



## Post-pandemic Employment Opportunities in Georgia's Hospitality Industry

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### Abstract

The hospitality sector is a major driver of economic growth and job creation. The jobs created in the sector are important for women, young people and migrant workers, which make up a large share of workers in the field. The coronavirus pandemic has greatly slowed the development of the hospitality industry. This study aims at identifying post-pandemic employment problems and opportunities in Georgia's hospitality sector of business. The survey was performed using qualitative and quantitative research methods. Interviews were conducted with Georgian experts. Online questionnaires were conducted to determine the level of job satisfaction. Observations showed the most difficult situation of travel and hospitality industry since the pandemic, caused by industry pauses and/or shutdowns, when employees were able to use their skills and move to other industries. The results showed more or less satisfaction with working conditions and relationship. But long working hours and low salary lead to employee dissatisfaction.

The employer sees the solution to the problem in communication with the educational space and the need to promote professional education, which leads to the solution of the problem, at least in low-ranking positions.

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**Keywords:** The coronavirus pandemic, employment, hospitality industry

## Introduction

The coronavirus pandemic has dealt a devastating blow to the world economy: industries, such as tourism, trade etc., have shrunk significantly. The shock affected both demand and supply.

The coronavirus shock has made a negative impact on the Georgian economy, which depends largely on external factors. The virus impeded the positive economic trends emerging for the last few years. Namely, in 2019, there was an unanticipated high economic growth of 5.1%. Tourism revenues amounted to 3.3 billion USD (18.4% of GDP), export revenues to 3.8 billion USD (21.2% of GDP), and net remittances to 15 billion USD (8.4% of GDP). Consequently, the national current account deficit hit the historical minimum: 5.1% of GDP (Measures implemented by the government of Georgia against covid-19 - report). The unexpected economic growth and improved export resulted in greater budget incomes to allow the state capital investments to hit a record 8% of GDP. The foreign debt remained stable, the credit portfolio grew, and the numbers of overdue loans dropped.

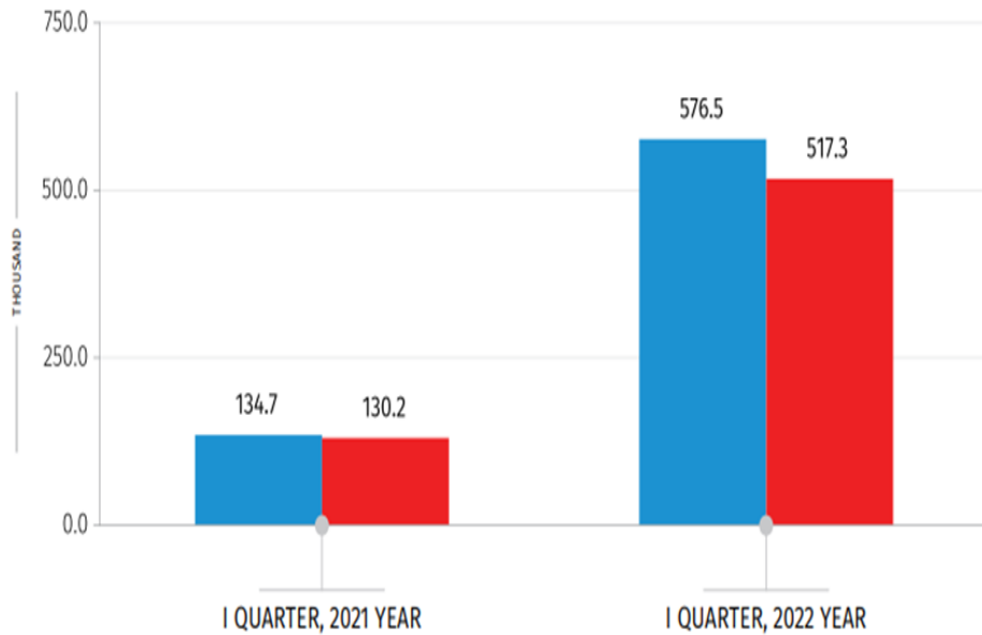
Despite the impact of lockdowns and travel restrictions, the sector has continued to play an important role in society during the pandemic, including in new roles, such as the use of hotels as quarantine centers.

Despite said positive economic indicators, however, the coronavirus shock significantly worsened Georgia's economic prospects in 2020. Slower economic growth in partner states is likely to make a negative impact on Georgia's export and remittances, and continued global uncertainty about the pandemic is expected to result in the reduction of the capital influx or/and planned investments. Tourism is the primary area through which the pandemic's negative consequences affect the country's economy.

