

Presented Researches are conducted in scopes of  
the projects:

1. Improving the Business Climate
2. MDGs on Agenda (State employment programs)



# Project Activities – Improving Business Climate

## Stage I – Diagnostics

- 3 Focus Group – Small, Medium and Large size Businesses
- Quantitative Survey – 1,000 enterprises throughout Georgia
- In-depth Interviews – Economic Experts (15 Interviews)
- Desk Research on Business Legislation

## Stage II – Advocacy

- Journal “Georgian Business Today”
- Radio programs
- Workshops and roundtables with Media, State and Business representatives
- Business Handbook elaboration and publication
- Final Conference

# Project Activities – Labor Market Survey

Focus groups in Imereti and Adjara Regions

Labor Market research in Imereti (sample size 600 entrepreneurs)

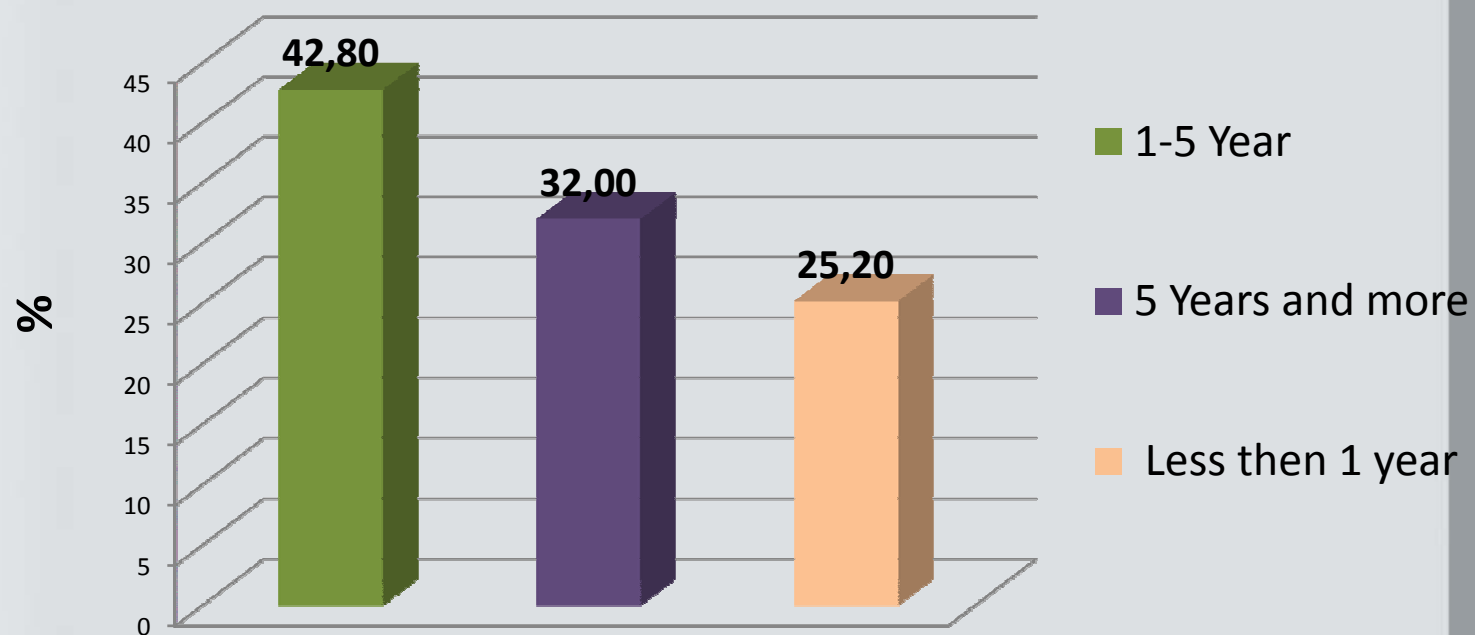
Quantitative research on employment effect of the state programs (1000 enterprises throughout Georgia)

# Main Findings



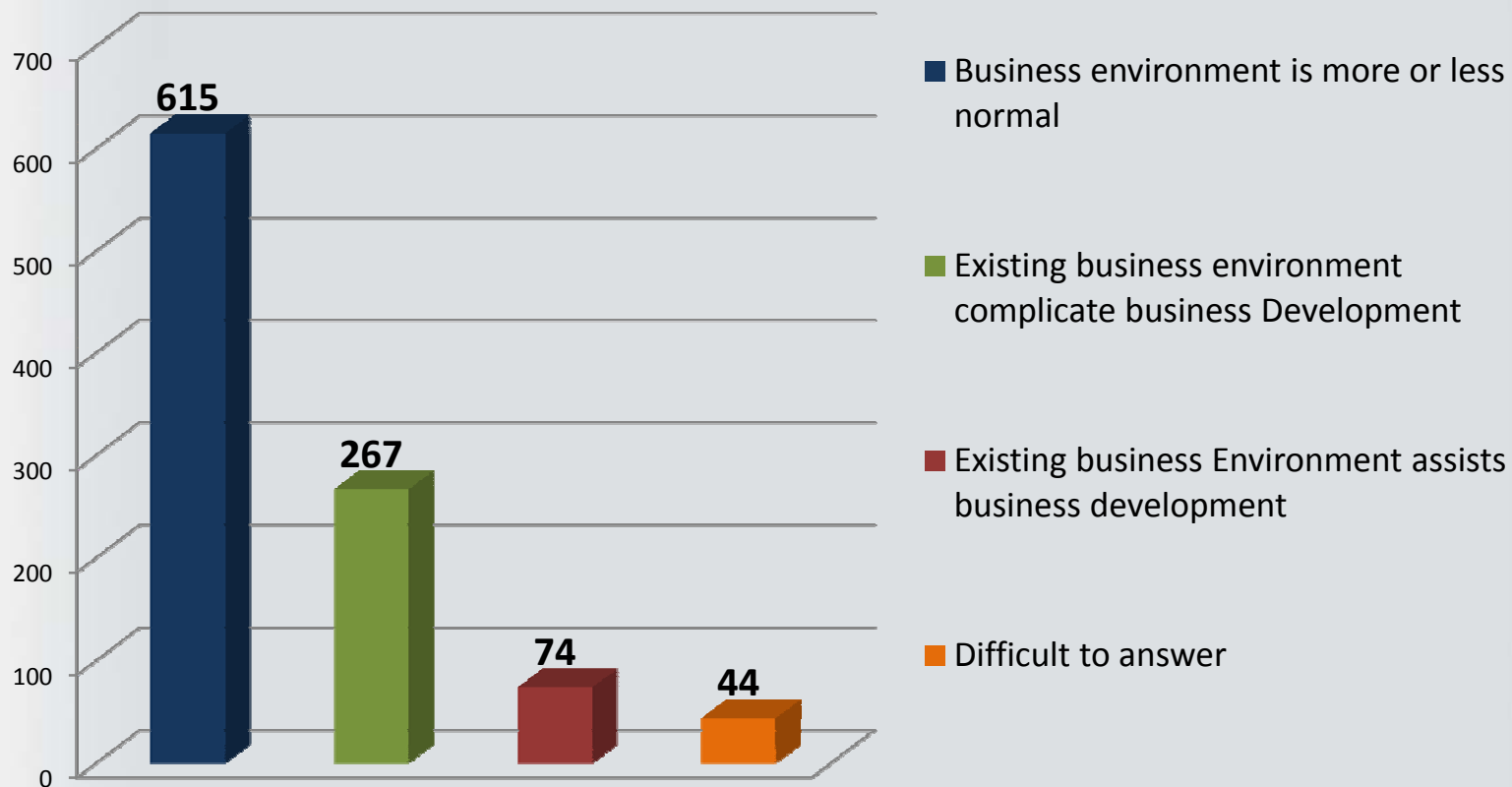
# General Part

Studied enterprises operating duration



According to official data's 51 279 enterprise are registered, 23.2% increase compared to previous year

# General Assessment of Business Environment



„Despite of reasonable problems, doing business haven't been so simple like it is right now“ – declares one of the focus group participant.

