

# GEORGIA

## Social Capital and Employment Opportunities Among Internally Displaced Persons (IDPs) in Georgia


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## Terms and Definitions

**Collective centers** – Buildings and facilities used to house IDPs, such as hotels, sanatoriums, office buildings, etc. In this study only those collective centers containing 75 or more individuals were included.

**Certification** – A diploma, certificate or license received for specialized training and skill(s), such as accounting, hairdressing, computer, welding, etc.

**Employment** – A respondent's self-report of being involved in some form of income-earning activity.

**Formal** – Work that is based on a contract (written or verbal) in an enterprise (see definition below) that is officially registered with the government.

**Informal** – Work which involves no contract and the enterprise is not officially registered.

**Primary** – All formal employment is considered a respondent's primary employment. If a respondent had both formal and informal employment activities, then the primary employment is the one with the largest monthly income.

**Employment rate** – The rate of employment is defined as the number of people currently employed divided by the number of working-age adults, with self-employed people being counted as employed.

**Enterprise** – Any business, venture or workplace that employs people. This is used for both the public and private sectors.

**GEL** – Georgian Economic Lari (1 GEL = \$1.82 USD)

**GP** – General population (non-IDP)

**Human capital** – The knowledge, skills, capabilities, and health possessed by an individual that can be used to gain access to employment and higher earnings.

**IDP** – Internally displaced persons. The majority of IDPs in this study are from Abkhazia with a smaller percentage from South Ossetia.

**Inactive** – Not actively seeking employment or an income-earning activity.

**Locations** – Tbilisi (capital), Kutaisi, and Zugdidi.

**Personal income** – The wage, salary or revenue earned by the individual from their income-earning activity.

**Private sector** - The part of a nation's economy which is not controlled by the government.

**Public sector** - The part of the economy concerned with providing basic government services. The composition of the public sector varies by country, but in most countries the public sector includes many services such as the police, military, public roads, public transit, primary and secondary education, and healthcare for the poor.

**Returns to employment** – Personal income generated from employment (see above)

**Social capital** – The personal networks, norms and levels of trust that facilitate access to and quality of employment or income-earning activities.

## ***Social Capital and Employment Opportunities Among IDPs in Georgia***

### **1. Executive Summary**

There are approximately 260,000 internally displaced persons (IDPs) in Georgia. Almost one-half live in collective centers, with some IDPs having lived in them for more than 10 years. To date, negotiations between the Government of Georgia and the two formerly autonomous regions of Abkhazia and South Ossetia have not resolved the conflicts. Presently, there is no settlement in sight for either conflict.

Until IDPs can return to their former homes, a perennial problem for the Government of Georgia, donors and international NGOs has been the degree to which IDPs can become economically self-sufficient or -reliant. One of the most important features of economic self-reliance has been employment, whether in the formal or informal sector.

Since the first displacement of persons in 1991, it was not unusual to find higher rates of unemployment among IDPs than the general population (GP). However, as the number of years has increased since displacement (for some IDPs it has been almost 14 years), there is a growing concern that IDPs are still confronting higher rates of unemployment than the GP. Despite displacement, the rates of employment among IDPs has been stabilized to some degree because the governmental structures of Abkhazia, including the Ministry of Internal Affairs, all of which are made up of IDPs, have remained intact and are considered "in exile."

This study examined three basic questions:

1. Do IDPs have significantly lower rates of employment than the GP?
2. When employed, are there significant differences between IDPs and the GP in the rate of employment in the formal and informal sectors?
3. When employed are there significant differences between IDPs and the GP in the returns to employment, specifically in the amounts of monthly wages, salary and/or revenue?

A sample of IDPs was drawn from the three main urban areas containing the largest number of IDPs living in collective centers and another comparative sample of the GP in the same urban areas. In addition, a random household sample of the general population (non-IDPs) was drawn in the same urban areas as a comparative group.

The study found that the rates of employment between IDPs and the GP were found to be significantly different; however, this difference primarily occurred in a certain time period, between 1991 and 1999. Contributing factors to the higher unemployment rate among IDPs seems to be due to the confluence of several factors:

- a) displacement *from* their former employment;
- b) displacement *to* a collapsed economy with few employment opportunities; and
- c) years of uncertainty about the length of displacement created a distinctive to seek permanent employment.

Since 2002 the rate of employment for IDPs has been increasing and has surpassed the employment rate for the GP. This is most likely due to the socio-economic environment becoming more stabilized, the general employment situation starting to improve, and the need to economically to provide for a family. After many years of living away from their homes, assimilation has become tolerable and is starting to become a fact of life.

It was hypothesized that IDPs would have lower levels of social capital and that what little social capital they had would not be beneficial in obtaining employment. The study

did not confirm this hypothesis. IDPs reported levels of social capital as high as the GP, and their social capital contributed as much to obtaining employment as for the GP.

Furthermore, IDPs did not have significantly higher rates of employment in the informal sphere than the GP. As for formal employment, the rate of employment for IDPs, although dominated by the government and private enterprises, was no different than the GP. IDPs who obtained formal employment did so primarily based on their level of education.

Concerning monthly income from employment, the GP did have significantly higher rates of return than IDPs. However, IDPs and the GP who held identical higher paying positions (administrator/manager, skilled white collar, and skilled blue collar) in identical sectors (formal and informal) had similar wages and salaries. Thus, the significantly higher overall rates of return for the GP was primarily due to the GP having higher rates of employment in the private sphere whereas IDPs are predominately employed in the lower paying government sphere.

In this study we did not detect any barriers or obstacles for IDPs in terms of obtaining employment, whether formal or informal, or the rate of returns from employment in the form of wages or salaries based on IDP status. Generally, IDPs have the same chance to be employed as the GP when having the same level of education, skills and experience. We did, however, find that IDPs have less quality of employment than GP (i.e., fewer hold higher status administrative/managerial positions).

Based on the data in this study this finding appears to be associated with the form of personal networks used by IDPs and GP. The personal networks of IDPs appear to be more successful at helping IDPs obtain government-related employment whereas the personal networks of the GP are better at helping the GP obtain employment in the private sector. This finding is quite tentative based on the variables used in this research. Therefore, the authors believe that any future study on social capital and employment among IDPs should include a more detailed study of the structural location of IDP and GP network members in the different employment sectors.

## 2. Context of Displacement

Inter-ethnic relations in Georgia became violent toward the end of the Soviet period and during the early years of independence. In 1989 inter-ethnic relations in the autonomous region of South Ossetia within Georgia erupted into violence when the South Ossetia Supreme Soviet demanded reunification with North Ossetia. Tens of thousands of residents fled; ethnic Ossetians to North Ossetia and ethnic Georgians to Gori and Tbilisi. Fighting continued until June 1992. Even today, with a declared truce, sporadic shootings occur between Ossetian and Georgian troops and civilians along the border.

In Abkhazia sporadic outbreaks between ethnic Abkhaz and Georgians began in 1989. After Georgia's independence in 1991 fighting intensified until August 1992 when Georgian troops entered Abkhazia and captured the capital, Sukhumi. In July 1993 Abkhazia forces launched a counter attack, defeating the Georgian forces at which point hundreds of thousands of ethnic Georgians fled. In May 1994, a cease-fire agreement was declared. Most IDPs from Abkhazia fled to nearby Zugdidi and other areas, such as Tbilisi and Kutaisi.

The largest estimated number of IDPs in Georgia was 285,000 (estimated in 1996).<sup>1</sup> The most recent estimate is a total of 260,000 IDPs.<sup>2</sup>

Almost 3 of every 4 IDPs live in an urban location, with approximately 2 of every 5 living in a collective center. Approximately 73% of IDPs live in urban areas.<sup>3</sup> The three main urban areas, in rank order of number of IDPs, are Zugdidi, Tbilisi, and Kutaisi. It is estimated that roughly 44% of IDPs live in various facilities called "collective centers." Collective centers range from large military barracks and hotels to small two-room offices. However, for this study only collective centers housing 75 or more individuals (roughly 20 families) were included in the sample frame.

After years of emergency relief and humanitarian aid, most international donors as well as the government are looking for more sustainable programming. Since the early years of displacement, the growing trend by donors is away from emergency relief and aid to more sustainable programming that allows IDPs to achieve a degree of economic self-reliance. In 2000 most donors began to mainstream IDPs into regular programming through community-based programming and attempts at local assimilation; however, many attempts have had mixed success, especially for IDPs living in collective centers.

## 3. Obstacles and Barriers Confronting IDPs in Georgia in Obtaining Employment

The impoverished socio-economic situation in Georgia creates an environment of scarce income and employment opportunities. The Georgian economy experienced a catastrophic decline after the break-up of the Soviet Union. It is estimated that Georgia experienced a 60% drop in GDP from its 1989 level. With ethnic conflict, civil war, inflation, and the fiscal crisis of the state due to the inability to collect revenues, social problems have become exacerbated, especially employment. Unemployment in Georgia today ranges from 24% to 38%, depending on the criteria used. The country remains largely unfavorable to economic investment and is generally considered unstable.<sup>4</sup> Persistent underemployment, widespread hidden and disguised unemployment, and salaries falling way below the minimum subsistence level are common in general.

