

Determinants of Internally Displaced Persons' Employment Status: Case of Georgia

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Abstract

In the early nineties 300 000 people were forcibly displaced in Georgia from the region of Abkhazia. The present study provides overview of internal displacement in Georgia from the conflict area. It analyses factors that have impact on employment status of internally displaced persons in the country, by using Probit model of regression and relying on dataset, obtained from Caucasus Research Resource Center. According to the existing literature there are many factors that have impact on employability if internally displaced people. Analyses of the given dataset revealed that in Georgia more educated people have more chance to get a job, and those who receive two or more types of financial assistance from government, are more likely to stay unemployed.

Keywords: internally displaced persons, employment, education, informality

I. INTRODUCTION

Over the past twenty years the number of displaced people due to conflict and violence increased significantly all over the world. Just in 2015 8.6 million people were forcibly displaced within their own country and 3.8 million became refugees and asylum-seekers. If in 1996, 37.3 million persons were considered displaced forcibly, by the end of 2015 it has reached 65.3 million. Consequently, over the last years huge attention has been given to international and internal migration. The modern world is facing a big challenge to find durable solutions for forcibly displaced population (UNHCR, 2015).

Economic literature related to particularly conflict-induced displacement and the host society's labour market outcomes affected by such a movement is scarce (Ruiz and Vargas-Silva, 2013, 2015). Moreover, relatively less literature can be found about the impact of migration on labour market of forcibly displaced people particularly (Kondylis, 2010).

This present study attempts to answer question: what are the important factors that determine Internally Displaced Persons' (IDPs) employment status in Georgia's labour market. For empirical analyses we use data received from the Caucasus Research Resource Center.

The present paper reviews literature about the impact of forced displacement on labour market outcomes of host communities and displaced individuals. Statistical analyses are done in order to define the factors that have impacts on employment viability of internally displaced people, in the Georgia's labour market.

II. LITERATURE REVIEW

In order to discuss the consequences of internal migration, induced by conflict and violence, and factors that have impact on displaced people's labour market outcomes, this paper presents different studies, conducted in various countries such as Columbia, Afghanistan, Georgia, Ukraine, etc. However, forced migration has an effect not only on displaced people, also on receiving society. Therefore, it is interesting to see the impact of forced displacement on the host society's labour market outcome. In this part of paper we will also review existing literature about the impact of internal displacement induced by conflict and violence, and factors that have significant effect on labour market outcome of IDPs, and the impact of forced displacement on the host society.

Factors, that are highlighted in modern studies and is believed that are determinants of displaced peoples employability are: networks, **education** (Tarkhan-Mouravi, 2009; ILO, 2013) and the share of informality in the labour market (Kondylis, 2010).

In some countries **networks** are vital for displaced when they are looking for a job. For instance, in Bosnia and Herzegovina vacancies are not advertised openly, and neither employers nor job seekers use existed Employment Institutions for their purposes; instead they more rely on informal networks (Kondylis, 2010;). The same results were obtained from researches conducted in Georgia. It is found that forcibly displaced population face difficulties to join a labour market due to the lack of information, social linkages and networks (Tskitishvili et al., 2005; UNHCR, 2009; Tukhashvili et al., 2012; WB, 2016). Interestingly, survey conducted in Ukraine revealed relatively a different picture, as the majority (58%) of internally displaced people in the country look for advertisements in mass media or internet, and just 25% of surveyed IDPs use social connections in order to find a job (ILO, 2016).

According to the study conducted in Bosnia and Herzegovina, due to a large share of **informality** in the country's labour market, **education** does not have any effect on employment prospect for internally displaced people (Kondylis, 2010). However, in Georgia, in spite of a high share of informality, education and vocational trainings increase chances for employment for internally displaced people (Tarkhan-Mouravi, 2009). The more so, in contrast to Bosnia, the study conducted in Afghanistan as well shows that high-school education significantly increases the opportunity to find a job for exiles. More educated people there have more chance to be occupied in sectors such are education, policy or army, even though sometimes educated people have to take the same job as less educated (ILO, 2013).

In addition, the impact of forced displacement can differ for formal and informal sectors. According to the empirical studies conducted and assessment of forced internal migration on labour market outcomes in Colombia, displacement have a positive impact on employment and negative impact on wages; though, the effect differ for informal and formal labour market. Both effects are significant for **informal** labour market. Unlike Ukrainian IDPs (reservation wage is quite high among IDPs in Ukraine and they are unwilling to work for low salaries (ILO, 2016)), reservation wage among displaced people in Colombia is low, they take any jobs labour market can offer, and are substitute for low skilled workers; therefore, employment rate at informal job market shifts up and wages drop down. The formal sector is protected by minimum wages and jobs require higher skills; consequently, access to the formal sector is more difficult and it is not affected significantly (Calderón and Ibáñez, 2009).

