the other hand, there is a strong, positive association with higher labor force participation among women with tertiary education and no higher or lower level of labor force participation associated with vocational education. These facts have two implications. First, removing barriers to women's labor force participation may be more important in Georgia to increasing women's labor force participation than increasing qualifications, because women are already more likely to hold tertiary education than men. Second, there is still good reason to believe that if more women had tertiary education in Georgia, women's labor force participation rate would be higher. Hence, the research suggests that policy should aim to increase the number of women attaining tertiary education.

### **Informal employment**

Around half of working people are in informal employment in Georgia. Informal employment generally, although not uniformly, is associated with negative outcomes including lower levels of income. These findings should be interpreted as causal with caution. The jobs in the informal sector are often different than those in the formal sector, and formalization while potentially improving working conditions, also has the potential to decrease income through the introduction of taxation and a higher regulatory burden for employers and the self-employed, many of whom are in informal employment. At the same time, there is widespread support for formalizing the informal sector. More than half of the population believes that if all employers had to provide employment contracts and that if all businesses, including sole proprietors,

had to register their business, it would be positive for both the country and for the respondent. While those in informal employment are less likely to support either of these steps towards formalization, a plurality does.

Even though there is widespread support for formalization, the state should move forward with caution in its attempts to formalize the informal sector. Compliance with regulation and the burden of paying taxes have the potential to decrease the number of employees hired by informal businesses. Moreover, some sole proprietors may find compliance with new regulations and taxes more trouble than they are worth, resulting in some to stop their self-employment. Hence, it is recommended that any efforts at formalizing the informal sector are light touch, and do not punish previously informal businesses for attempting to register their businesses.

Yet, in Georgia, the government has already taken a significant number of steps that should encourage the formalization of informal businesses. Micro businesses and small businesses with turnover of under GEL 500,000 (~USD 200,000) have very low tax rates. More generally, the process of registering a business is simpler than most other countries in the world (WB, 2018). Generally speaking, these incentives to register are positive, however, the rate of informality remains high. This suggests that the government of Georgia should begin to consider disincentives to informality. This could be light penalties for doing business without registration.

Keeping in mind the above advice, the government should consider adopting the ILO's Convention concerning decent work for domestic workers.<sup>8</sup> The treaty requires basic worker protections for individuals in domestic work, which this study suggests is primarily carried out by women and makes up about 7% of the informal workforce in Georgia. If the above recommendations are taken into account, this change would be a small but significant step towards formalizing the informal economy.

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8 The treaty is available at [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C189](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C189)

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