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<sup>1</sup> Holtzman, Steven and Taies Nezam. 2004. *Living in Limbo: conflict-induced displacement in Europe and Central Asia*. The World Bank, Washington, D.C.

<sup>2</sup> *Georgian Humanitarian Situation and Strategy*, United Nations OCHA, Tbilisi, Georgia.

<sup>3</sup> Sumbadze, Nana and George Tarkhan-Mouravi. 2003. *Working Paper on IDP Vulnerability and Economic Self-Reliance*, UNDP, Tbilisi, Georgia.

<sup>4</sup> *Georgia Economic Trends*, Quarterly Review, 2004, No. 2

With few formal employment opportunities available, IDPs do not have the material resources needed for many informal income activities. The difficulty of finding formal employment opportunities has forced many Georgians to look for alternatives, leading to an increase in the number of self-employed workers. More than 78% of self-employed people are engaged in subsistence agricultural activities that allow them to avoid hunger but provide small -- if any -- monetary incomes. However, IDPs living in collective centers do not possess the primary resource needed for subsistence agriculture, namely land. In 1996, a law provided IDPs with the right to use allocated land, but IDPs were restricted from building any permanent structures. Such restrictions limit the ability of IDPs to compete in major informal economic activities, such as selling agricultural products or creating a small kiosk structure for retail trade and sales.

Without collateral IDPs face many hurdles in obtaining even small credit for entrepreneurial activities. Due to displacement and unemployment, most IDPs do not have the material or financial resources to initiate even a small business. Access to needed venture capital (cash) through formal credit is a major hurdle for IDPs. Moreover, access to credit through informal channels is also difficult, because the people IDPs would most likely borrow from are likewise other cash-deprived IDPs or local "loan sharks" that charge extremely high monthly interest rates.

Conflict, displacement, cramped living conditions, provision of humanitarian assistance, poor job prospects as well as government entitlements have provided disincentives for IDPs to seek employment. Since displacement IDPs have received free-of-charge living quarters and humanitarian assistance in the form of food, clothing, and medicine. From the government, IDPs have been entitled to monthly stipends and benefits, such as subsidies for utilities and free transportation on public transport. There is anecdotal evidence that these programs have led to attitudes of dependency, passivity and depression among IDPs. One outcome of many years of entitlements is that these programs may have developed disincentives for IDPs to seek employment, in that they prefer to live day-to-day until they are able to "return home."

Due to the destruction or fragmentation of their social capital since displacement, IDPs have limited access to information about scarce employment opportunities. The use of social capital, in the form of personal networks and sets of relations among individuals, has been, and continues to be, an important resource in Georgia to obtain information about economic opportunities and achieve employment. It is assumed that during the post-displacement period extended families, classmates and friends of IDPs, as well as neighborhood and community ties, may have been negatively impacted, thus weakening the social capital of IDPs. Without intact and viable social capital, IDPs are severely disadvantaged in obtaining information about new employment and economic opportunities. When IDP networks are fragmented or destroyed, not only are their chances of obtaining employment negatively impacted, but the quality of their employment, such as size of compensation, position and sector of employment, could be also be detrimentally affected. Recent research in the former Soviet states has shown that employment in the private sector offers better compensation in the form of wages/salaries and career advancement than the government sector.

#### 4. Research Questions and Methodology

This study and report attempted to answer three key questions:

1. Is the rate of employment for IDPs living in collective centers significantly different from the general public (GP)?<sup>5</sup>
2. When employed, is there a significant difference between the rates of employment in the formal and informal sectors for IDPs living in collective centers and the GP?
3. What if any contribution does social capital make to employment overall, and specifically its contribution to formal employment, for IDPs living in collective centers? Is this contribution different than the GP?

In September 2004 a qualitative study was conducted in Georgia to investigate the rates of employment, rates of employment in the formal and informal sectors, rates of return when employed, and the contribution of social capital in obtaining employment among IDPs. The qualitative study consisted of four (4) focus group discussions (FGDs) with IDPs and four (4) with the GP conducted in Tbilisi and Zugdidi on formal and informal employment issues and use of personal and social networks to obtain information about employment opportunities. In addition, twenty (20) in-depth interviews (IDIs) were conducted with IDPs employed in either the formal or informal sector in all three locations, i.e. including Kutaisi. Findings from the FGDs and IDIs were then used to develop a quantitative survey instrument.

The quantitative survey instrument was pre-tested in February 2005 and the field work conducted in March 2005. A sample size of 1,000 IDPs and 1,000 GP was chosen due to budget and time constraints. A list of collective centers in the three major urban locations – Tbilisi, Kutaisi and Zugdidi – which house 75 or more IDPs was obtained from the Ministry of Refugees and Accommodations. This list was used for the sampling frame; from this list a systematic sample was drawn.

Respondents between 18 to 70 years of age were selected randomly in households based on a last birthday protocol. The interview was conducted in Georgian by a trained interviewer. A total of 1,003 IDPs and 997 GP were interviewed.

All data were entered into an SPSS file and cleaned. A set of hypotheses were developed and the data were used to test them. Testing of hypotheses was based on two logistic regression models, one examining the likelihood of employment (Table 9) and the second examining the likelihood of formal employment (Table 20), controlling for demographic, location, sources of employment information, human capital, community involvement and levels of trust. The Wald's statistic is used for levels of significance at a 95% confidence interval for each regressor and the Model Chi-square value for the overall model.

To examine predictors of returns from employment (monthly personal income from salary/wages) Ordinary Least Squares regression (Table 34) was used and levels of significance at a 95% confidence interval or greater for regressors was based on a t-test and the Fischer's test for the model.

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<sup>5</sup> The authors used employment rate as the basis of analysis for several reasons. First, the Terms of Reference for this study focused on the unemployment rate of IDPs compared to the local, general population, and secondly, because according to the International Labor Organization, employment rate is the second most important indicator of a labor market, only after the labor force participation rate, which is the proportion of an economy's working-age population that is economically active. The labor force participation rate was not examined because it was not requested in the TOR, nor is population-based data on the IDPs reliable.

## 5. Definitions, Measurement, and Criteria for Respondent Inclusion

There are three basic employment statuses: employed, unemployed, and economically inactive. In this study only employed and unemployed IDPs and GP are included.

**Employed** – a respondent was considered employed if they self-reported earning an income from work or a set of activities. No criterion was used for retirement age. If a retirement age respondent reported to have work or an income-earning activity, they were included as employed.

*Formal employment* – if a respondent reported having a job or an income-earning activity, they were asked if s/he had a contract for the job or not, and if the enterprise they worked for was officially registered or not. If the respondent had a contract (verbal or written) at a registered enterprise, their employment was considered to be in the formal sector.

*Informal employment* – any one reporting a job or income-earning activity in an enterprise that was not officially registered (whether a company or a household business) was considered to be employed in the informal sector.

The study focuses on the primary income activity or job. If the income activity or job was in the formal sector, this was considered the primary employment. For any respondent mentioning 2 or more informal income earning activities, we asked the respondent to report on the one they earn the most income from.

**Unemployed** – those respondents who did not report any income-earning activity but were actively seeking employment or an income-earning activity.

**Inactive** – those respondents who did not report an income-earning activity and were not actively seeking any.

Table 1 presents the number and percentage of IDPs and GP from our sample by employment status. A slightly higher percentage of IDPs were inactive (36.4%) compared to the GP (31.9%). For IDPs the largest percentages of respondents were economically inactive due to being a housewife or a student. For GP, economic inactivity was due mostly to being a housewife or retired.

Table 1: Employment Statuses of IDPs and GP in Study Sample.

Employment status	IDPs (n=1003)		GP (n=997)	
	N	%	N	%
Employed	229	22.8	352	35.3
Unemployed	409	40.8	327	32.8
Inactive:	365	36.4	318	31.9
<i>Not willing to work</i>	26	(2.6)	25	(2.5)
<i>Pensioner/retired</i>	67	(6.7)	83	(8.3)
<i>Disabled/invalid</i>	36	(3.6)	25	(2.5)
<i>On childcare leave</i>	2	(0.2)	1	(0.1)
<i>Student</i>	67	(8.7)	65	(6.5)
<i>Housewife</i>	152	(15.2)	104	(10.4)
<i>Other</i>	15	(1.5)	15	(2.4)

This study will examine only those respondents who are either employed or unemployed. **Those who are inactive, 365 (or 36.4%) of IDPs and 318 (or 31.9%) of GP, have been excluded from the analyses.**

*Exclusion of IDPs and GP Employed Before the Year of Major Displacement (1991).* Since this is a study of (un)employment after displacement, IDPs and the GP who reported a starting date for

their job or income-generating activity prior to 1991 were excluded from the analyses. Of the 229 employed IDPs in the sample, 3.9% (or 9) were employed before 1991. For the GP, of the 352 who were employed, 27.9% (or 98) were employed before 1991, and thus were excluded from the analyses.