## Laws named by respondents as their activity's regulators

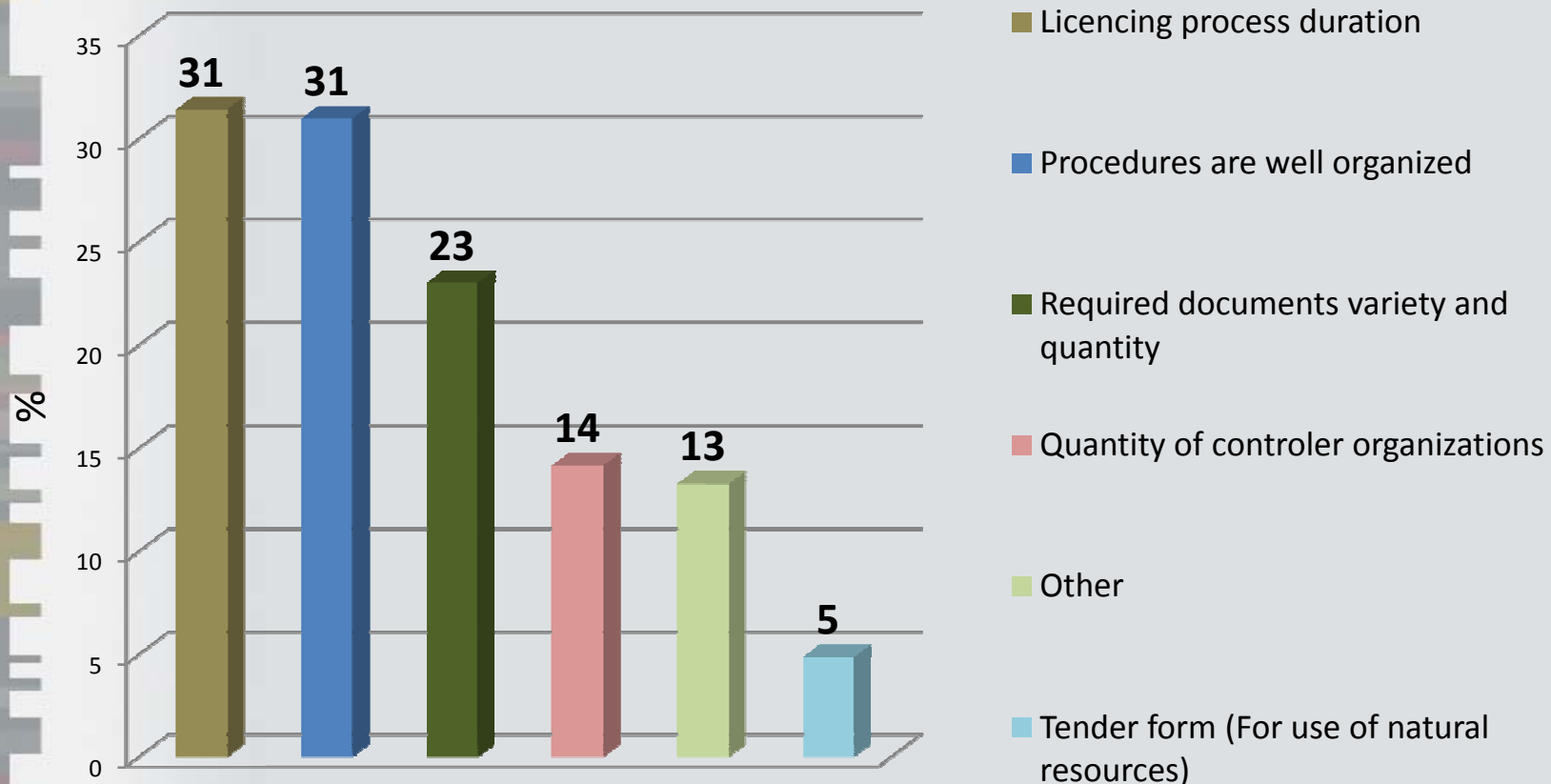
Tax Code	771
Law on enterprise	173
Customs Code	84
Labour Code	64
Law on land	41
Law on licences and permits	34
Law on banks	30
Civil Code	21
Law on Privatization	10
Law on communication	2
Other laws	14
Don't know	145

Only 2 laws were named by more then 10 % of respondents

# Licences and Permits

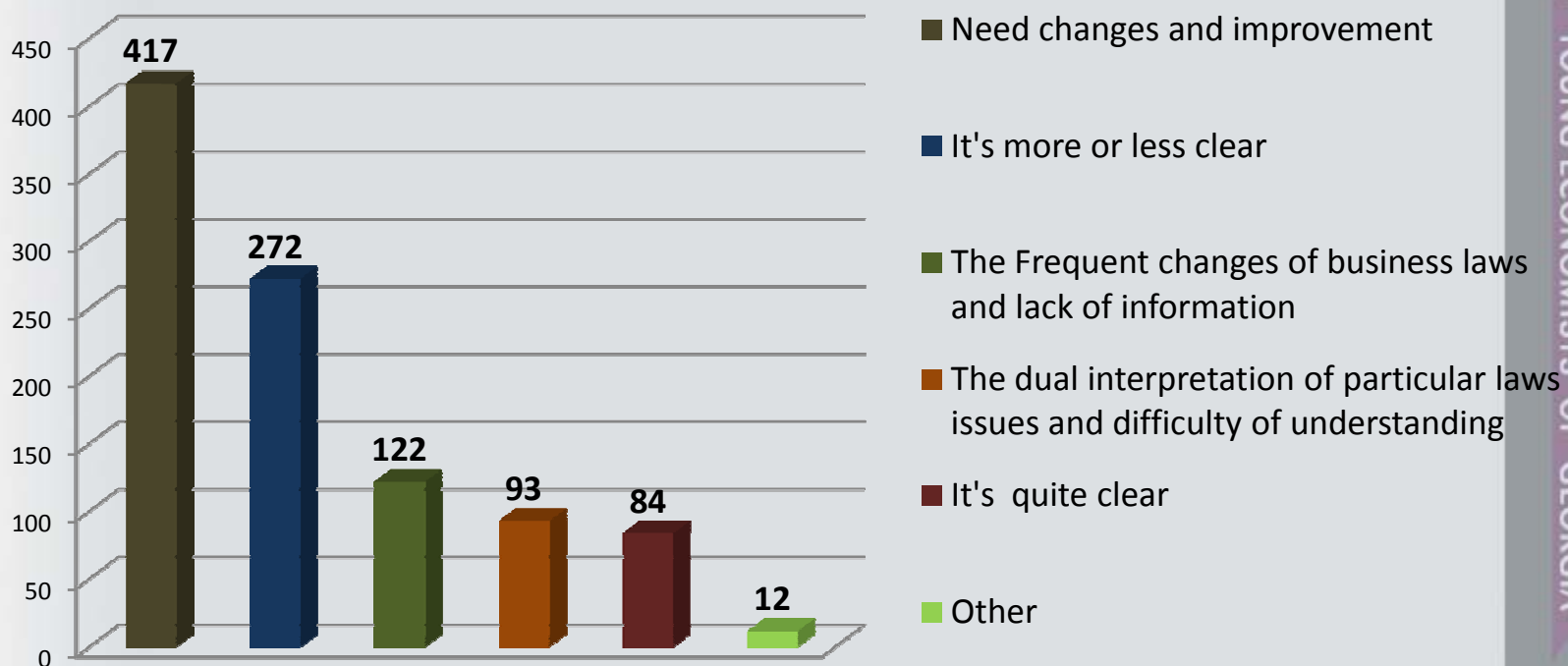
- 23% of respondents indicated need in a license;
- 3% had no information if license is needed.

