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# Alienation between higher educational institutions and labour market : a case of Georgia

## Provided in Cooperation with:

Czech journal of social sciences, business and economics

*Reference:* Durglishvili, Nino (2017). Alienation between higher educational institutions and labour market : a case of Georgia. In: Czech journal of social sciences, business and economics 6 (3), S. 12 - 21.  
doi:10.24984/cjssbe.2017.6.3.2.

This Version is available at:  
<http://hdl.handle.net/11159/1948>

## Kontakt/Contact

ZBW – Leibniz-Informationszentrum Wirtschaft/Leibniz Information Centre for Economics  
Düsternbrooker Weg 120  
24105 Kiel (Germany)  
E-Mail: [rights\[at\]zbw.eu](mailto:rights[at]zbw.eu)  
<https://www.zbw.eu/econis-archiv/>

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*Article history: Received 28.05.2017; last revision 10.08.2017; accepted 15. 09 2017; doi: 10.24984/cjsbe.2017.6.3.2*

## **ALIENATION BETWEEN HIGHER EDUCATIONAL INSTITUTIONS AND LABOUR MARKET: A CASE OF GEORGIA**

**Nino Durglishvili**

*Ivane Javakhishvili Tbilisi State University, Georgia*

### **Abstract**

*In contemporary Georgia, the relationships between the higher educational institutions and labour market are problematic: the demand for higher education is very high, but the demand for graduates is irrelevantly low - the most part of the graduates do not work according to their qualification; employers are complaining about lack of professionals; the general attitudes of education market's actors (school leavers, students, their parents, staff working for higher educational institutions etc.) towards high educational institutions are positive and those of labour market (job seekers, employed, employers and others) are negative.*

*The study is intended to uncover the following research questions: Why the general attitudes towards higher educational institutions from school leavers and students' side are positive but from former students' side (when they become job seekers) are negative? How to describe relationships between the higher education market and the labour market in Georgia?*

**Key words:** higher education, graduates, labour market, employment, job creation, Georgia

**JEL classification:** I21, J23, J82

### **Introduction**

Due to the small number of working places for graduates, labour market in Georgia has less regular influence on the education market. Therefore, the higher educational institutions are more responsive to the demands of education market (number of university entrants) than to labour market.

According to National Assessment and Examinations Center (2016), in 2016 about 45 000 applicants in Georgia participated in the school graduation exams and the number of university entrants was more than 40 000.

According to National Statistics office of Georgia, in 2016 unemployment rate is only 11.8%, but “a person is considered to be employed not only when he/she is hired in a private or government sector and generates income as a salary, but also when he/she performs jobs with the view to gain profit, income (in cash or in kind) or other kind of benefits. Self-employed is a person who works at his/her own enterprise or household and has his/her own income. According to the ILO methodology, it is not necessary to have a long-term contract or to be hired by someone in order to be considered employed. Although a certain part of self-employed people faces a difficult social situation and may seek for some extra job, according to the above-mentioned methodology, a person is considered to be employed if he/she generates income through self-employment” (National Statistics office of Georgia, 2017).

Employment rate in Georgia is only 59.5%, about 58% of employed are self-employed and an

absolute majority of self-employed people work in rural areas, at their private (rural) farms (see Table 1).

**Table 1:** Georgia's population aged 15 and older by economic status (2012-2016)

	2012	2013	2014	2015	2016
Active population (labour force), total	2029.1	2003.9	1991.1	2021.5	1998.3
Employed	1724.0	1712.1	1745.2	1779.9	1763.3
Hired	662.6	658.2	692.3	753.4	745.4
Self-employed	1054.0	1043.8	1046.1	1018.1	1010.9
Not-identified worker	7.4	10.0	6.8	8.4	7.0
Unemployed	305.1	291.8	246.0	241.6	235.1
Population outside labour force	1005.2	1022.3	1004.4	958.3	963.2
Unemployment rate (percentage)	15.0	14.6	12.4	12.0	11.8
Economic activity rate (percentage)	66.9	66.2	66.5	67.8	67.5
Employment rate (percentage)	56.8	56.6	58.3	59.7	59.5

**Source:** National Statistics office of Georgia (2017)

Georgia is a typical post-Soviet country with all the issues and problems that are notorious for other post-Communist economies in transition (Čábelková and Strielkowski, 2013; Koudelková et al., 2015). Therefore, the higher education there reveals all the same issues as in the other similar economies in question.