Table 2: Employed Before and After 1991 for IDPs Living in Collective Centers and the GP.

	IDP (n=229)	GP (n=352)	Total (n=580)
Before 1991	3.9	27.9	18.4
1991 or after	96.1	72.1	81.6
Total	100.0%	100.0%	100.0%

The analyses include the following numbers of IDPs and GP who are either unemployed or employed after 1991, as shown in Table 3.

Table 3: Number of IDPs and GP Included in Analyses by Employment Status.

Employment status	IDP	GP	Total
Unemployed	409	327	736
Employed	220	254	474
Total	629	581	1210

It is important to account for human capital in employment studies. Human capital refers to the attributes of a person that may be used productively in some economic context. The attributes most frequently studied are age, level of education, and health status, all of which are controlled for in this study. In addition, attainment of a diploma or certificate for specialized training or skills has been included.

Social capital is recognized as a vital resource for obtaining information about economic opportunities in transitional and non-transitional economies. In this study, social capital refers to the personal networks and sets of relations to other individuals, membership(s) in formal groups, and participation in community events and activities. Social capital can provide the human and social resources to access and obtain new information, especially information related to economic opportunities. For example, in this study, when asked the about the main sources of information about employment opportunities, virtually identical percentages of IDPs (70.9%) and the GP (70.1%) mentioned relatives, friends and neighbors. Also, personal networks have been shown to lead to higher quality jobs—that is, more prestigious positions and wages/salaries.<sup>6</sup>

**Personal networks:** Two types of personal networks were measured: job contacts and economic opportunity networks. Job contact networks include if a respondent obtained his/her job or employment via a personal contact. Of the 220 IDPs who were employed, almost 94% reported being helped by a personal contact, compared to 45% of the 254 employed GP. For both IDPs and the GP, friends, relatives and acquaintances were most often used to obtain employment. IDPs were slightly more likely to use family/relative networks while the GP relies more on friends.

Table 4: Personal Network Who Helped with Obtaining Employment (%).

Relationship	Total (n=206)	IDP (n=114)	GP (n=92)
Friend	24.8	22.8	27.2
Family/relative	23.3	26.3	19.6
Acquaintance (friend of friend)	22.8	23.7	21.7
Neighbor	12.6	12.3	13.0
Colleague	5.8	3.5	8.7
Co-member of group or association	4.9	6.1	3.3

<sup>6</sup> Gerber, Theodore and Olga Mayorova. 2003. "Getting Personal: the use of networks for successful job searches in Russia, 1985 – 2001, University of Arizona.

Other	4.4	4.4	4.3
Classmate	1.5	0.9	2.2

Economic opportunity networks are the number of persons from six relational groups that a respondent reported s/he could discuss personal income earning opportunities. Economic opportunity networks are the total number of these people: 10.6 persons for IDPs and 9.8 persons for the GP (as shown in Table 5). The only difference was that IDPs have significantly more neighbors in their economic opportunity network than the GP. One similarity is that both IDPs and the GP have homogenous economic opportunity networks; that is, on average 86.6% of the people in the IDP economic opportunity network is an IDP. For the GP, only 3.6% are IDPs, or in other words, 96.4% of the individuals in a GP economic opportunity network are also from the GP.

Table 5: Main Sources of Information About Employment Opportunities (multiple responses).

Relationship	IDP (n=629)	GP (n=581)	Total (n=1017)
Relatives/friends/neighbors	37.2	35.3	36.3
Television	20.9	18.6	19.8
Newspaper (Community, local or national)	13.4	17.4	15.4
Radio	4.8	5.9	5.3
Local market	7.4	2.9	5.2
Colleagues	4.8	5.3	5.0
Internet	2.0	4.4	3.2
Commercial/private employment agency	2.9	3.0	2.9
State employment agency	2.5	2.6	2.6
Community bulletin board	1.0	2.4	1.7
NGOs	1.9	1.0	1.5
Groups or associations	1.0	0.8	0.9
Community leaders	0.3	0.4	0.4

**Social involvement:** Five types of social involvement were included: a) membership in a formal group; b) participation in a community project; c) monetary contribution to a community project; d) number of times joined community events and activities; and e) the number of times in the past month s/he got together with people to have food or drinks, either in their home or in a public place.

Few IDPs or GP were members of formal groups (see Table 6 in the Appendix). Only 1 of every 7 IDPs and GP reported being a member of a group. When an IDP was a member of a group, s/he was more likely to be a member of a professional association, whereas for the GP it was a religious or church group.

Participation in and monetary contribution to community projects was much higher than group membership. Almost two-thirds (62.6%) of IDPs participated in community projects, which was significantly higher than the 55.2% for the GP (see Table 7 in Appendix), as well as the number of times participating in the previous 12 months (4.2 and 3.1, respectively). However, the GP respondents reported a significantly higher number of times getting together with people in public places to have food and/or drinks. Lastly, the percentage of IDPs and GP that reported to have contributed monetarily to community projects were virtually similar (72.7% and 74.0%, respectively).

**Social trust:** Two types of trust were included: if a respondent felt a) there were people beyond their immediate household or close relatives who would be willing and able to provide money to pay expenses for 1 week if s/he needed it, and b) if they believed, in general, that most people can be trusted.

Almost two-thirds of IDPs and the GP trust that someone beyond their household or a close relative will assist them to help pay for one (1) week's worth of expenses (63.5% and 66.8%,

respectively). However, approximately only one (1) of every five (5) IDPs and GP believe that most people in their neighborhood would be willing to help them in some way if they needed help (see in the Table 8 Appendix). In addition, approximately the same ratio of IDPs and the GP trust the central government. A significantly lower percentage of IDPs (17.3%) than the GP (25.7%) believe that, in general, people can be trusted.

## 6. Expected Findings Based on Previous Studies and Anecdotal Evidence

In this study we test certain hypotheses based on findings from previous studies and anecdotal evidence from international and local NGOs working with IDPs living in collective centers. The following statements are assumed to be an accurate description of the situation confronted by IDPs.

Due to the reasons given above, we hypothesize:

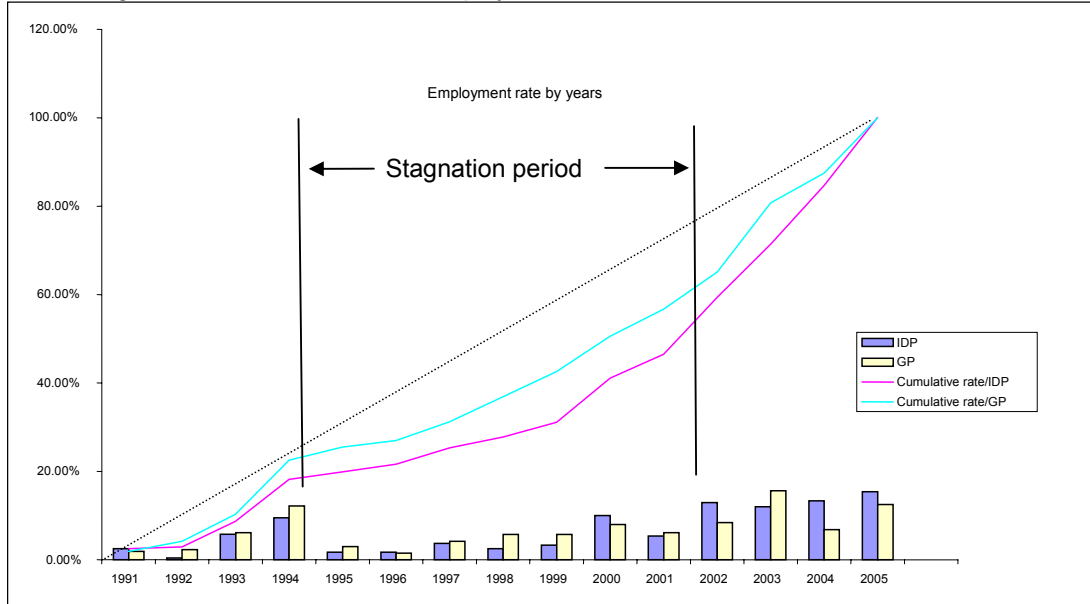
- a. *IDPs will have a significantly lower rate of employment than the GP, and that the social capital of IDPs will be less important for obtaining employment than for the GP.*
- b. *When employed, IDPs will have a significantly lower rate of employment in the formal sector than the GP, and the social capital of IDPs will be less important for obtaining employment in the formal sector than for the GP.*
- c. *And finally, that the returns from employment, in the form of monthly wage/salary, will be less for IDPs than the GP, and that the social capital of IDPs will contribute less to higher returns than for the GP.*

## 7. Employment Prospects for IDPs and GP When Few Jobs Exist

- a. *IDPs will have a significantly lower rate of employment than the GP, and that the social capital of IDPs will be less important for obtaining employment than for the GP.*

Overall employment stagnated from 1994 to 2001 for IDPs and the GP, but the stagnation was comparatively more adverse for IDPs. However, in recent years this trend has changed. Figure 1 shows the cumulative rate of employment for IDPs and the GP in this study from 1991 to 2005. For both IDPs and the GP the rate of employment stagnated from 1994 to 2001, but it was significantly worse from 1995 to 1999. Comparatively, during this time of employment stagnation, IDPs fared much worse than the GP. When the overall employment rate for IDPs and the GP for these years are compared (35.0% vs. 43.7%), then the GP has a significantly higher rate of employment than IDPs.