In 2019, travel and tourism accounted for 334 million jobs worldwide, directly or indirectly, accounting for 10.6 per cent of total global employment. Some 1 in 10 jobs worldwide and 1 in 4 of all newly created jobs were in the rapidly growing tourism sector (WTTC, 2021).

International tourism increased in 2021 but it still lagged behind 2019 indicators. The government and private sector remain hopeful that Georgia's tourism sector will rebound to pre-pandemic levels by 2024.

**Figure 1.** Number of travels made by international non-resident travelers and visits made by international visitors in I quarters of 2021-2022 years



source: Georgian National Tourism Administration (GNTA)

In the first six months of 2022, 1.6 million international travelers visited Georgia which equals a 42% recovery as compared to the same figure of 2019. Among other things, the number of visits of tourists is close to 1.2 million which means a 56.8% recovery as compared to 2019.

According to the data released by the Georgian National Tourism Administration (GNTA), in May 2022, 62.3% of tourist visits have been restored compared to 2019 data.

In particular, GNTA differentiates international travelers and international tourists, providing different data for both groups.

In particular, compared to May 2021, the number of international travelers in May 2022 is increased by 228.5%, amounting to 359,238 international travelers, which means that the recovery rate of international travelers is 49.7% compared to the 2019 data.

Regarding the international tourists - as it is outlined in the data for May 2022, the number of international tourist visits amounts to 264,327, which is 173.9% more than the same period last year, and compared to the data for April 2019, tourist visits have been restored by 62.3%.

For information, the state-owned company United Airports of Georgia (UAG) also released their data, according to which in May 2022 the

passenger traffic in Kutaisi International Airport has been recovered by 111%, while the number of flights - by 115%, compared to May 2019.

In particular, in May 2022, Kutaisi International Airport served 72,104 passengers (64,745 - in May 2019) and 241 flights (210 in May 2019). According to UAG, 5 airlines in 25 destinations in 14 countries are currently operating in Kutaisi International Airport.

In the post-pandemic period, Georgia's hospitality sector, like the rest of the world, is experiencing a labor shortage. A labor market survey conducted by the European Union and UNDP in cooperation with Georgia's Ministry of Education and Science focused on the hospitality sector, reveals that Georgian employers note a lack of professionalism and motivation among the major obstacles to hiring personnel.

However, the vast majority of companies, 88%, say that they do not cooperate with vocational schools. 31% can hardly see a benefit of such a partnership. Only 24% have experience in working with vocational educational institutions by offering students internships and on-job training opportunities (UNDP-Georgia 2022).

## **Literature Review**

Although the development of the tourism industry creates new employment opportunities, critics contend that tourism employment provides predominantly low-paid and low-skilled demeaning jobs. The negative aspects of tourism employment focus upon the physical demands of the job, poor conditions of work, job insecurity, low pay, long working hours, high labour turnover and lack of training. Labor turnover in the tourism industry is generally accepted as an inevitable and natural process (Haven-Tang and Jones, 2006).

Pre-pandemic, the hospitality sector was well known for its extraordinarily high employee turnover rate. According to the U.S. Bureau of Labor Statistics, the annual average employee turnover rate across all industries is between 12-15%, yet in some hospitality businesses such as QSRs, they routinely experience 150% annual staff turnover. The hotel and motel industry reports experiencing an employee turnover rate of 73.8% (harver.com/blog)

The results tell a second story in terms of replenishing the industry's labor force post pandemic. About one-third of unemployed respondents have either left the industry without intention to return or are looking to leave the hospitality industry to pursue other professional opportunities in other industries or with education. While some employees do indicate that they are apprehensive to return to the industry due to the risks of COVID-19 exposure, the study reveals that employees are contemplating leaving

because of employees' perceived lack of career benefits in the hospitality industry.

The report refers to this issue as hospitality employees' "great reassessment of work." Hospitality employees' reassessment of work is primarily due to safety concerns, poor working conditions, and stressful work environments (Croes, Semrad and Rivera, 2021).

Employees' turnover intentions and work-family conflict as a result of the hospitality work environment are considered the major global challenges confronted by hospitality organizations, especially in the era of COVID-19. The study suggests that to prevent WFC (work-family conflict) and eliminate turnover intentions among resorts' employees, an urgent need to create a better work environment is vitally important (Abdou, Khali, Mahmoud, Elsaied & Elsaed 2022).