## Literature review

Information about the relationships between higher education and the labour market is scarce in Georgia. This shortfall is primarily caused by the fact that at the national level, there is no systematic approach to analyse the relationship between the market and the education system - the necessary variables are not integrated with important instruments, such as census questionnaires and/or quarterly household surveys. There is no meaningful strategy for data compatibility and aggregation, and no authority either inside or outside of the Ministry that would be accountable for analysing this type of data.

First of all, the Becker's theory of human capital should be mentioned (Becker, 1993). The process of receiving higher education is expensive and durable. Hypothetically, in the country with low-incomes it should be given great importance financial benefiting.

Higher Education diploma as the necessary precondition for occupying high social and economic position is a special phenomenon. In Georgia, in the 1990s, and in the Soviet Union the wide scale corruption taking place in educational system. The corrupt system created experience that high social and economic positions may be related not to real knowledge, but, only to Higher Education Diploma. Higher Education diploma according to the co-called "Signalling Effect Theory" puts holder in privileged situation (Spence, 1976; Spence, 1974; Spence, 1973; Groot and Oosterbeek, 1994).

Nowadays in Georgia the problem of corruption is overcome in educational system, but there is a social inertia as a motivation for getting higher education diploma. Besides it is not difficult to get a Higher Education diploma in conditions of low-quality education. As a result, higher education diploma keeps actuality. From the point of view to the research questions it is important to review: „Knee-Jerk Formalism: Reforming American Education“ (Rossides, 2004); „Social Stratification: The Interplay of Class, Race, and gender“ (Rossides, 1997); „The theory of screening, education, and the distribution of income“ (Stiglitz, 1975), „Higher Education as a Filter“ (Arrow, 1973); „Education and Screening“ (Wolpin, 1977), „On the job training: Costs,

Returns and some implications” and “Investment in Human Capital” (Schultz, 1961); “Competitive Signalling” (Riley, 1975), “Differences in rates of return by type of education” (Groot, 1994); “Costs and revenues of investments in enterprise related schooling” (Groot et al., 1994); “The Returns to Education: Macroeconomics” (Sianesi, 2003); the researches made in Great Britain (Bludell et al., 2003) and in Italy (Brown and Sessions, 1999); also the reports of surveys made at national level: Strategic Development of Higher Education and Science in Georgia (Bregvadze, 2013); Impact of High Education on Work Force Formation in Georgia (Andguladze et al., 2013).

### **Methodology and empirical model**

The paper is based on the research, which was carried-out in Georgia between 2015-2016 years. The study employed literature and document analysis, 15 focus groups and surveys with face-to-face interviews. Due the results literature and document analysis, 15 focus groups were planned. Each group consists of 8-12 respondents. The average duration of a focus-group is 2-2.5 hours.

Focus groups composition went as follows: there were three focus groups organized with the high education programs staff - leaders or people implementers them, from various higher educational institutions of Tbilisi. The first group is sampled from the staff of Bachelor programs; second group from the staff of Master programs, and third group from the staff of PhD programs. Each group represented state as well as private higher educational institutions. Five focus groups are organized with students of various higher educational institutions of Tbilisi: first group respondents are Bachelor programs’ students of I-II semester; second group respondents are Bachelor programs’ students of III-VI semester; third group respondents are Bachelor programs’ students of VII-VIII semester; fourth group respondents are Master programs’ students and fifth group respondents are PhD programs’ students. Furthermore, each group represented students of various programs of state as well as private higher educational institutions. When sampling respondents for focus groups the place of residence, region, gender and age variables were foreseen.

Three focus groups are organized with the post-graduates of various higher educational institutions of Tbilisi: first group respondents have the Bachelor degree; second group respondents have the Master degree and third group respondents are PhD post-graduates. Each group represented the post-graduates of various programs of state as well as private higher educational institutions. When sampling respondents for focus groups the place of residence, region, gender and age variables were foreseen.

One focus group is organized with the school leavers of various Municipality schools of Tbilisi. The group represented public as well as private school leavers. When sampling focus group respondents the gender was taken into consideration.

Second focus group is organized with the parents or people carrying responsibility of school leavers of various Municipality schools of Tbilisi. The group presented the parents or responsible people of public as well as private schools.