Figure 1: Cumulative Rate of Employment for IDPs and the GP from 1991 to 2005.



However, as shown in Figure 1, since 2000 the rate of employment for IDPs has increased substantially compared to previous years. In fact, the rate of employment from 2000-2005 for IDPs was significantly higher than for the GP (66.4% vs. 57.3%). Thus, during the worst years of employment stagnation IDPs experienced higher rates of unemployment, but in the last five years have experienced higher rates of employment than the GP.

Social capital, in the form of memberships in formal groups, participation in community projects, trust of people, and personal networks are significant predictors of employment for IDPs. It is recognized that the causal direction between social capital and employment is not always clear.<sup>7</sup> The basic question is: Do people obtain employment from their social capital, or is social capital obtained from employment?

It is interesting to note that even one (1) of every three (3) unemployed respondents reported that s/he was unemployed because of the lack of personal contacts, with few reporting lack of education, age or IDP status. Thus, for the overwhelming majority of the unemployed, social capital in the form of personal networks leads to employment opportunities. IDPs that used relatives, friends and neighbors to obtain information about employment opportunities had a 20% greater likelihood of being employed than those IDPs who used other sources. Similarly, the GP who used relatives, friends and neighbors had a 35% greater likelihood of being employed than those of the GP that used other sources.

Membership in formal groups provides a social setting in which to exchange information regarding formal employment and informal economic opportunities. Among the 50 IDPs who were members of a formal group, 44% were members of a professional association, a trade or business association, or a trade union. IDPs who were not members of a formal group were 3½ times less likely to be employed than the 50 IDPs who are members of a formal group. This was also the case with the GP, but slightly less so. Membership increased the probability of employment for the GP by 2½ times.

Civic involvement through participation in local community projects is critically linked with employment, especially those projects requiring a community financial contribution. Many local

<sup>7</sup> Mouw, Ted. No date. *Social Capital and Job Search: do contacts matter?* University of North Carolina, Chapel Hill.

and international NGOs have been working over the years in collective centers using community mobilization techniques that have required a degree of a matching contribution from resident IDPs. As mentioned earlier, 62.6% of IDPs reported that they had participated in community projects and of these the majority (72.7%) had made some monetary contribution. In this study, those IDPs who reported to have made a monetary contribution to a community project were more likely to be employed – a 2½ times greater probability of being employed than those IDPs who had not. In contrast, the GP who made some monetary contribution to a community project were no more likely to be employed than those who had not.

Generalized trust of others can assist with the flow of information and assistance. Distrust can hinder the flow of information, and once the information is received it is easy to disregard it. Undoubtedly, trust is associated with civic involvement, in that if a person distrusts others they are less likely to get involved with community projects. However, when statistically controlling for civic involvement, IDPs with higher levels of generalized trust had 30% higher rates of employment than IDPs with low levels of generalized trust.

The human capital attributes of age and having a vocational certificate, diploma or license are important factors contributing to employment for IDPs. Interestingly, human capital attributes of gender and level of education are less important in obtaining employment for both IDPs and the GP. For both IDPs and the GP age was the most critical human capital attribute to predict employment.

For IDPs, the likelihood of being employed increases with age. The rate of employment for IDPs 18-24 years of age was 14.8%, increasing to 43.3% for IDPs 55+ years of age. Based on logistic regression, the likelihood of IDPs in the three age groups of 25-34, 35-44, and 45-54 years were from 4 to 4½ times more likely to be employed than those IDPs in the youngest age group, 18-24 years of age. However, IDPs 55+ years of age were almost 9 times more likely to be employed than IDPs 18-24 years of age. Almost similar results were obtained for the GP.

These differences may be due to several reasons. First, most 18-24 year olds are in school, which is the socially acceptable route for this age group. Second, younger people tend to have smaller networks and acquaintances with employment information. Third, Georgia's current employment structure, being a legacy of the Soviet system, is still predominantly public (government) sector rather than the private sector. Private businesses are just beginning in Georgia and generally cannot afford to invest in training young, inexperienced staff. In addition, many of the older age group have obtained newer positions since 1991 in recently created, third-party private businesses that were taken over by the management of collapsed Soviet enterprises.

Location is not a significant contributor to increasing the likelihood of IDPs in obtaining employment but is for the GP. When controlling for all factors in the logistic regression equation, living in any one of the three studied sites (Tbilisi, Kutaisi or Zugdidi) did not increase an IDP's likelihood of being employed over another site.<sup>8</sup> As an explanation we can conclude that these three cities differ from each other demographically (age groups, gender proportions), by levels of human capital, and by source of information about employment. These factors thus have a greater influence on the employment rate than location.

Comparatively, however, a person in the GP living in Tbilisi has a significantly less – 46% less – likelihood of being employed than a person from the GP living in Zugdidi. The basic reason for this difference is due to the greater number of informal employment opportunities outside Tbilisi.

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<sup>8</sup> If a significance level of  $p < 0.10$  was used rather than the  $p < 0.05$  in the study, then, as shown in Table 9, IDPs living in Kutaisi would have significantly higher likelihood of being employed than IDPs living in Zugdidi, with still no significant difference between Kutaisi and Tbilisi.

This finding can be partially explained in that the two sites (Kutaisi and Zugdidi), other than the capital Tbilisi, are in more rural settings and thus provide better opportunities for different informal employment activities. As mentioned in the introductory section (Obstacles and Barriers), the GP has significantly more opportunities to informal employment activities due to current assets (productive land, livestock, and collateral for credit) than IDPs living in collective centers. Thus, locations that provide more opportunities for informal employment activities are more likely to impact the GP than IDPs who do not have many assets.

Conventional sources of employment information, such as state and/or private employment agencies, television, or newspapers, are ineffective for gaining employment. These conventional sources of information require time to process and announce employment opportunities. By the time the information is processed and disseminated, the job most likely has already been filled. Also, many employers are hesitant to pay for these services. Why? Because one of the main goals of employment agencies is to match employee skills with a job requirement. However, in Georgia, many of the newly emerging job skills are not readily available in the labor market. Thus, numerous employers would rather save the cost of advertising, and filtering through hundred of irrelevant applications, preferring to use their current networks or employee networks to identify trusted individuals who have higher levels of education and can learn the necessary skills needed for the position.

In summary, if the average rates of employment for IDPs and the GP are compared (22.8% vs. 35.5%) for the entire time period (1991-2005), then the hypothesis that IDPs would have a significantly lower rate of employment than the GP held true. But interestingly, if rates of employment are examined by time periods, this held true only from 1991 to 1999. That is, for this time period (1991-1999) the overall rate of employment for IDPs was 33.6% compared to 42.7% for the GP. However, for the most recent time period (2000-2005), the overall rate of employment for IDPs was greater than for the GP (66.4% vs. 57.3%, respectively), as shown in Table 11 at the end of this report.

Contrary to the hypothesis, social capital for IDPs was an important predictor of employment. IDPs with higher levels of memberships, community involvement and generalized trust had higher rates of employment. IDPs had similar levels of social capital as the GP.

## 8. Informal and Formal Employment Attainment for IDPs and GP

*b. When employed, IDPs will have significantly lower rates of formal employment than the GP, and the social capital of IDPs will be less important for obtaining formal employment than for the GP.*

Informal employment lags behind formal employment because the state is still a major employer of IDPs and GP. During the Soviet period, the state was the major employer. Since independence, with civil unrest, insecurity and corruption, foreign investment that could provide alternative employment to the state has been slow to enter Georgia. Moreover, lack of cash, access to credit, and corruption has greatly hindered informal employment and entrepreneurial activities. The one sector that has been able to continue, although at a reduced level, is the public sector. When comparing the overall rate of formal employment between IDPs and the GP, there is no significant difference (72.7% vs. 75.2%). Thus, IDPs and the GP are employed in both the formal and informal sectors at about equal rates.

Almost two (2) of every five (5) IDPs and GP who were formally employed had a job in a government body, institution or enterprise.<sup>9</sup> The second largest employer in the formal sector for IDPs and the GP is private business, both national and international (19% vs. 25%, respectively).