## Licenses acquiring process assessment



# Tax Legislation

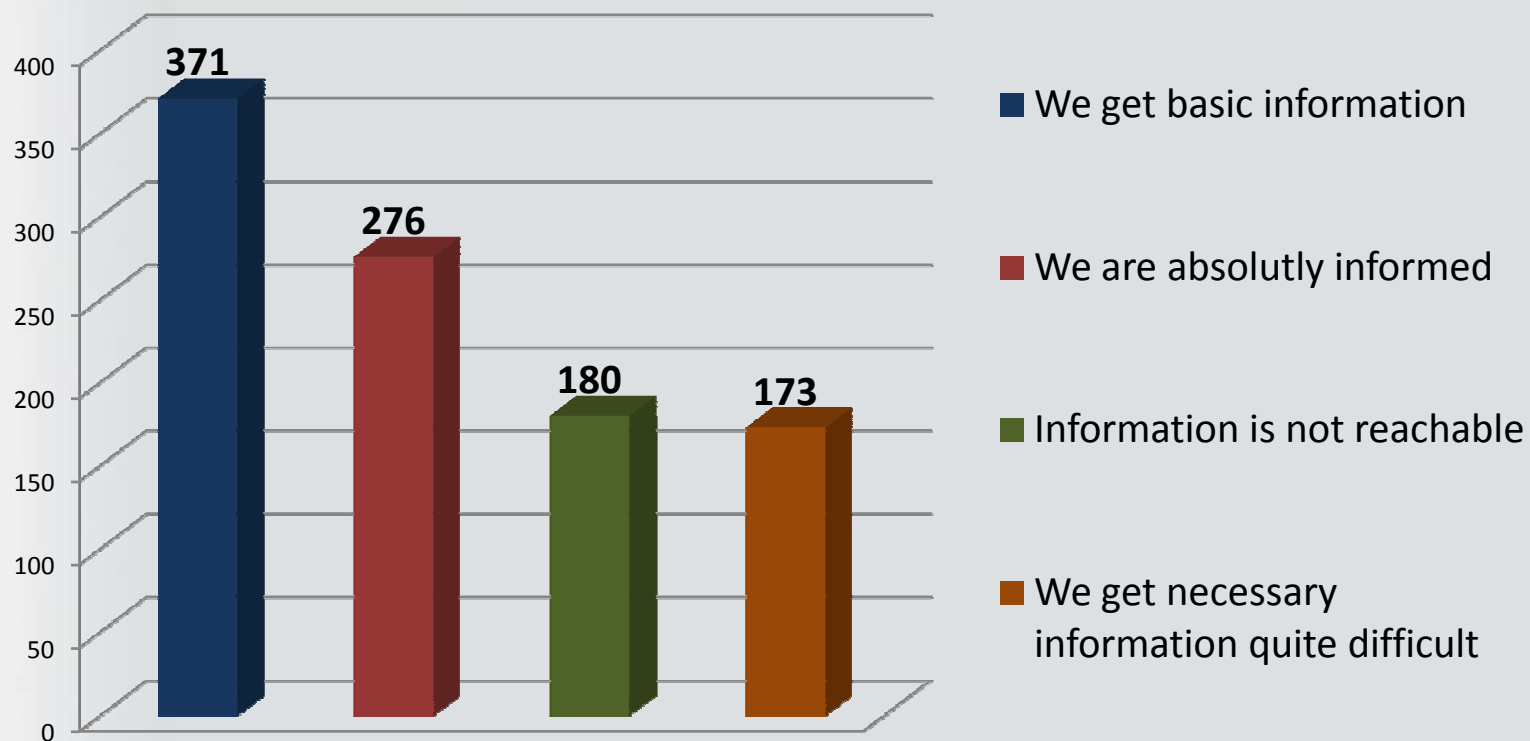
## Assessment of Tax Code



“New tax code has only new interpretation and it is not more simplified than previous one” - Claims focus-group participant.

36 package of changes has been made after the new Tax Code was adopted

## Access on tax related information



Main sources of taxation info:

- Tax Agencies (51%);
- TV/Radio/Press (40%);
- Other.



# Business Opportunities

## Business Financing

During the last year 40% of the enterprises applied for additional finances

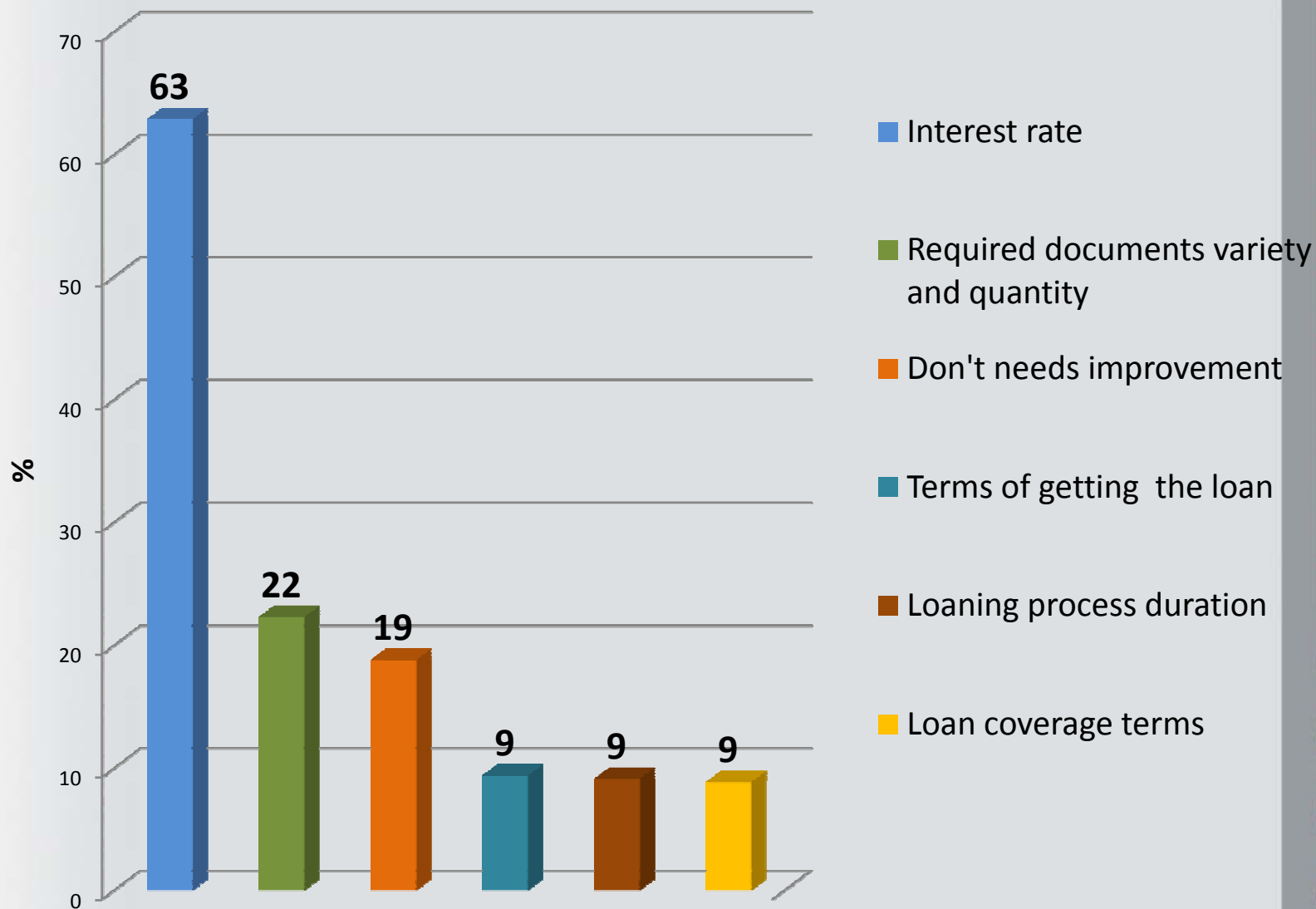
Microfinance organization,  
Friend/relative – 8%