The same results were found in Jordan, when estimating the impact of Syrian refugees on the local labour market. As a result of immigration of Syrian refugees to Jordan, job demand increases and wages drops in informal sector, due to readiness of migrants to accept the work which pays the less than the national minimum wage. However, in the long run, comprehensive increase of consumption from refugees highly contributed to the economic growth of the country. Moreover, the rise of the Syrians' direct investments created new job vacancies for both, refugees and host society work force (Ajuni and Kawar, 2014).

One can argue that such a positive impact can be explained by the fact that Syrian migration to Jordan is not internal (unlike Ukraine, Georgia, Bosnia, Columbia). However, experience and studies done show that even forced internal displacement can induce positive results for a host society. One of the most interesting evidence is the experience of Cyprus. The country dealt with the IDP inflows after invasion by Turkey, with occupied one third of the territory, and within ten years managed to drop drastically unemployment rate and reached rapid economic growth by using internally displaced people as a source for future prosperity. One of the most important factors was implementation of refugee housing program. Overall, "the Government of Cyprus successfully restored the economic productivity of the country in a decade using the displacement disaster as an economic development opportunity, housing and infrastructure reconstruction as the leading sector of economic recovery, and the refugees as a development resource" (Zetter, 2014:15).

III. CASE OF GEORGIA

In 2010 the Caucasus Research Resource Center in Georgia with the financial support of the European Union conducted research among displaced persons having fled from Abkhazia as a result of the 1992–1993 war and currently living in exile in Tbilisi (The capital city), Kutaisi (Imerety Region) and Zugdidi (Samegrelo Region) areas (CRRC, 2010). For our purposes data set from above mentioned research are used.

Living conditions of IDPs in Georgia remains poor, especially for those who still live in collective centers. Collective centres originally were non-residential buildings, like schools, factories, and became permanent homes. Government of Georgia took steps and rehabilitated some of them, but majority of collective centers still remains miserable. Crowded and dire living conditions hinder IDP children in their studies, poverty does not allow some families to meet school requirements. Consequently, these factors can have a negative effect to their future employment opportunities (WB, 2016).

In addition, due to the displacement, social networks of IDPs weakens. In turn, “weak community and family connections further increase the socio economic vulnerability of IDPs, and make it difficult to secure employment” (WB, 2016:24). Lack of networks is one of the reasons why in comparison with general Georgian population IDPs have less access to the formal job market. In addition, because IDPs do not hold any private properties and cannot afford high interest rates, they are unable to access bank credit. Thus, they are unable to start private business (UNHCR, 2009).

As a result of above mentioned factors, a share of displaced workers in the informal sector is large. Labour force is used ineffectively (Tukhashvili et al., 2012). In addition, “all sources agree that even when employed, IDPs earn less” (Tarkhan-Mouravi, 2009:27).

III.1 Descriptive Statistics

In 2010 the Caucasus Research Resource Center (CRRC) in Georgia with the financial support of the European Union conducted research among displaced persons having fled from Abkhazia as a result of the 1992–1993 war and currently living in exile in Tbilisi (The capital city), Kutaisi (Imerety Region) and Zugdidi (Samegrelo Region) areas (CRRC, 2010). CRRC questioned around 860 IDPs, aged 17-90. For our study the data set from the above mentioned survey are used.

In the survey participated 866 internally displaced persons, among them were 131 male and 735 female. Almost all of them (95%) consider themselves Georgian, and at first time were displaced in 1992 or 1993, when 256 respondents were still younger than 18 years.

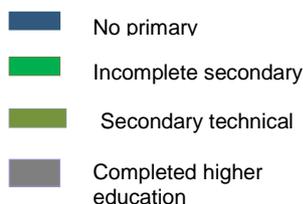
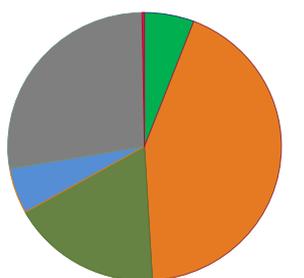
One out of three respondents of this survey stated that the major cause of the war in 1992-93 is external provocation.