IDPs and the GP working in the informal sector are overwhelmingly self-employed and involved in petty trade and retail. The next largest employer in the informal sector is private enterprise, either unregistered private enterprises or registered enterprises that do not provide a formal contract to these workers.

Having a university degree significantly increases an IDP's chance of being employed in the formal sector. The formal sector of Georgia's economy is dominated by employment in government bodies and institutions, and secondarily by private enterprises. Of the IDPs who are employed, not too surprisingly those with higher levels of education are more likely to be employed in the formal sector of the economy, whereas those with lower levels of education are more likely to be employed in the informal sector.

As shown earlier in the section on employment, social capital was more important in obtaining employment than the human capital attribute of education. In addition, although level of education is not important in obtaining employment, it is an important factor in which sector of the economy one finds employment.

Having a university degree is most significant for IDPs and the GP in obtaining formal employment. Compared with those IDPs having completed only a secondary level education, IDPs with a university degree are 5.1 times more likely to be employed<sup>10</sup>. Yet, this does not mean that IDPs or the GP with a university degree acquire jobs that corresponds to their degree or profession. Often employers suppose that, once a person has obtained a university degree, he/she can handle any job, even if not directly related to the degree obtained.

The rate of employment in the formal sector for IDPs and the GP remained the same for the immediate post-displacement period (1991-1999) and the last five years (2000-2005). Employment in the formal sector entails work with the government or private enterprise primarily. The creation of new jobs in the government or private enterprises has been slow at best, to non-existent.<sup>11</sup> Among employed IDPs, in the 1991-1999 time period 70.3% were employed in the formal sector, slightly increasing to 74.0% in the 2000-2005 time period. Comparatively, there was no change in the rate of employment for the GP for these two time periods: 75.9% vs. 75.2%, respectively.

In summary, the hypothesis of IDPs having a significantly lower rate of formal employment than the GP did not hold. Moreover, the greater importance of social capital for the GP in obtaining formal employment did not hold. Results indicated that education was the main predictor of formal employment for IDPs and the GP.

## 9. Returns to Employment for IDPs and GP

*c. And finally, that the returns to employment, in the form of monthly wage/salary, will be less for IDPs than the GP, and that the social capital of IDPs will contribute less to higher returns than for the GP.*

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<sup>9</sup> There were a few cases of respondents reporting that they were informally employed by a government body, institution, or enterprise. The rate of informal employment in the private sector was much greater.

<sup>10</sup> The question about formal/informal employment was asked only to those who had answered positively to the question if they had any type of economic activity. This statement does not reflect any employment rate for IDP or GP groups of respondents.

<sup>11</sup> *Georgia Economic Trends*, Quarterly Review, 2004, No. 2.

Employed respondents were asked to report on their returns to employment: the previous month wage, salary or income. Few reported receiving no pay and some refused to answer.<sup>12</sup> The 192 IDPs who were employed and reported a wage or salary in the previous month reported an average of 102 GEL (\$56 USD), which is significantly less than the average of 139 GEL (\$76 USD) reported by the GP.

The same factors used to predict (un)employment and in/formal employment are used to predict higher monthly wages and salaries; however, a few additional factors are included in the analyses. These factors include a respondent's position, whether their employment is in the formal or informal sector, and whether their employment is in the government, private or other sphere.

Returns to employment increase for IDPs for those who are older and male. Monthly wages or salary increased with age among IDPs. Moreover, male IDPs who were employed reported a previous monthly wage or salary of 116 GEL (\$64 USD) compared to only 91 GEL (\$50 USD) for female IDPs.

Having a higher status position did not contribute to a higher monthly wage or salary for IDPs. However, for the GP, when controlling for other factors, those employed in private sector enterprises (not self-employed) had significantly higher monthly wages or salaries than those who were not. So, why did this effect not occur for IDPs? The reason may be due to the relative differences in the proportion of IDPs and GP in higher "prestigious" positions (administrator/manager) in the private and government sectors. A greater percentage of IDPs hold such prestigious positions in the lower paying government sector than the GP (73.5% vs. 57.7%, respectively), whereas a higher percentage of the GP hold prestigious positions in the higher paying private sector than IDPs (35.1% vs. 16.2%, respectively).

It should be noted that when IDPs and the GP are employed in similar higher paying "prestigious" positions, in either the government or private sectors, there was no significant difference in monthly salary or wage. Those IDPs holding prestigious positions in the government sphere reported, on average, 138 GEL (\$76 USD) in the previous month compared to 134 GEL (\$74 USD) reported by the GP who also hold prestigious positions in the government sphere. In the private sphere, IDPs in prestigious positions reported a monthly wage/salary of 160 GEL (\$88 USD) vs. 168 GEL (\$92 USD) for the GP in similar prestigious positions.<sup>13</sup>

Therefore, since a greater proportion of IDPs do not have prestigious positions in private enterprises, the differences in pay for IDPs are not as significant as for the GP.

In summary, the hypothesis of the GP having significantly higher returns to employment than IDPs held. This was primarily due to a significantly higher rate of IDPs being employed in the government sector. When IDPs are employed in the higher paying private sector, IDPs tend to hold lower paying positions than the GP. Lastly, social capital was not significantly related to higher returns to employment for IDPs, although it was for the GP. This may result from the fact that, when IDPs use their social capital, this leads primarily to lower paying employment in the government sectors, whereas the GP uses their social capital for jobs in the higher paying private sector.

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<sup>12</sup> Twenty-one respondents (or 6.7%) reported no pay, of which 10 were IDPs. Also, 28 IDPs and 19 GP refused to answer the personal income question.

<sup>13</sup> In addition, no significant differences were found in the previous monthly wage/salary for IDPs and the GP employed in skilled white collar or skilled blue collar work, in either the private or government spheres (113 GEL [\$62 USD] vs. 127 GEL [\$70 USD] and 77 GEL [\$42 USD] and 81 GEL [\$45 USD], respectively).

## 10. Summary

The rates of employment between IDPs and the GP were found to be significantly different. This difference primarily occurred between 1991 and 1999. Contributing factors to the higher unemployment rate among IDPs can be attributed to the confluence of several factors: displacement *from* their former employment, displacement *to* a collapsed economy with few employment opportunities, and years of uncertainty about the length of displacement, thus creating a distinctive to seek permanent employment. Now almost 10 years since displacement, the socio-economic environment has somewhat stabilized. As the general employment situation started to recover and assimilation became acceptable, the rate of employment for IDPs improved and, in fact, was greater than that of the GP.

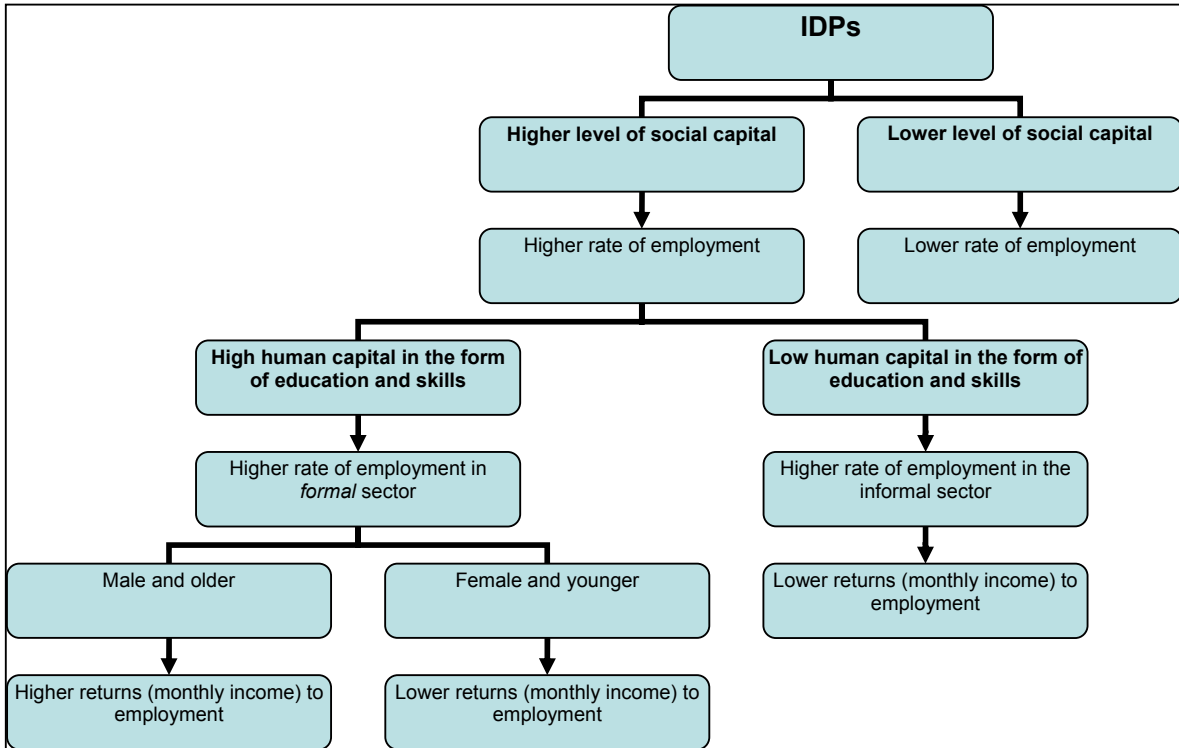
Even though it was hypothesized that IDPs would have lower levels of social capital and that what little social capital they had would not be beneficial in obtaining employment, the present study did not confirm this. IDPs reported as high a level of social capital as the GP and it contributed as much to their employment as the GP.