Bank 92 %

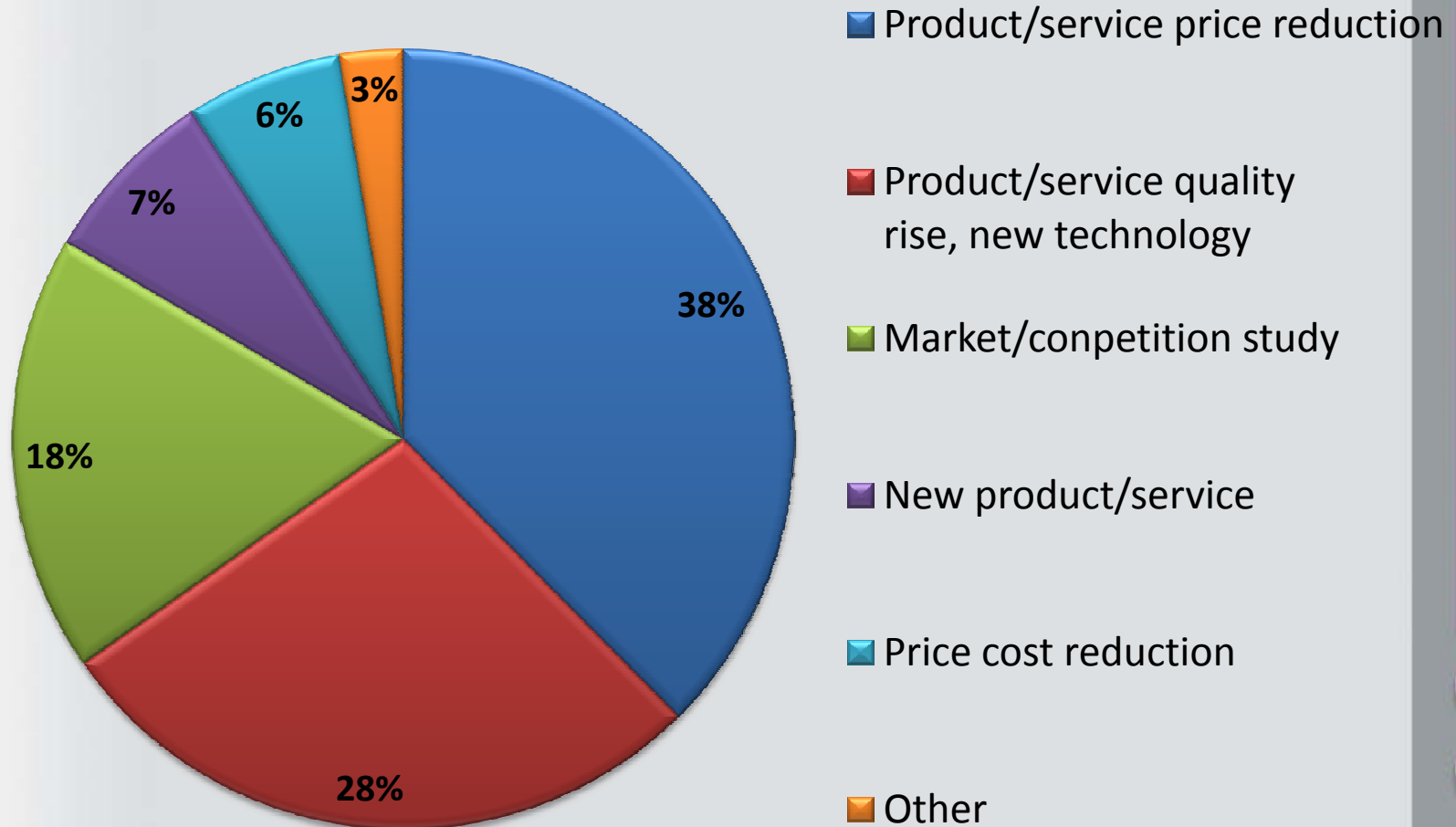
Rejected  
9%

Financed  
91%

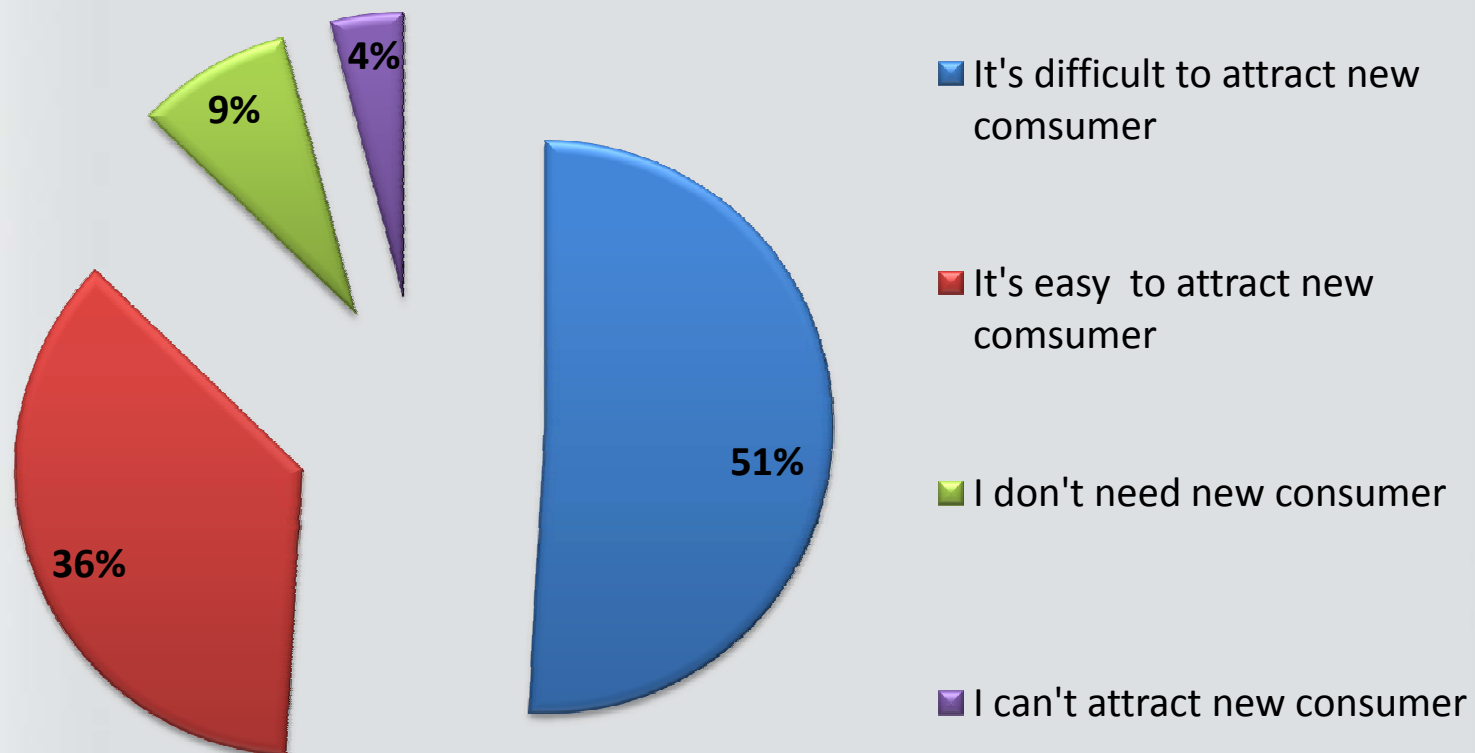
# What should be improved in loan receiving processes?



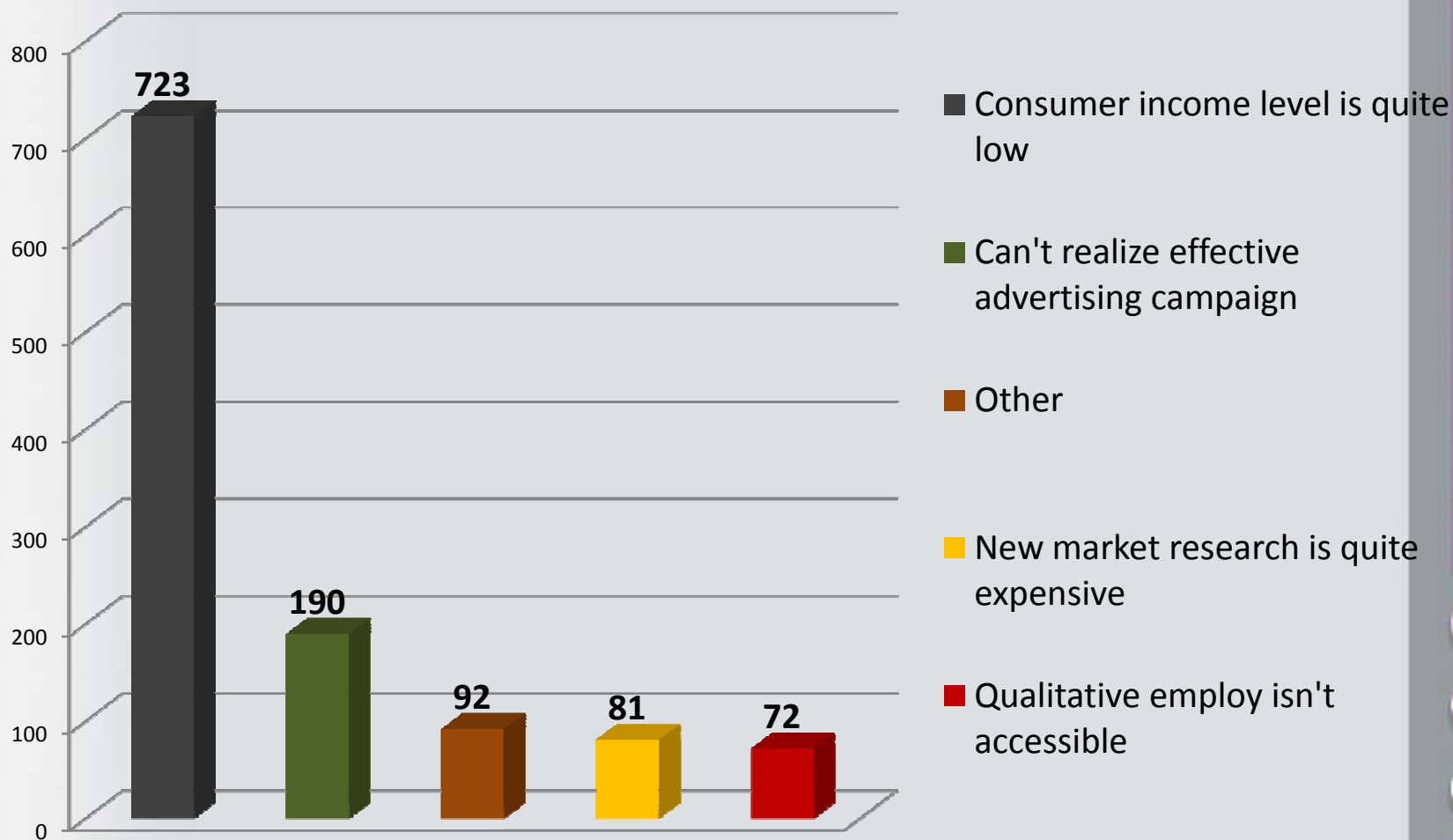
# Ways for Achieving Competative Advantage