Employment and Education: The majority of surveyed IDPs (53%) are former employees of different sectors in Abkhazia. Currently, half of employed before displacement are retired and just 14.6% of them have a job. 137 (33 male and 104 female) from 866 IDPs are employed in different areas. The main economic sectors in terms of employment before displacement was Agriculture, hunting, forestry (19%) and Manufacturing (16%), and after displacement shifted to Wholesale and Retail Trade, Repair of Machinery (18%) and Government, public administration, defense (18%).

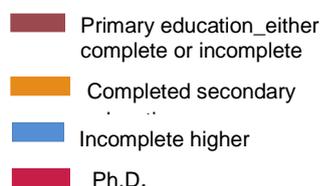
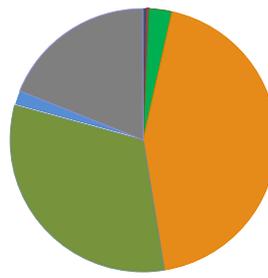
One out of four surveyed respondents have incomplete higher or completed higher education (BA, M, or PhD), 70% have completed secondary, secondary technical education. Among those, who have a job one out of two respondents has incomplete higher or completed higher education (BA, M, or PhD), just 2% of those who have a job are with incomplete secondary education; While just one out of four among employed before displacement, had incomplete higher or completed higher education (BA, M) and 4% incomplete primary or secondary education. Thus, it seems that the share of employed persons with higher education increased after displacement. Unfortunately, the majority of surveyed IDPs (67%) expressed dissatisfaction with availability of tertiary education opportunities in a current settlement. Throughout this paper the participants aged between 17 and 35 are referred to as the younger group, while the second group, aged 36 and above, is called the older group

Graph 1 and Graph 2 below depict the share of educated people by the level of education for two aged groups separately. It can be seen that there is no significant difference between these two groups, as vast majority of both groups have either completed secondary, secondary technical or completed higher education as it was already mentioned above.

Graph 1 The share of levels of education among younger group members



Graph 2 The share of levels of education among older group members



Social assistance. Almost half of respondents (42%) receive retirement pensions¹. If we assume that those who are not receivers of retirement pensions are active work force (employed or unemployed) then just 22% of respondents who belong to the active work force group are occupied in a different sector (however four female surveyed IDPs are above retirement age and still have a job), and 78% are unemployed. Thus, unemployment level among IDPs appear considerably higher than among general Georgian population, as unemployment rate in Georgia for 2010 was reported 16.3% according National Statistics Office of Georgia².

Those who are not working are receivers of IDP allowances³ or general social allowances⁴. Georgian legislation does not banned to receive more than one form of the above mentioned three types of allowances, and types of assistance are additional sources of income for displaced people. The majority (99%) of presently employed persons receive at least one type of these assistances

III.2 Methodology and Results

Testing of hypotheses is based on a Probit regression model and a marginal effect of a Probit model, examining the likelihood of whether employment is dependent on Education, Gender, Age, Number of children in household, Employment sector before displacement and some personal feelings.

In order to estimate which factors impact on probability to be employed, and to calculate predicted probabilities, we run regressions in Stata. As a dependent variable Current employment status has been used. This is a dummy variable which takes value 1 if internally displaced person is employed and 0 if he/she is not. So, because our dependent variable is binary variable, and takes value only 1 and 0, for our analyses we choose nonlinear probability model.

¹ According to the “Law of Georgia on State Pensions“ (2005), (translation in English is available at <https://matsne.gov.ge/en/document/download/27946/16/en/pdf>), and the “Law of Georgia on the State Budget” (2010) (available only in Georgian at: <http://mof.gov.ge/4582>) retirement pension in 2010 was defined as 80 GEL

²National Statistics Office in Georgia Available at http://www.geostat.ge/index.php?action=page&p_id=146&lang=eng

³ According to the Georgia’s Government Resolution on Social Assistance (N145, 28th July, 2006), monthly assistance for IDPs in 2010 was 22 GEL or 28 GEL per person

⁴ According to the “Law of Georgia on Social Assistance“(2006) (translation in English is avalabel at: <https://www.matsne.gov.ge/ka/document/download/23098/7/en/pdf>) and the “Law of Georgia on the State Budget” (2010) in 2010 year social assistance amounts from 22 to 35 GEL per person in the HH.