More focus groups were organized with employers - responsible people of organizations that need a staff according higher education. Respondents of the first group work for state organizations, respondents of second group work for private organizations. Respondents of both focus groups directly take part in human resource selection process of organization or possess full information about human resource selection processes in their organization.

## Main findings

The staff of the programs of all three levels (Bachelor, Master, and PhD) denotes that when they make a decision about creating a new program, implementation of already existing program, or determination of students' number, they basically are guided by a competitive environment of higher education. In most cases, programs are planned based on the trend of university entrants during recent years. The correction of this process is implemented by again actors of higher education market and not that of labour.

Among the correcting factors first of all is named the standards of authorization of a higher educational institution and the standards of accreditation of a higher educational program. These standards are created by Legal Entity of Public Law National Center for Educational Quality Enhancement. According the standards certain terms are bound. For example, the upper limit of student's quantity is determined considering the infrastructure of higher educational institution. Therefore, in determining the number of students, a higher education institution is obliged follow the limit of the authorization standards (National Center For Educational Quality Enhancement, 2016).

Second factor is related to the lack of human resources. Georgia is small country. The number of those people who meet the requirements determined by regulation for delivering lecture course at higher educational institution is small. For inviting highly remunerated foreign specialists, financial resources are not sufficient: the maximum volume of academic grant distinguished for student by government (approximately \$470) essentially determines the maximum upper limit of learning fee, because state universities are not entitled to extend this limit at Bachelor programs. In condition of stable learning fee in state universities, increasing the tuition fees by private universities that they could be able to invite foreign specialists, due to of economic poverty existing in country factually is impossible. In such case the number of university entrants will sharply decrease, who will select this higher educational institution. From this point of view, at Master and PhD programs, we face even more complicated situation, because the number of students decreases according with the increase of higher education level. Third important factor is state policy. Also, it is remarkable that from government's side limitations are more effective than supportive impact.

For example, respondents denote that the attempt of government to assist the implementation of engineering programs and those ones of natural sciences has less effect than its attempt to prevent the increase of such programs which are considered as undesirable (basically due to their already large number). According to the information provided by one of respondents, several years ago the high-rank person at National Center for Educational Quality Enhancement considered that the programs of international relations (diplomacy) and international law are too much in Georgia. At the same time, National Center for Educational Quality Enhancement is the only organization which has the rights of authorization of a high educational institution and accreditation of a high educational program in Georgia. "We wanted to implement international law Bachelor program. We applied for consultation to one of officers of National Center for Educational Quality Enhancement who "gave us friendly advice" that there are no relevant human resources in Georgia. Even more, he told us that under this title program misleads students. Certainly, we changed our mind. We avoided possible complications during accreditation process" (Master program staff, private university). It should be noted that nowadays the National Center for Educational Quality Enhancement is started the process of Improvements of the authorization and the accreditation regulations and processes.

The dynamics of high education market during many years factually remains unchanged. At all three levels of high education the most demanded qualifications from university entrants are law, business, media, and international relations (diplomacy). Therefore, they represent the main financial source of almost all universities.

This information is verified also by the documents uploaded on the website of National Center for Educational Quality Enhancement (National Center For Educational Quality Enhancement, 2016) and by the documents uploaded on the website of National Assessment and Examinations Center (National Assessment And Examinations Center, 2016).

All the three levels programs staff responds that due to the authorization and accreditation standards, they have contacts with the actors of labour market, but these relationships has less influence on the educational programs.

The main reasons are: not well-defined standards and lack of human and financial resources necessary for survey of labour market.

In separate cases, respondents see the problem in the actors of labour market and consider that the employer's requirements are sometime irrelevant.

Involvement of labour market's actors in the process of implementation and development of higher educational programs by the standards of accreditation are necessary. With the same standards it is mandatory to make the labour market survey and consideration of its requirements (National Center For Educational Quality Enhancement, 2016), but relying on the information provided by the focus group respondents, neither the role of employers are specified nor those criteria which should meet the labour market surveys. That's why these processes generally carried formal character and in most cases the involvement of labour market actors means just meetings with several people. The results are represented in irrelevant forms, without data analyses and technical reports.