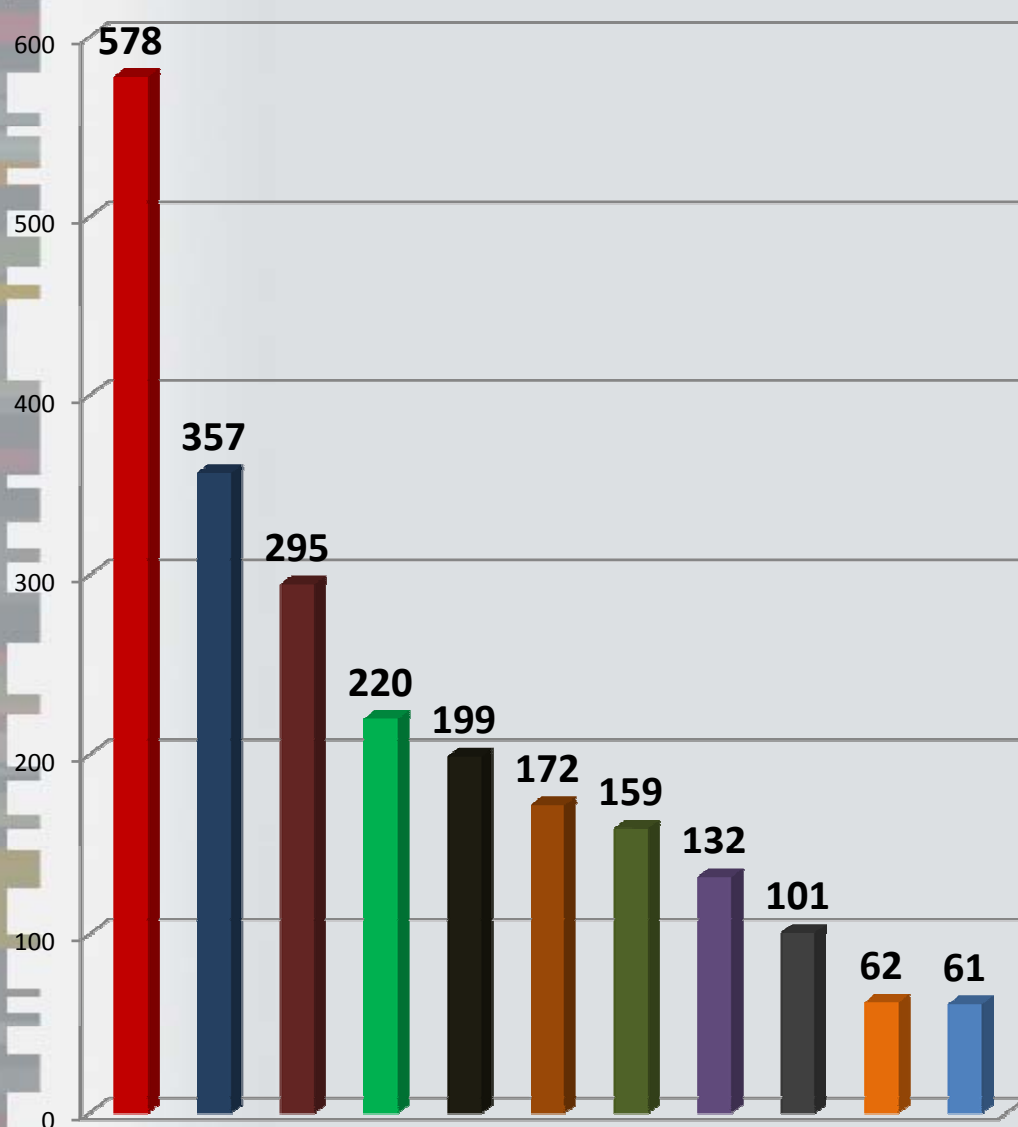
# New constumers attraction opportunities



# Factors that complicate attraction of new costumers



# Factors Which Will Stimulate Sales



■ Additional financial resources

■ Advertising campaign

■ Improvement of business legislation

■ Broadering of assortment

■ Study of current and potential markets

■ Change of the pricing policy

■ Customers income increase

■ Improvement of quality and gathering new technologies

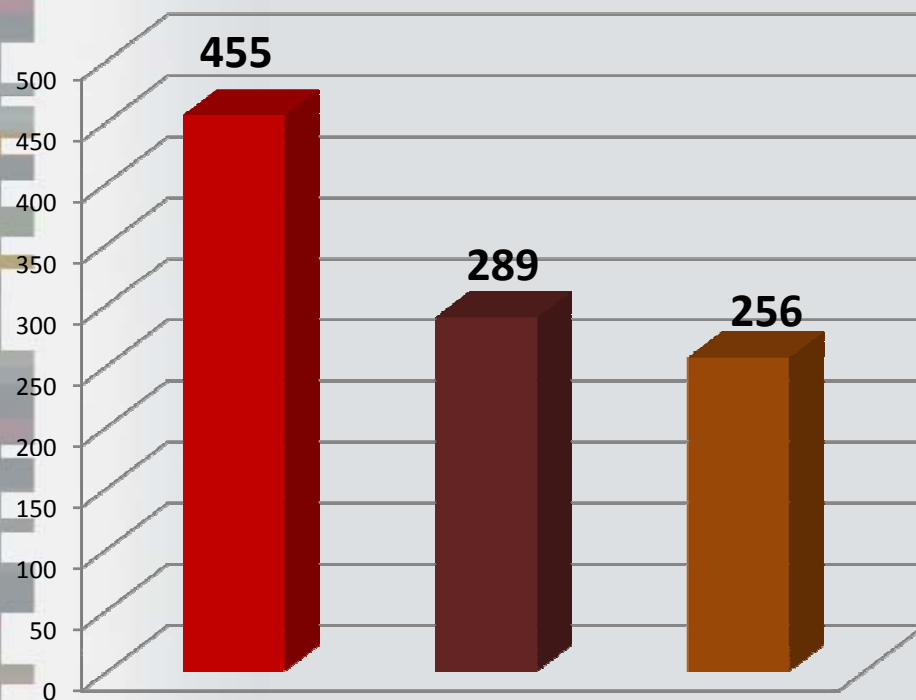
■ Additional business consultations

■ Determined state policy for improving the competitive markets

■ Other



# Employee Hiring Opportunities

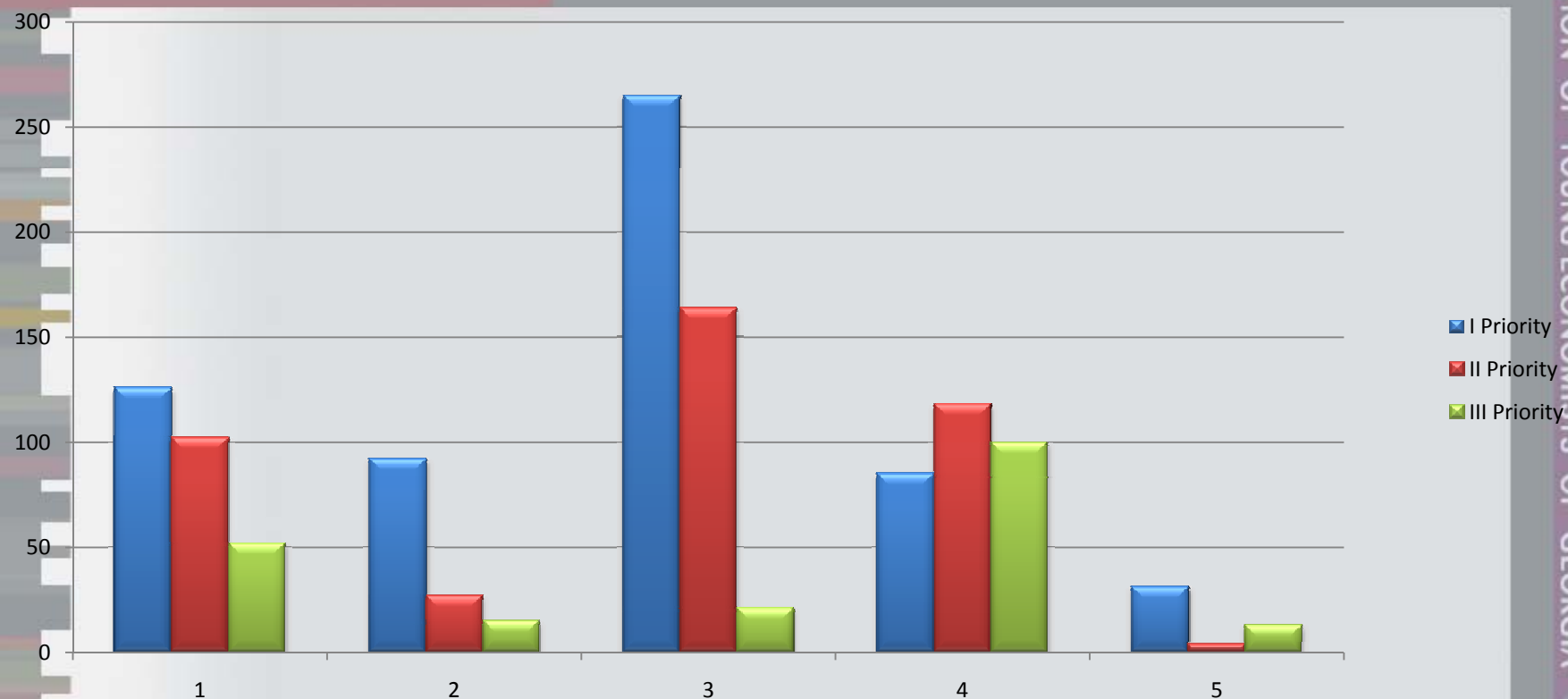


- Usually I can hire the proper staff
- Often I can find the proper staff, but have difficulties while hiring them
- It is almost impossible to find proper staff

*„Everybody considers theirselves as accountant, but they should have higher economic education at least!“*