Furthermore, IDPs did not have a significantly higher rate of employment in the informal sphere than the GP. The rates of employment for IDPs in formal employment, dominated by the government and private enterprises, were no different than the GP. IDPs who obtained formal employment did so primarily based on their level of education, not social capital.

As for monthly income from employment, the GP did have significantly higher rates of return than IDPs. However, this was primarily due to the GP having a higher rate of employment in the private sphere, whereas IDPs are predominately employed in the lower paying government sphere.

Figure 2 presents a framework of the findings for only the IDPs. IDPs with higher levels of social capital had higher rates of employment. For those IDPs who were employed, those with higher levels of human capital were more likely to be employed in the *formal* sector, whereas those with lower human capital were more likely to be employed in the *informal* sector. Lower returns to employment were reported by those IDPs in the *informal* sector. For those IDPs employed in the formal sector, higher returns to employment were reported by males and those who were older IDPs.

**Figure 2: Framework of Employment Among IDPs Only.**



## 11. Policy recommendations

1. The period just following the wars of the 1990s in Georgia was a time in which IDPs were scrambling to find safety, security, lost family members and a place to live. These challenges were coupled with an economy and employment environment that had collapsed. However, in recent years, with the improvement of the economy and reduction in corruption, the rate of employment for IDPs is increasing. Therefore, this indicates that the key to improving the rate of employment among IDPs is a general improvement of the overall economy, not initiatives specifically targeting IDPs.
2. Social capital, in the form of personal networks, plays an important role for IDPs in learning about and obtaining employment. However, the personal networks of IDPs are predominately those made up of other IDPs, thus limiting access to broader and more diverse information and opportunities. For international donors, community projects should involve both IDPs and the GP to provide social opportunities for trust building, integrated personal networks and broader information sharing.

Social capital for IDPs, as well as the GP, tends to be primarily personal networks rather than more extensive institutional ties, such as memberships in groups, associations and unions. The government needs to encourage more legal, economic and social institutions that can bring IDPs and non-IDPs into civil associations of common interest.

3. Human capital, in the form of level of education and skills, as well as having a vocational diploma or certification, was found to be significantly related to employment in general, and particularly employment in the private sphere. Structural reform in the education system is now taking place in Georgia. These reforms need to improve academic as well as vocational training to meet current and future employment needs. Such reforms would greatly improve the employment opportunities for IDPs.
4. Few, if any, IDPs or the GP used state or private employment agencies to assist them to find employment. In addition, those who reported using these services were no more likely to find employment than those who had not. As discussed above, relatives, friends and neighbors were much more beneficial for finding employment than employment agencies. Since not all IDPs or even the GP have broad networks, the development of a reliable and up-to-date employment service would be beneficial for those IDPs with little to no social capital to provide assistance.
5. The causal link between social capital and employment is not always clear. However, if there is an understanding that employed people tend to become members in formal groups and associations, contribute to community projects, and are more trusting of others, then the non-economic benefits of employment for the society at large should also be highlighted.

Appendix of Data Tables

Table 6: Membership of IDPs and GP in Formal Groups (%).

	IDP (n=629)	GP (n=581)
None	86.4	85.1
Farmer/Fisherman group or cooperative	0.2	0.4
Other production group	0.1	1.1
Traders or Business Association	1.6	1.9
Professional Association (doctors, teachers, veterans)	3.1	2.8
Trade Union or Labor Union	0.2	1.0
Neighborhood/ Village committee	0.9	1.6
Religious or spiritual group	2.1	4.7
Political group or movement	2.7	1.1
Cultural group or association	0.4	1.4
Finance, credit or savings group	0.0	0.5
Education group	0.2	0.3
Health group	0.5	0.1
Water and waste management group	0.3	0.4
Sports group	0.2%	0.6%
Youth group	0.9%	0.2%
NGO or civic group	1.7%	0.3%
Ethnic-based community group	0.0%	0.2%

Table 7: Levels of Community Involvement by IDPs and the GP (%).

Community Involvement	IDP (n=629)	GP (n=581)	Level of significance
Participated in community project	62.6	55.2	0.03
Contributed financially to community project	72.7	74.0	0.74
Average number of times participated in community project in previous 12 months	4.2	3.1	0.00
Average number of times got together with people to have food and/or drinks in their home or in a public place.	1.7	2.2	0.01

Table 8: Levels of Social Trust by IDPs and the GP (%).

Social Trust	IDP (n=609)	GP (n=569)	Level of significance
There were people beyond their immediate household or close relatives who would be willing and able to provide money to pay expenses for 1 week if s/he needed it	63.5	66.8	0.15
Most people can be trusted	17.3	25.7	0.01
Most people in their village/neighborhood would be willing to help if s/he needed it	22.2	24.8	0.59
Trust in the central government officials.	23.6	21.0	0.68

## Employment and Unemployment

Table 9: Logistic Regression for the Likelihood of Employment.\*

Factors	Variables	Total (Employed=1)			IDP (Employed=1)			GP (Employed=1)				
		Sig.	Exp(B)		Sig.	Exp(B)		Sig.	Exp(B)			
Demographic	Male	0.000	1.628		0.542	1.125		0.000	2.099			
	25-34 yrs	0.000	2.896		0.001	4.282		0.025	2.355			
	35-44 yrs	0.000	2.756	3.0%	0.003	3.799	5.0%	0.023	2.462	5.0%		
	45-54 yrs	0.000	3.267		0.001	4.562		0.006	3.062			
	55+ yrs	0.000	5.009		0.000	8.924		0.009	3.510			
Location	Tbilisi	0.578	1.114	1.0%	0.112	1.563	4.0%	0.040	0.540	2.0%		
	Kutaisi	0.081	1.455		0.088	1.722		0.581	0.838			
Employment information	Employment agencies (state & private)	0.771	1.019	2.5%	0.605	1.052	2.8%	0.732	0.968	5.0%		
	Personal contacts (relatives, friends, neighbors)	0.000	1.283		0.055	1.196		0.001	1.349			
Human capital	Secondary (special)	0.877	0.971		0.156	0.683		0.590	1.177			
	Incomplete higher	0.379	1.363		0.767	0.846		0.379	1.548			
	Completed higher	0.291	1.212	2.5%	0.939	0.980	7.3%	0.281	1.348	3.0%		
	Post-graduate	0.017	4.490		0.431	504.613		0.384	1.957			
	Vocational certificate	0.528	1.094		0.029	1.601		0.142	0.742			
	Health status is good	0.014	1.165		0.245	1.112		0.010	1.271			
Community Involvement	Membership in a formal group	0.000	2.710		0.000	3.498		0.001	2.562			
	Contributed time to community projects	0.032	0.712	5.3%	0.068	0.651	8.3%	0.200	0.746	5.8%		
	Contributed money to community projects	0.002	1.750		0.001	2.464		0.447	1.228			
	# times participated in community projects in last 12 months	0.111	0.962		0.342	0.969		0.445	0.970			
Trust	People beyond household who would lend money	0.044	1.128	2.0%	0.990	1.001	2.5%	0.006	1.288	5.0%		
	Generally trust people	0.083	1.165		0.059	1.299		0.888	1.017			
Total explained variance						12.0%				23.0%		20.0%
		Value	Sig.		Value	Sig.		Value	Sig.			
Chi-Square		155.26	0.000		111.07	0.000		91.93	0.000			
-2 Log Likelihood		1258.92			789.42			684.04				
# of cases		1210			629			581				

\* Exp(B) statistically significant at p<0.05 are highlighted.

Table 10: Employment Status for IDPs Living in Collective Centers and the GP.

	IDP (n=629)	GP (n=581)	Total (1210)
Unemployed	65.0	56.3	60.8
Employed	35.0	43.7	39.2
Total	100.0%	100.0%	100.0%

Chi Square=9.69, p<0.002

Table 11: Employment Rate of IDPs Living in Collective Centers Compared to the GP by Time Period.

	IDP (n=105)	GP (n=130)	Total (n=235)
1991-1999	33.6	42.7	38.5
2000-2005	66.4	57.3	61.5
Total	100.0%	100.0%	100.0%

Chi-Square 4.07, p<0.04

Table 12: Employment Status of IDPs Living in Collective by Membership in Formal Group.