Table 1 Regression results

Dependent variable Current Employment Status		
	Probit Model	Marginal Effects
(1)	(2)	(3)
Intercept	-1.043 (0.582)	
Employment in Abkhazia	0.115 (0.167)	0.021 (0.030)
Number of children in HH	0.077 (0.064)	0.014 (0.012)
Age	-0.006 (0.005)	-0.001 (0.001)
Higher education	0.717 (0.159)*	0.163 (0.041)*
Gender	-0.302 (0.189)	-0.062 (0.043)
Receiving allowances	-0.740 (0.156)*	-0.139* (0.028)
Having documents confirming ownership of dwelling in Abkhazia	0.239 (0.153)	0.047 (0.032)
Feeling as a part of Georgian society		
Neither agree nor disagree	0.238 (0.492)	0.033 (0.064)
agree	0.463 (0.437)	0.073 (0.054)
Feel discriminated for being IDP	-0.037 (0.056)	-0.007 (0.010)
Pseudo R2	0.158	
Number of observations	578	578

Standard errors are in parentheses.

*significant at 5%

For our model independent variables are included: Employment Abkhazia, Number of children in household, age, higher education⁵, gender, allowance receivers⁶, personal feeling as a part of Georgian society, feel discriminated because of being IDP, and having Documents confirming ownership of dwelling in Abkhazia.

Because we have some missing data, for this analyses instead of 869 only 578 observations from our data set are use. The likelihood ratio chi-square of 74.22 with a p-value of 0.0001 shows that the model as a whole fits significantly better than an constant-only model and the hypothesis that all coefficients are equal to zero can be rejected at the 1 percent significance level. In order to test the goodness of our model, classification table was constructor (Estat). The result shows that our model is at 86.85% percent correctly classified.

Table 1. above represents results for our regression. According to the column (2) from the table, those who receive allowances in comparison to those who do not, are more likely to be employed because coefficient is negative and significant. In order to explain the result, we can assume that even though the amount of allowances are small, they still are stable income for IDPs and therefore, those who have a stable monthly income are discouraged from looking for a job, especially, if they have to take low paid and unskilled jobs (WB, 2016). The Colum 3 in Table 1. shows that being a receiver of more than one allowance, decreases the probability of being employed by 14%.

⁵ We created dummy variable higher education, which values 0, if a respondent has No primary education, Primary education either complete or incomplete, Incomplete secondary education, Completed secondary education or Completed secondary education, and values 1, if respondent has Incomplete higher education, Completed higher education either BA, MA or 'Specialist' , or Ph.D..

⁶ Binary variable allowancerec has been generated and equals to one if respondent receives more than one type of allowance, and equals zero if respondent receives only one type of allowance

Also, according to the column (2) at the Table 1., predicted probability of being employed is significantly increased if IDPs have Incomplete higher education, Completed higher education either BA, MA or 'Specialist', or Ph.D.. According to the Column 3 from table, the probability of being employed rises by 16.3 percentage point for those who have higher education (Incomplete higher education, Completed higher education either BA, MA or 'Specialist', or Ph.D.).

The result is consistent with those of Tukhashvili et al (2012) and Tarkhan-Mouravi (2009), who claim that, higher education and vocational trainings increase probability of getting job for internally displaced people in Georgia. In contrast, Tskitishvili et al (2005) argue that even though IDPs with higher **education**, like university diploma or vocational certificate, have more likelihood of being occupied in a formal sector (government and private sector), in overall "level of education is not important in obtaining employment, it is an important factor in which sector of the economy one finds employment" (Tskitishvili et al, 2005:18).

As it was expected, neither age nor employment status before displacement, have significant impact on the likelihood of being employed; in contrast of studies and experiences discussed above in this paper, even variable for gender is not significant.

CONCLUSION

The purpose of this study is to find out if there are certain factors that have impact on employability status of IDPs. The paper shows that these factors are networks, education, and labour market characteristics and legislation of a country. The impact of these factors is dissimilar in different countries. Moreover, in some countries, conflict induced displacement can be used as a source of a future prosperity, and the outcome largely depends on government politics and policies implemented.

Analyses of a given dataset revealed that in Georgia most significant factors are **Education**, the probability of being employed rises significantly for those who have higher education, and State financial assistance, being a receiver of different forms of allowance significantly decreases the probability of being employed. However, the sample has many limitations and for future studies it is recommended to have more fulfilled data, with more detailed information about income, employment sectors (formal/informal), etc..

Taking into account the findings of the study, we would recommend to implement programs, ensuring: improved living conditions of IDPs through executing resettlement programs; **support IDP children's integration in an education system**, supply collective centers with sufficient facilities; make accessible fertile land, and provide supply of relative equipment; in addition, some steps should be taken to give access to bank credits, in order to support business initiatives of displaced people (Tarkhan-Mouravi, 2009).

Moreover, development effective **training systems** in line with local labour market demand would increase likelihood of getting job for IDPs; and finally, more effective employment services should be provided, in order to increase reliance on formal channels of job-search, instead of informal, like social networks (Tukhashvili, 2012; ILO, 2016).

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