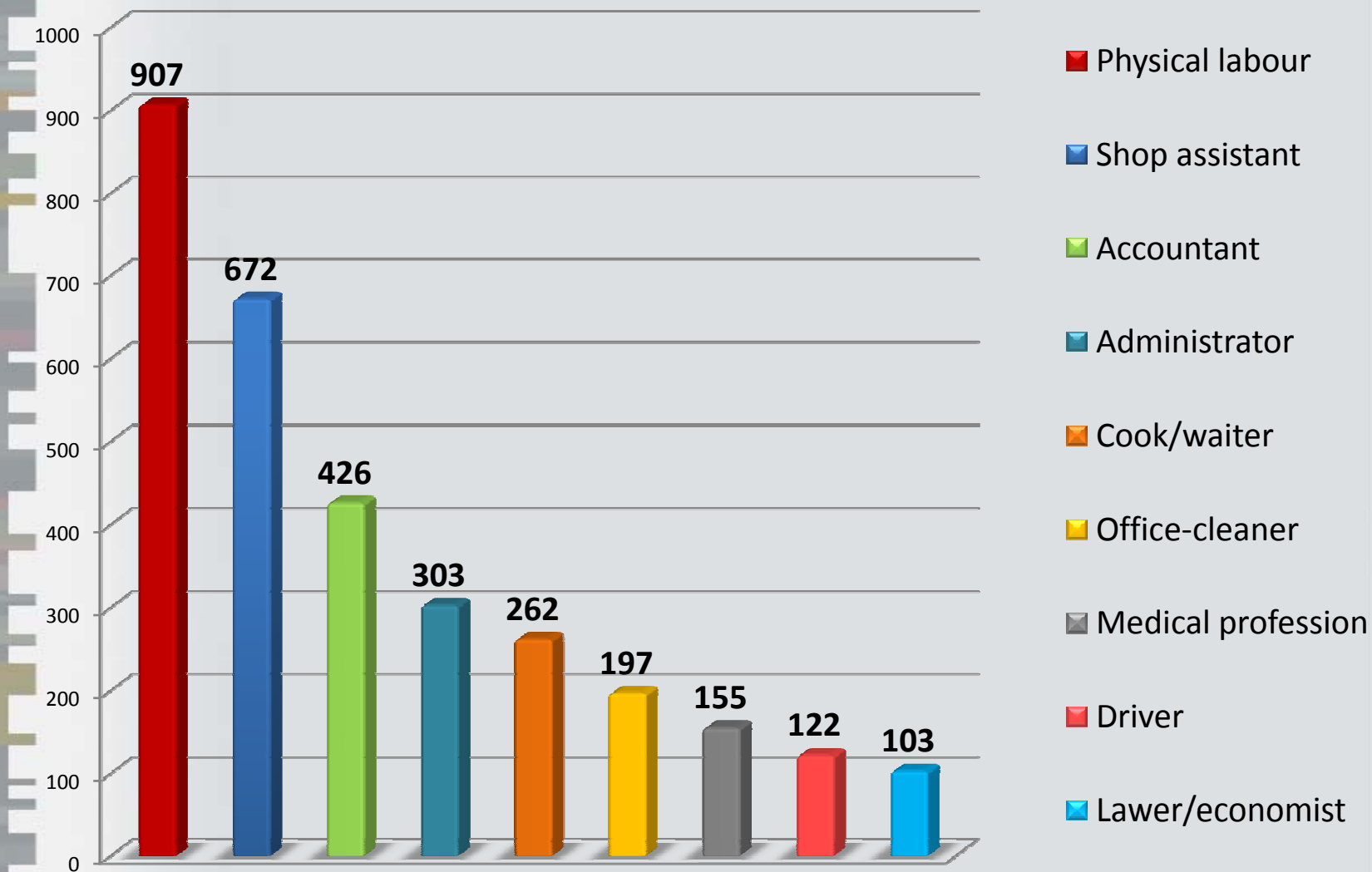
*„There is no vocational education units that could provide special knowledge and skills “.*

# Priorities considered while hiring personnel

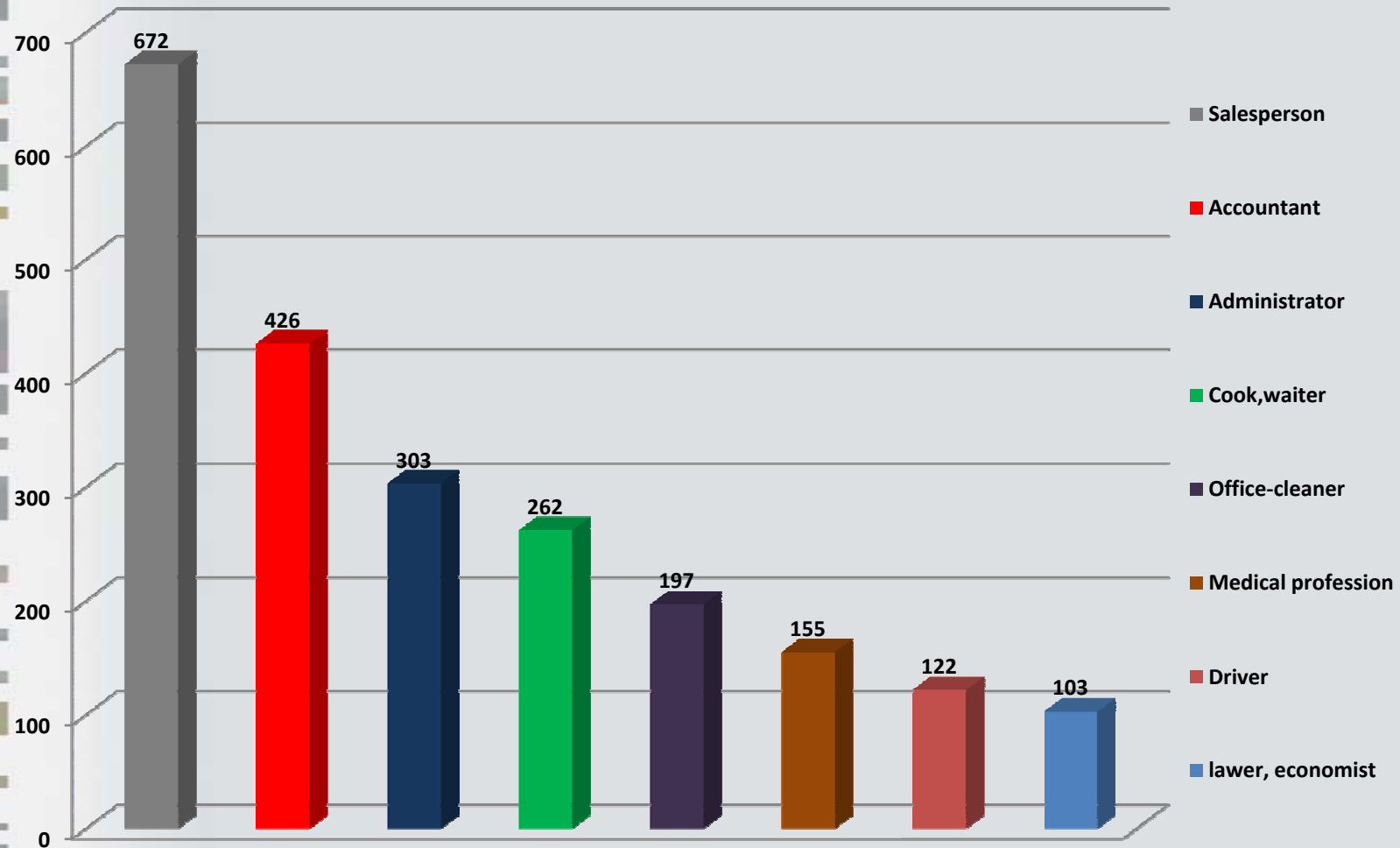


1. Recommendation of friend/relative;
2. Applicants from job announcements;
3. Self selection from personal links;
4. Job seekers, who apply by own initiative;
5. Other