The ruthless march of COVID-19 throughout the globe is first and foremost a human tragedy, affecting the health of hundreds of thousands of people. The consequences of measures taken worldwide to curb the pandemic are having a growing impact on the global economy. This article aims to offer key highlights on the impact being felt by the industry due to factors including, but not limited to, the migratory nature of the hospitality workforce and the pause on global travel, tourism and restaurant services.

The World Travel & Tourism Council has recently warned the COVID-19 pandemic could lead to a cut 50 million jobs worldwide in the travel and tourism industry. As per an Oxford economics study, Asia is expected to be the worst affected and data suggests the industry could take many months to recover.

Globally, the majority of workers in tourism are under 35 years of age, half of whom are 25 or under. Typically, the sector employs a higher share of young people than the overall economy (WTTC, 2021).

The economic crisis provoked by the pandemic and the lockdowns has hit the young people in particular. As a result, young peoples' unemployment rates in the EU increased from 11.9% in 2019 to 13.3%.in 2020 (Report on EU Youth Strategy (2019-2021), p.2). The European Year of Youth is therefore strongly connected to expanding employment opportunities for youth and promoting youth entrepreneurship in the post-pandemic recovery, including via Vocational Education and Training (VET). As such, the Year will include a series of initiatives, events and activities for young people, with the aim of boosting the efforts of the EU, Member States, regional and local authorities in supporting and engaging with young people as part of the economic and social recovery (European Year of Youth Flagship Initiatives). In Georgia, unemployment hovers around 18 percent on average, reaching 30 percent in some of the regions. Young people are particularly vulnerable to unemployment. In the age group of 15 to 29 years, the unemployment rate

varies from 28 to 50 percent (Source: GEOSTAT 2022). Besides, 34 percent of Georgian youth are currently qualified as NEET as they are not engaged in employment, education or training. Only five percent of Georgian secondary school graduates choose to enter vocational education programmes (UNDP-Georgia 2022).

Following travel bans, border closures and quarantine measures, many workers cannot move to their places of work or carry out their jobs which has effects on incomes, particularly for informal and casually employed workers. Given the current environment of uncertainty and fear, enterprises are likely to delay investments, purchases of goods and the hiring of workers. As per data, the impact on the hospitality industry could render a majority of the people in hospitality in Georgia, jobless.

Overall, it may be that the nature of hotels and restaurants will change to leaner and more efficient operations, where a balance between smart and skilled labour is sought after. Due to fear, a large part of the labour force is seeing a domestic-mass immigration, which means a majority of the front line staff at hotels will have moved back to their native areas. Temporary work forces will be the first to shrink, after which the impact will be felt by permanent employees as hospitality companies may be hard-pressed to cut costs. This may lead to a large number of people changing their industry to go where the cash flow is quicker. This global exodus could have a severe impact on the talent pool and may not recover until confidence is reinforced by employers and governments alike. Only through a compassionate approach taken by businesses can the workforce be saved (Dogra 2022)

Problems of employment in the Georgian hospitality industry, as well as around the world, caused no less discussions even before the pandemic. Employment issues, such as: The Preparation of Specialists for Tourism Sphere (Meladze & Piranashvili, 2013), The Role of Tourism in Youth Employment (Koblianidze & Meladze 2013), The Gap Between Education and Employment in South Caucasus Countries (Meladze & Koblianidze 2015) have been addressed in scientific studies in the past years.

Employees must possess a broad range of skills and competencies. Socio-cultural, linguistic and cognitive skills are essential in addition to specialist knowledge. Globalization, social, economic, political, technological and environmental changes demand a high level of flexibility and readiness for life-long learning from employees in various sectors of economy (Meladze & Koblianidze 2015).

The result of one's education and its economic implications depend on the level of development of the country. Concept of life-long learning plays a big role, as it is a concept of constant development of basic skills (Meladze & Koblianidze 2015).

The increased number of tourists need a variety of services. Especially the demand increases on unqualified employers and high levels of technical professionals. Thus, the tourism and hospitality industry gives a great opportunity of employment to both age groups of youth, where people do not have enough professional experience and competitiveness but are creative and enthusiastic. Basically the talk is about promotional activities which let young people get some work experience and at least partly financial independence (Koblianidze & Meladze 2013).