	Unemployed (n=409)	Employed (n=220)	Total (n=629)
Member of formal group	7.8	22.7	13.0
No memberships	92.2	77.3	87.0
Total	100.0%	100.0%	100.0%

Chi Square=28.03, p<0.000

Table 13: Employment Status of Male IDPs Living in Collective Centers Compared to Males in the GP.

	IDP (n=273)	GP (n=244)	Total (n=517)
Unemployed	61.5	46.3	54.4
Employed	38.5	53.7	45.6
Total	100.0%	100.0%	100.0%

Chi Square=12.04, p<0.001

Table 14: Employment Status of IDPs Living in Collective Centers by Age Groups.

	18-24 yrs (n=61)	25-54 yrs (n=478)	55+ yrs (n=90)	Total (n=629)
Unemployed	85.2	64.0	56.7	65.0
Employed	14.8	36.0	43.3	35.0
Total	100.0%	100.0%	100.0%	100.0%

Chi Square=13.95, p<0.001

Table 15: Employment Status of IDPs Living in Collective Centers by Having or Not Having a Vocational Certificate, Diploma or License.

	Unemployed (n=409)	Employed (n=220)	Total (n=629)
No vocational certificate, diploma, license	70.7	57.7	66.1
Have vocational certificate, diploma, license	29.3	42.3	33.9
Total	100.0%	100.0%	100.0%

Chi Square=12.89, p<0.002

Table 16: Employment Status of IDPs Living in Collective by Source of Employment Information.

	Unemployed (n=409)	Employed (n=220)	Total (n=629)
Relative, friend, neighbor Other			
Total	100.0%	100.0%	100.0%

Chi Square=0., p<0.

Table 17: Employment Status of IDPs Living in Collective Centers by Monetary Contribution to Community Project.

	Unemployed (n=409)	Employed (n=220)	Total (n=629)
Gave monetary contribution	69.4	78.6	72.7
Have not contributed monetarily	30.6	21.4	27.3
Total	100.0%	100.0%	100.0%

Chi Square=6.09, p<0.008

Table 18: Employment Status of IDPs Living in Collective Centers by Belief People Can Generally be Trusted.

	Unemployed (n=409)	Employed (n=220)	Total (n=629)
Believe most people can be trusted	12.6	25.9	17.3
Do not believe most people can be trusted	87.4	74.1	82.7
Total	100.0%	100.0%	100.0%

Chi Square=17.57, p<0.000

Table 19: Employment Rate of IDPs Living in Collective Centers Compared to the GP 25-54 Years of Age by Time Period.

	IDP (n=172)	GP (n=198)	Total (n=370)
1991-1999	32.6	42.9	38.1
2000-2005	67.4	57.1	61.9
Total	100.0%	100.0%	100.0%

Chi-Square=4.20, p<0.04

## Formal and Informal Employment

Table 20: Logistic Regression for the Likelihood of Formal Employment.

Factors	Variables	Total (formal=1)			IDP (formal=1)			GP (formal=1)		
		Sig.	Exp(B)		Sig.	Exp(B)		Sig.	Exp(B)	
Demographics	Male	0.796	1.063		0.297	1.491		0.384	0.744	
	25-32 yrs	0.739	0.821		0.392	0.245		0.728	0.791	
	35-44 yrs	0.389	0.595	0.7%	0.119	0.072	7.0%	0.903	0.916	2.0%
	45-54 yrs	0.231	0.478		0.094	0.056		0.739	0.786	
	55+ yrs	0.717	0.781		0.160	0.085		0.486	1.916	
Location	Tbilisi	0.388	0.730	0.6%	0.648	1.296	6.0%	0.152	0.458	0.6%
	Kutaisi	0.545	0.797		0.791	0.852		0.627	0.765	
Employment Information	Employment agencies (state & private)	0.933	0.989	0.3%	0.695	1.082	2.6%	0.464	0.882	0.4%
	Personal contacts (relatives, friends, neighbors)	0.884	0.986		0.686	0.923		0.576	0.929	
Human capital	Secondary (special)	0.228	1.482		0.364	1.547		0.363	1.589	
	Incomplete higher	0.493	0.669		0.067	0.094		0.711	1.328	
	Completed higher	0.000	4.304	10.0%	0.002	5.163	18.0%	0.006	3.826	6.0%
	Post-graduate	0.152	2.904		0.347	3.057		0.505	2.143	
	Vocational certificate	0.211	0.732		0.200	0.588		0.257	0.666	
	Health status is good	0.444	0.915		0.457	0.873		0.550	0.897	
Community Involvement	Membership in a formal group	0.073	1.777		0.530	1.392		0.067	2.363	
	Contributed time to a community project(s)	0.949	0.983	4.3%	0.717	0.850	3.2%	0.678	1.171	6.0%
	Contributed money to community project(s)	0.690	1.141		0.876	0.921		0.937	1.037	
	# time participated in community projects last 12 months	0.029	0.911		0.431	0.954		0.045	0.859	
Trust	People beyond household who would lend money	0.293	1.118	2.6%	0.595	1.089	4.0%	0.111	1.294	2.4%
	Generally trust people	0.109	1.280		0.235	1.354		0.431	1.183	
Total explained variance		16%			29%			17%		
		Value	Sig.		Value	Sig.		Value	Sig.	
Chi-Square		54.69	0.000		48.17	0.000		30.7	0.08	
-2 Log Likelihood		532.55			251.33			281.09		
# of cases		474			220			254		

\* Exp(B) statistically significant at p<0.05 are highlighted.

Table 21: Employment Rate of IDPs Living in Collective Centers and the GP in the Formal and Informal Sectors.

	IDP (n=220)	GP (n=254)	Total (n=370)
Informal	27.3	24.8	25.9
Formal	72.7	75.2	74.1
Total	100.0%	100.0%	100.0%

Chi-Square=0.37 p<0.54

Table 22: Employment Rate of IDP Women and Men in the Formal and Informal Sectors.

	Females (n=115)	Males (n=105)	Total (n=220)
Informal	28.7	25.7	27.3
Formal	71.3	74.3	72.7
Total	100.0%	100.0%	100.0%

Chi-Square=0.25 p<0.62

Table 23: Employment Rate of IDP Women and Women in the GP in the Formal and Informal Sectors.

	IDP Women (n=115)	GP Women (n=123)	Total (n=238)
Informal	28.7	21.1	24.8
Formal	71.3	78.9	75.2
Total	100.0%	100.0%	100.0%

Chi-Square=1.82 p<0.18

Table 24: Employment Rate of IDP Men and Men in the GP in the Formal and Informal Sectors.

	IDP Males (n=105)	GP Males (n=131)	Total (n=236)
Informal	25.7	28.2	27.1
Formal	74.3	71.8	72.9
Total	100.0%	100.0%	100.0%

Chi-Square=0.19 p<0.66

Table 25: Employment Status of IDP Age Groups in the Formal and Informal Sectors.

	18-24 yrs (n=9)	25-54 yrs (n=172)	55+ yrs (n=39)	Total (n=220)
Informal	11.1	27.3	30.8	27.3
Formal	88.9	72.7	69.2	72.7
Total	100.0%	100.0%	100.0%	100.0%

Chi Square=1.43, p<0.49

Not enough cases for youngest age group, 9 for IDPs and 17 for GP.

Table 26: Employment Status of IDPs and GP Age 25-54 Yrs in the Formal and Informal Sectors.

	IDP (n=172)	GP (n=199)	Total (n=371)
Informal	27.3	25.6	26.4
Formal	72.7	74.4	73.6
Total	100.0%	100.0%	100.0%

Chi Square=0.14, p<0.71

Table 27: Employment Status of IDPs and GP Age 55+ Yrs in the Formal and Informal Sectors.

	IDP (n=39)	GP (n=38)	Total (n=77)
Informal	30.8	18.4	24.7
Formal	69.2	81.6	75.3
Total	100.0%	100.0%	100.0%

Chi Square=1.58, p<0.21

Table 28: Employment Rate of IDPs Living in Collective Centers in Tbilisi and Kutaisi/Zugdidi in the Formal and Informal Sectors.

	Tbilisi (n=133)	Kutaisi/Zugdidi (n=87)	Total (n=220)
Informal	19.5	39.1	27.3
Formal	80.5	60.9	72.7
Total	100.0%	100.0%	100.0%

Chi Square=10.12, p<0.001

Table 29: Employment Rate of IDPs Living in Collective Centers and the GP in Tbilisi in the Formal and Informal Sectors.

	IDPs (n=133)	GP (n=139)	Total (n=272)
Informal	19.5	27.3	23.5
Formal	80.5	72.7	76.5
Total	100.0%	100.0%	100.0%

Chi Square=2.29, p<0.13

Table 30: Employment Rate of IDPs Living in Collective Centers and the GP in Kutaisi/Zugdidi in the Formal and Informal Sectors.