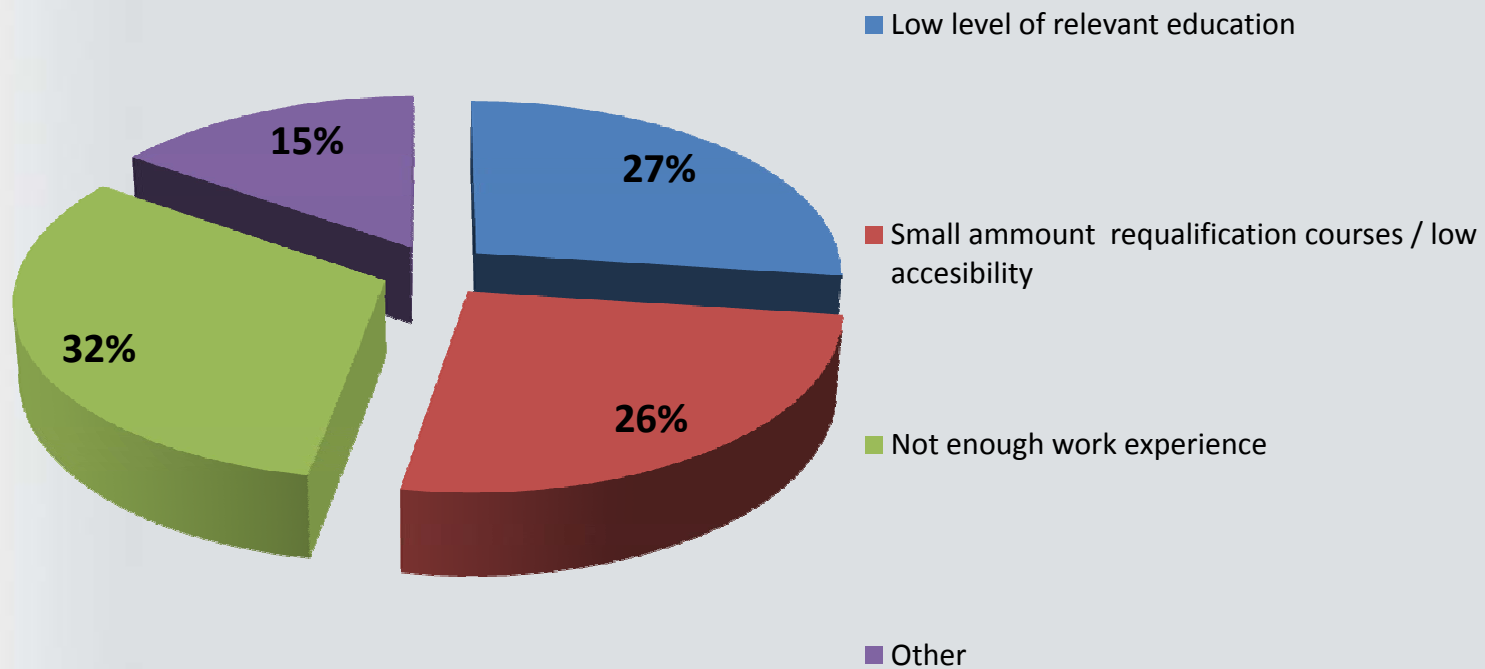
# employees by positions in surveyed organizations