Preparation of tourism specialists and raising the preparation of their quality must be based on the technological progress made in this field and the specifics of labor spent. The present level of the tourism education and staff training in the tourist sector of Georgia fails to meet the international demands of the tourism industry both quantitatively and qualitatively. The present situation on the market of tourist service education needs urgent measures, particularly to improve its qualitative indicators (Meladze & Piranashvili, 2013).

### **Research methodology**

The methodology is based on primary and secondary research data. The survey was performed using qualitative and quantitative research methods to achieve the goals set out in the work. Within the framework of the article, interviews were conducted using face to face interview techniques with Georgian experts. It was an interesting comparative analysis of the opinion of the scientists and the industry representatives. To determine the level of job satisfaction were conducted also online questionnaires. The survey was prepared in Georgian language and was then translated into English.

### **Results**

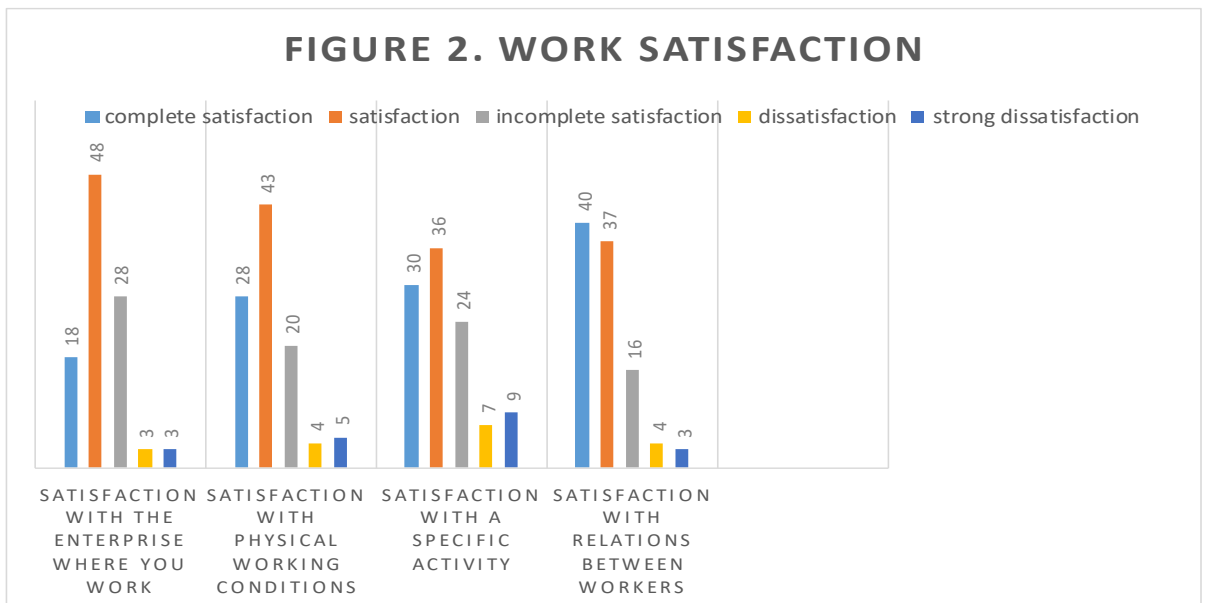
A qualitative survey of employers, conducted during the active tourist season, and observation also revealed a paradoxical situation: on the one hand, a high unemployment rate (18%), and on the other hand, a lack of necessary personnel. Employers and/or their HR managers are reporting that the travel and hospitality industry is experiencing its most difficult situation since the pandemic (which was largely due to industry pauses and/or lockdowns so employees were able to use their skills and move to other industries).

The staff is in demand in all areas - accommodation, food, entertainment, transport. The lack of low-level personnel is especially important: waiter, cashier, cleaner, security guard, cook, bartender, waiter, receptionist, sommelier, call center employee, and category D driver; Most of the positions listed above require a minimum knowledge of English,