	IDPs (n=87)	GP (n=115)	Total (n=202)
Informal	39.1	21.7	29.2
Formal	60.9	78.3	70.8
Total	100.0%	100.0%	100.0%

Chi Square=7.20, p<0.01

Table 31: Informal and Formal Rates of Employment for IDPs Living in Collective Centers by Time Period.

	1991-1999 (n=74)	2000-2005 (n=146)	Total (n=220)
Informal	29.7	26.0	27.3
Formal	70.3	74.0	72.7
Total	100.0%	100.0%	100.0%

Chi-Square 0.34, p<0.56

Table 32: Informal and Formal Rates of Employment for IDPs Living in Collective Centers and the GP from 1991-1999.

	IDP (n=74)	GP (n=108)	Total (n=182)
Informal	29.7	24.1	26.4
Formal	70.3	75.9	73.6
Total	100.0%	100.0%	100.0%

Chi-Square 0.72, p<0.40

Table 33: Informal and Formal Rates of Employment for IDPs Living in Collective Centers and the GP from 2000-2005.

	IDP (n=146)	GP (n=145)	Total (n=291)
Informal	26.0	24.8	25.4
Formal	74.0	75.2	74.6
Total	100.0%	100.0%	100.0%

Chi-Square 0.56, p<0.81

### Returns from Employment

Table 34: Ordinary Least Squares Regression of Monthly Personal Income (salary/wages).

Factors	Variables	Total (monthly personal income)			IDP (monthly personal income)			GP (monthly personal income)		
		Sig.	beta		Sig.	beta		Sig.	beta	
Demographics (18-24 yrs reference)	Male	0.000	0.276	45%	0.048	0.144	82.0%	0.000	0.349	53%
	25-32 yrs	0.005	0.282		0.007	0.472		0.066	0.232	
	35-44 yrs	0.066	0.181		0.023	0.384		0.236	0.155	
	45-54 yrs	0.055	0.181		0.033	0.349		0.232	0.144	
	55+ yrs	0.173	0.118		0.105	0.263		0.281	0.116	
Location (Zugdidi reference)	Tbilisi	0.065	0.131	9%	0.464	0.084	2.4%	0.027	0.222	15%
	Kutaisi	0.065	-0.125		0.399	-0.099		0.138	-0.135	
Employment Information	Employment agencies (state & private)	0.215	-0.059	1%	0.930	-0.007	0.1%	0.145	-0.094	2%
	Personal contacts (relatives, friends, neighbors)	0.921	0.005		0.773	0.022		0.803	-0.016	
Human capital	Secondary (special)	0.841	0.012	7%	0.594	0.048	9.0%	0.961	0.005	5%
	Incomplete higher	0.822	-0.012		0.702	0.031		0.684	-0.030	
	Completed higher	0.146	0.106		0.130	0.168		0.515	0.068	
	Post-graduate	0.737	-0.017		0.292	-0.085		0.497	0.046	
	Vocational certificate	0.986	0.001		0.462	-0.058		0.822	0.014	
	Health status is good	0.025	0.115		0.070	0.147		0.072	0.123	
Community Involvement	Membership in a formal group	0.051	0.093	4%	0.773	0.023	5.0%	0.015	0.156	8%
	Contributed time to a community project(s)	0.706	-0.019		0.141	-0.121		0.696	0.027	
	Contributed money to community project(s)	0.256	0.060		0.354	0.078		0.364	0.065	
	# time participated in community projects last 12 months	0.390	0.042		0.127	0.119		0.202	0.087	
Trust	People beyond household who would lend money	0.049	0.094	6%	0.989	0.001	0.1%	0.023	0.150	9%
	Generally trust people	0.024	0.104		0.679	0.031		0.034	0.129	
Position	Administrative/managerial position	0.580	0.033	0.3%	0.534	0.063	0.6%	0.958	0.004	0.0%
Sector	Formal	0.246	0.067	1.3%	0.952	0.006	0.0%	0.226	0.095	2.0%
Sphere (government reference)	Private	0.038	0.109	3.8%	0.691	0.034	0.9%	0.051	0.135	5.0%
	Other	0.569	0.039		0.510	-0.071		0.509	0.063	
		Value	Sig.		Value	Sig.		Value	Sig.	
	R square	26%			26%	0.001		32%		
	# of cases	427			192			235		
	F=	5.00	0.000		2.27	0.001		4.02	2.1E-08	

Table 23: Returns from Employment (in GEL) for IDP and GP.

	Mean	N
IDP	102.42	192
General Public	138.89	235
Total	122.49	427

$F=11.24, p<0.001$

Table 24: Returns from Employment (in GEL) by Gender for IDPs.

	Gender	Mean	N
IDPs	Male	116.36	87
	Female	90.88	105
	Total	102.42	192

$F=3.68, p<0.06$

Table 24: Returns from Employment (in GEL) for IDPs and GP Females.

		Mean	N
Females	IDP	90.88	105
	GP	101.39	118
	Total	96.44	223

$F=0.64, p<0.43$

Table 24: Returns from Employment for IDPs and GP Males.

		Mean	N
Males	IDP	116.36	87
	GP	176.70	117
	Total	150.97	204

$F=13.24, p<0.000$

Table 25: Returns from Employment (in GEL) for IDPs by Age Groups.

	Age	Mean	N
IDPs	18-24	53.33	9
	25-54	113.55	148
	55+	68.00	35
	Total	102.42	192

$F=4.99, p<0.01$

Table 25: Returns from Employment (in GEL) for IDPs and the GP 18-24 Yrs of Age.

	Type	Mean	N
18-24 yrs	IDP	53.33	9
	GP	126.44	16
	Total	100.12	25

$F=2.94, p<0.10$

Table 25: Returns from Employment (in GEL) for IDPs and the GP 25-54 Yrs of Age.

	Type	Mean	N
25-54 yrs	IDP	113.55	148
	GP	147.05	184
	Total	132.12	332

$F=6.93, p<0.01$

Table 25: Returns from Employment (in GEL) for IDPs and the GP 55+ Yrs of Age.

	Type	Mean	N
55+ yrs	IDP	68.00	35
	GP	101.63	35
	Total	84.81	70

$F=2.51, p<0.12$

Table 26: Returns from Employment (in GEL) for IDPs by Region.

	Region	Mean	N
IDPs	Tbilisi	124.25	110
	Kutaisi/Zugdidi	73.15	82
	Total	102.42	192

$F=15.50, p<0.000$

Table 26: Returns from Employment (in GEL) for IDPs and the GP in Tbilisi.

	Type	Mean	N
Tbilisi	IDPs	124.25	110
	GP	164.78	122
	Total	145.56	232

$F=6.65, p<0.01$

Table 26: Returns from Employment (in GEL) for IDPs and the GP in Kutaisi/Zugdidi.

	Type	Mean	N
Kutaisi/Zugdidi	IDPs	73.15	82
	GP	110.93	113
	Total	95.04	195

$F=7.56, p<0.01$

Table 26: Returns from Employment (in GEL) for IDPs by Time Period.

	Type	Mean	N
IDPs	1991-1999	102.56	64
	2000-2005	102.35	128
	Total	102.42	192

$F=0.00, p<0.99$

Table 26: Returns from Employment (in GEL) for IDPs and the GP from 1991-1999 Time Period.

	Type	Mean	N
1991-1999	IDPs	102.56	64
	GP	131.23	93
	Total	119.54	157

$F=2.35, p<0.13$

Table 26: Returns from Employment (in GEL) for IDPs and the GP for the 2000-2005 Time Period.

	Type	Mean	N
2000-2005	IDPs	102.35	128
	GP	142.79	141
	Total	123.55	269

$F=9.10, p<0.003$

Table 26: Returns from Employment (in GEL) for IDPs by Informal and Formal Sectors.

	Sector	Mean	N
IDPs	Informal	111.67	139
	Formal	78.17	53
	Total	102.42	192

$F=5.17, p<0.02$

Table 26: Returns from Employment (in GEL) for IDPs and the GP from the Informal Sector.

	Type	Mean	N
Informal	IDPs	78.17	53
	GP	157.17	59
	Total	119.79	112

$F=12.41, p<0.001$

Table 26: Returns from Employment (in GEL) for IDPs and the GP from the Formal Sector.

	Type	Mean	N
Formal	IDPs	111.67	139
	GP	132.76	176
	Total	123.45	315

$F=2.92, p<0.09$

## Level of Education

Cross tabulation: level of education/gender/Status

			IDP	GP
Male	level of education	2 general secondary,	19.1%	23.8%
		3 PTU,	21.4%	21.0%
		4 SPTU,	6.9%	3.8%
		5 Specialized secondary,	49.6%	43.8%
		6 Incomplete higher,	2.3%	4.8%
		7 Higher	.8%	2.9%
Female	level of education	2 general secondary,	7.3%	17.4%
		3 PTU,	30.1%	25.2%
		4 SPTU,	3.3%	2.6%
		5 Specialized secondary,	56.9%	51.3%
		6 Incomplete higher,	2.4%	1.7%
		7 Higher		1.7%