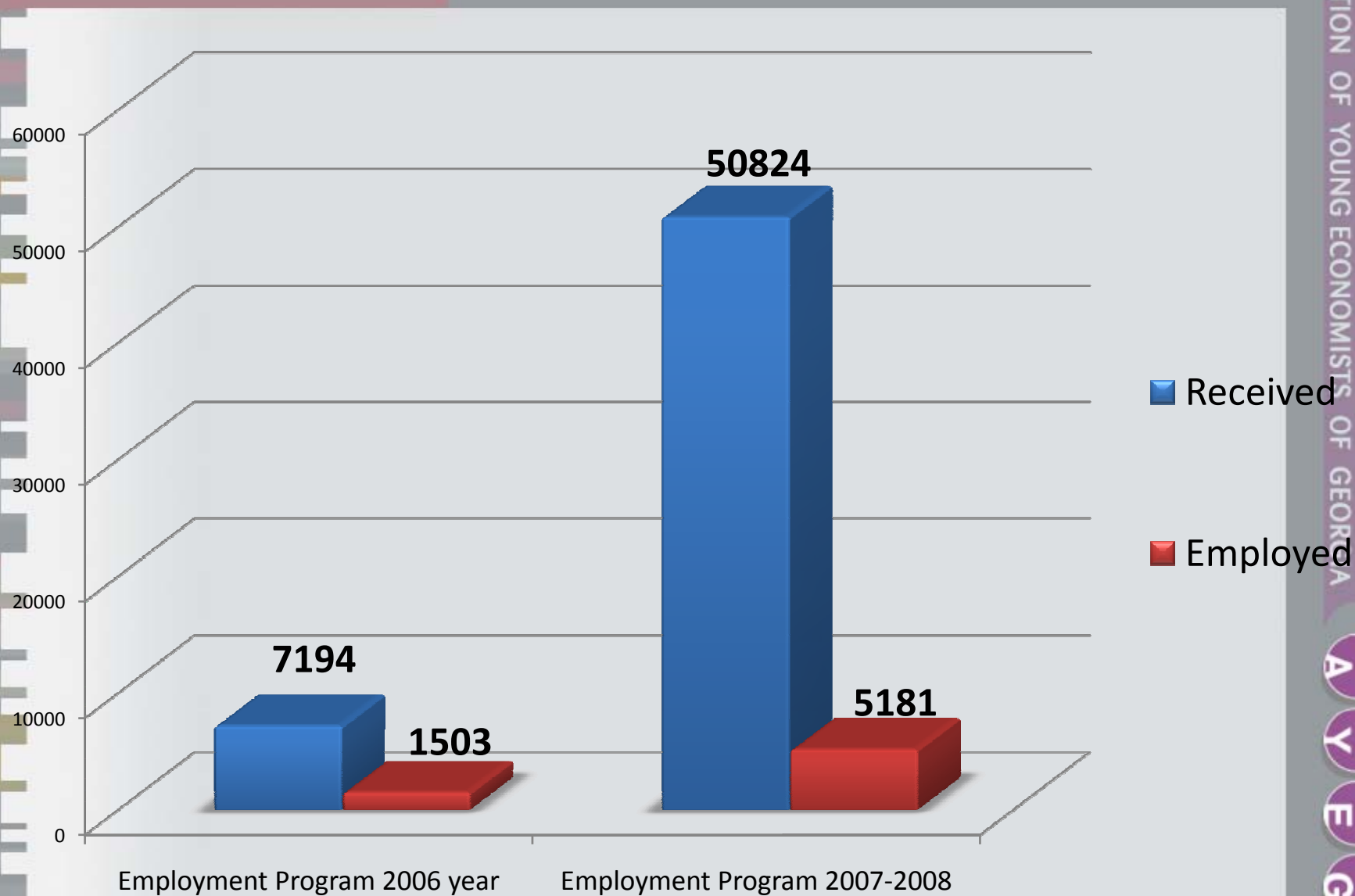
# Demand on position in upcoming year



# hiring difficulties



# Employment Effect of the state program

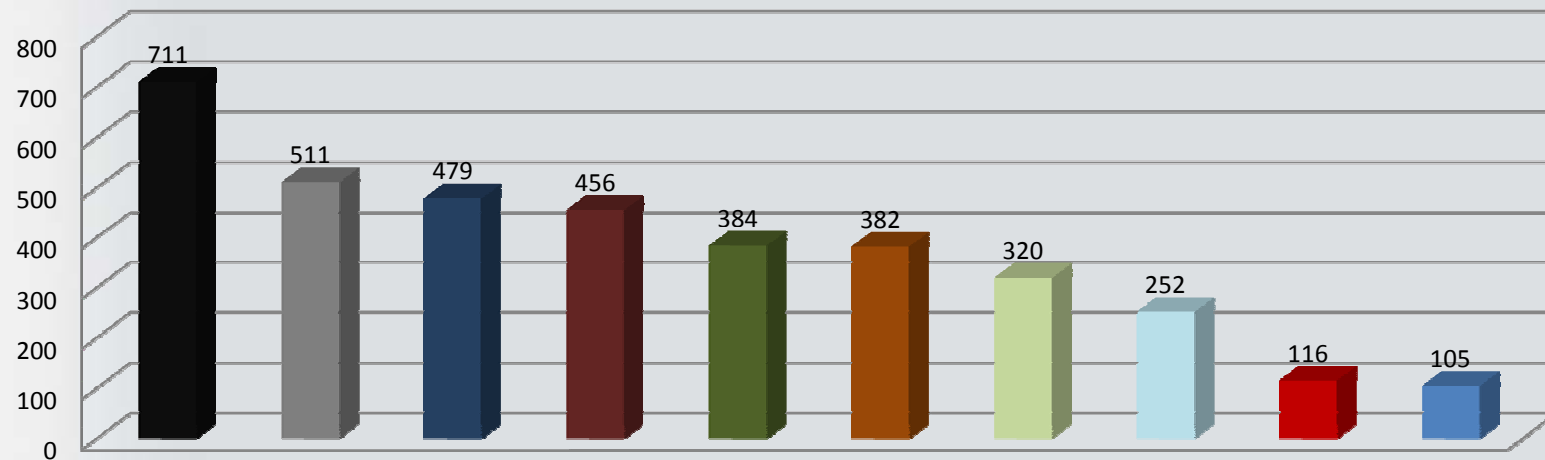




# Employment Effect

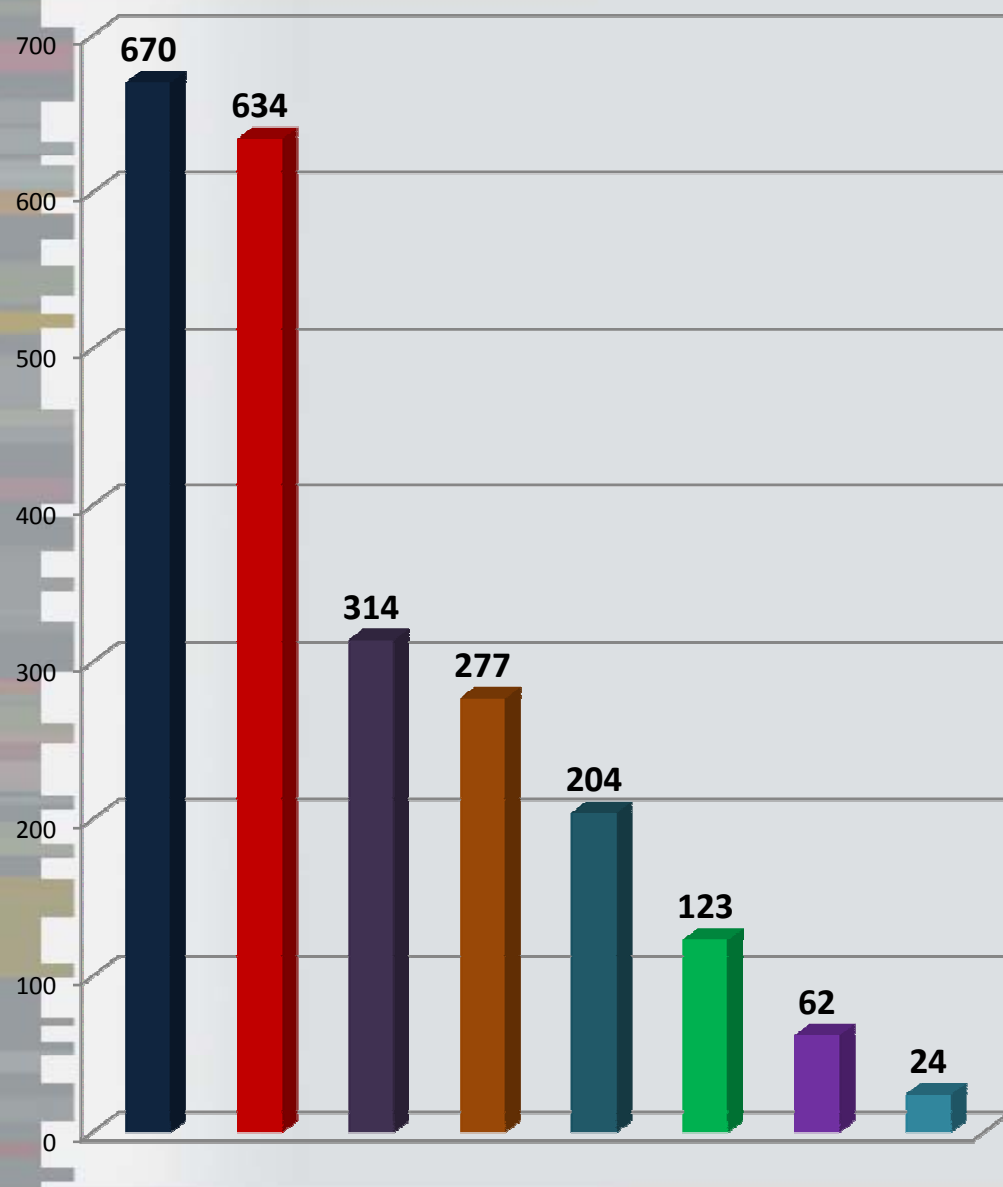
- Respondents who have participated in the state program had received 50 824 persons;
- They plan longterm cooperation with 5 181 employees only;
- According to the research, on longterm period only every 10th participant is employed;
- Hence, employeeding 1 person for longterm period costs Government average 5885 GEL.

# Top 10 problems of bussiness sector



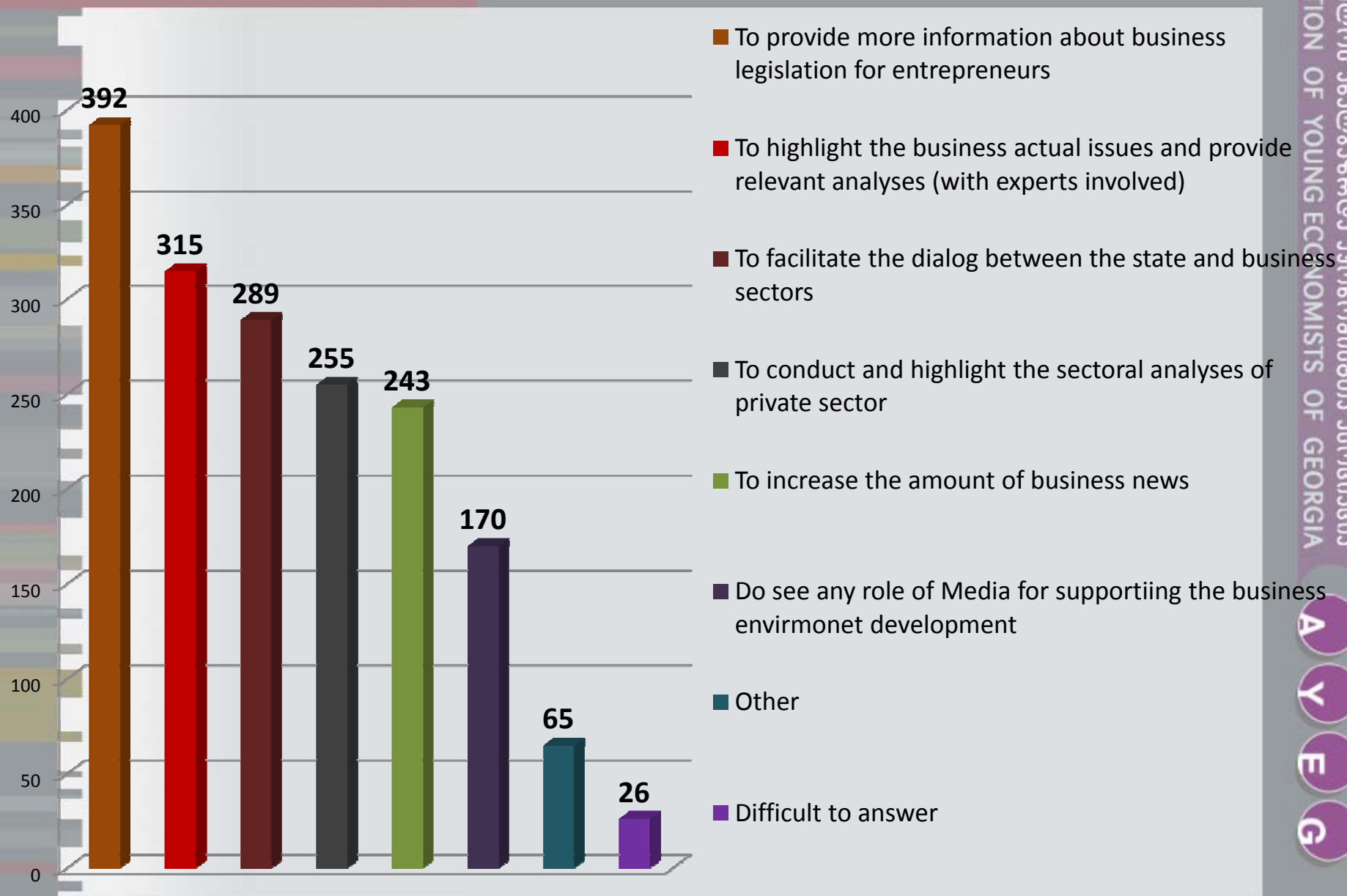
- Difficulty of undstanding the business legislation
- The hight rate of taxes
- The frequent changes of business laws and lack of information
- The dual interpretation of particular laws issues and difficulty of understanding
- Difficulty to find appropriate employees
- The hight rate of loans
- The difficulty of sales increase
- Lack of information (especially of taxation issues)
- The type and amount of documents required get the loan
- Tax control

# The Role of State in Improvement of Business Environment



- Simplify the business legislation (considering recommendation of private sector)
- To give preferences to particular sectors/SME's
- Ensure the high level of awarness regarding to business legislation
- Ensure the rule of law regarding to property rights
- Increase the level of profficiency among its staff
- Provide stong antimonopoly policy
- Other
- Difficult to answer

# The Role of Mass-media in Improvement of Business Environment



# Challenges and Recommendations

# Increasing the level of awareness

Legislative Changes

Instructions and explanations of business laws

Information on business opportunities



# Key Legislation Improvements

- Licensing – Elaboration of bylaws;
- Usage license - Improve the process of tender;
- Customs – practical usage of 6 methods of price defining;
- Customs, Tax– improve the dispute procedures;
- Taxation – decrease the frequency of in tax code amendnets;

# Facilitation of dialog between the government and business sectors

Discussions on business regulatory laws

Sharing of new initiatives

Joint identification of priorities for improving the climate

# Supporting of start-up businesses

Accessibility to financial resources

Support of business idea formulations

Development of business doing culture

# Development of Labor Market

Educational system needs to focus on labor market demand;

Establishing the efficient labor bureau/agency

The government should establish the vocational education system, which ensures the longterm employment

# Development of entrepreneur skills

Customer orientation

Long-term planning and reinvestments

Increasing the level of competitiveness

Install the modern business managerial culture

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