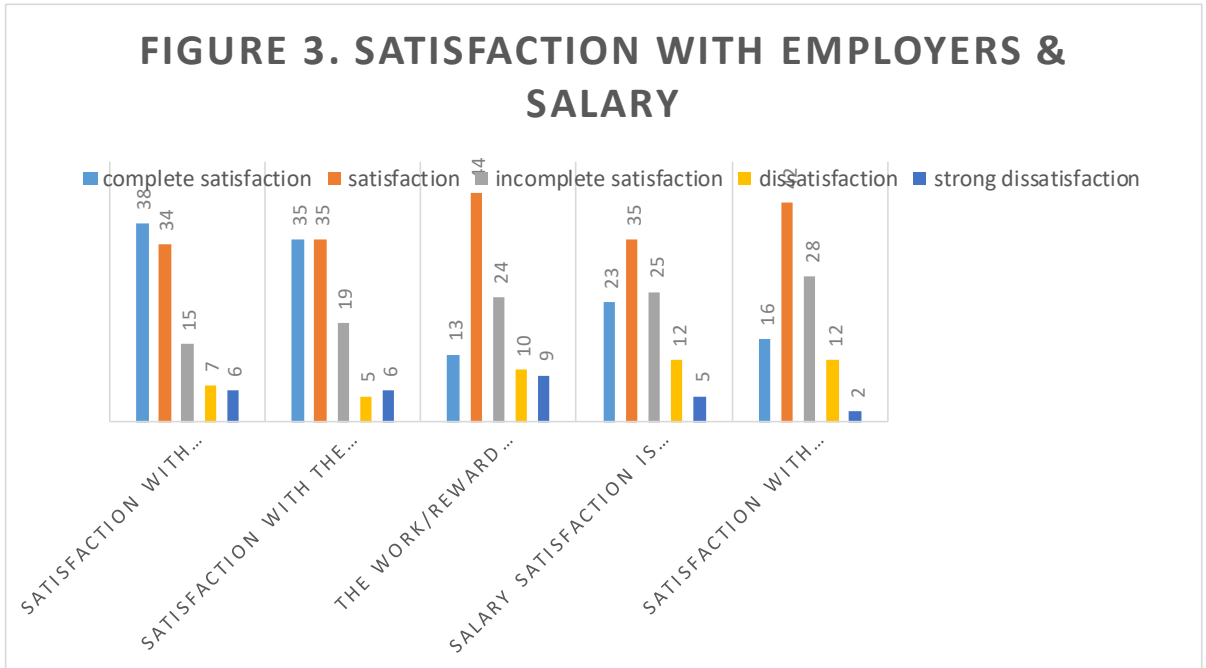
although it is difficult to obtain such a frame. It is also difficult to find qualified personnel for some managerial positions (e.g. restaurant manager, hotel operations manager, marketing manager) and there is a high demand for new professions such as graphic designer, content specialist, and social media marketer; It should also be noted the shortage of technical personnel in the labor market, which creates a problem not only in the field of tourism and hospitality.

There are several ways to attract potential employees: 1) active communication with former employees and attempts to recruit them 2) a salary increase or a condition for an increase 3) announcement of vacancies for the same position intensively or several times 4) rotation of one’s own staff 5) simultaneously posting ads on several sites for employment with logos to make them more attractive and to perceive your company as reliable (despite the high costs); 6) Recruitment through social networks - especially using Facebook for low-ranking positions and using LinkedIn to attract high- and mid-ranking personnel; 7) Participation in employment forums 8) Consent to hire low-skilled personnel and train them on the spot, which affects the quality 9) Even consent to hire a rotational staff of those who work elsewhere (including competitors).

Online questionnaires were conducted to determine the level of job satisfaction. The results showed more or less satisfaction with enterprise, working conditions and relations between workers. But, as expected, the extended working hours that unfortunately characterize the hospitality industry are causing worker dissatisfaction (figure 2).







The state has created or contributed to the creation of various agencies and institutions, promotes the organization of various events, and participates in them. We will highlight a few below.

- At the end of 2019, the State Agency for the Promotion of Employment was established, which since March of this year has been working on the employment of vulnerable groups and improving their skills;
- In 2021, a professional skills development agency was established under the Ministry of Education, which is implementing a new project this year and is trying to introduce the Occupational Information Network (O \* NET) system known in the United States and the necessary skills for a particular profession (including the profession tourist) collection that he makes with the business.
- Employment Forum with Vocational Education 2022
- HR Hub 2022 Employment Forum

The international community is also actively supporting the industry. It should be mentioned the Employers for Vocational Education program of the United States Agency for International Development - USAID, which involves partnerships between business and education and the launch of various short-term certification programs within the framework of cooperation, USAID assumes a significant burden of financial resources.

In spite of everything, there is still no visible result in the field of tourism and hospitality and it is hoped that with joint actions of all parties, the situation will be corrected.

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