The same situation is in relation to post-graduates. It is also necessary to engage the post-graduates in program implementation and development processes, but in most cases there are no bases of post-graduates information about their recruitment, mechanisms specifying their role and efficiency of involvement. This information is verified also by the data of "Strategic Development of Higher Education and Science in Georgia" (Bregvadze, 2013).

According to the information provided by the programs staff, the experts of authorization and accreditation during their visit at higher educational institutions generally stay satisfied with the meeting and conversation with several employers and post-graduates (about 4-5 people).

The lack of motivation to relationships with the employers has been distinguished from the side of management staff of Bachelor's programs. They approximately know the trend of the number of university entrants; they generally know tendencies of internal and external university mobility and maintain the competitiveness at national university area.

Approximately the same tendency is mentioned in the management team of PhD programs. They denote that the demand on PhD programs is not high, but still stable, because, obtaining PhD degree in Georgia according to their evaluation is much easier than in European countries. Different attitude was revealed from the side of management team of Master programs. The number of people willing to continue studies at Master's level in comparison with the Bachelor's one is less. Certain part of master programs' entrants tries to continue studies at any university of Europe, changes qualification or higher educational institution. That's why the management team of Master's programs have the experience of more danger and more motivation to make own program more attractive. Exactly in this segment the readiness was expressed towards such modifications which in their turn will increase the competitiveness of programs. But they consider that making perfect surveys of labour market and having regular contacts with employers and post-graduates is related to the serious financial and time expenditures, when desirable results are not guaranteed. "We have no time to run from organization to another one - learning process needs all our times" (Master program staff, state university); "I have 5 students in group. There is no money sufficient for issuing salary to academic staff and how I can be assured Rector that it is necessary to spend even more money?" (Master program staff, private university); "Our university ordered famous sociology company

to make the survey of labour market but such general report were brought, that we can not to use it” (Master program staff, state university).

Program managers generally know that there are certain claims from the side of employers and graduates. Among the main sources of information were named the separate surveys which are made basically by nongovernment organizations, several surveys initiated by Ministry of Education and Science of Georgia, meetings organized by National Center for Education Quality Enhancement and personal contacts or experience. Spreading information carries is not systematic and is not provided their entire availability. The lack of systematic surveys, the communication and information deficit exacerbate the problem: “I know what employers say – we teach only theory and not – practice. This is not so. We teach practice but we are not able to consider the requirements of all employers, are we?” (Master program staff; state university). Great number of higher school graduates and small chances of recruitment gives possibility to employers request higher education diploma on such positions for which the high education qualifications is not necessary. For example, one of the respondents denoted that during the meeting of employers, the manager of cosmetic shops chain said that their shop consultants are only high education programs' graduates. It is necessary request to have minimum Bachelor quality and not any specific specialty. “What to do? Shall we start changing our programs according to skills of shop consultants?” (Bachelor program staff; state university). From the side of program managers two important problems were identified: low level of general education and low level of qualification of employer organization activities in separate fields. The actuality of low quality of general education is especially distinguished from the side of staff of more popular programs: “eight semesters are not really enough for receive higher education and school education together. Is it an acceptable solution to include the writing of words and Georgian language grammar in the course of academic writing?” (Bachelor program staff; private university); “They study school math at the University” (Bachelor program staff; private university). Quality of education and labour quality is inter-determinant. The lack taking place in the field of education is directly reflected on the quality of labour quality and vice-versa. It may be said that the problem of synchronization of education quality and labour quality is the main problem of both fields.

This problem is especially evidence according to new fields for post-Soviet country. For example, there was no social empirical studies' labour market in Soviet Union. Only theoretical course of sociology was included in higher educational programs (basically, in philosophy programs). In post-Soviet Georgia the requirement emerged simultaneously on sociology surveys and staff education. “Our sociologic companies do mainly fieldworks. They do not have analytics. They are at the descriptive statistics' level. That's why the knowledge which we give to our students is exaggerated for them” (Master program staff; state university).

“It does not matter how much you know – nobody understands the difference between educated and uneducated. When there is no adequate evaluator, education does not mean anything” (Program staff; private university).

The labour market actors (employers and postgraduates) point out the following problems: lack of professional knowledge; lack of practical skills; deficit of ability to use knowledge in practice; lack of transfer abilities and excessive (not necessary) knowledge.

The idea is dominated among the group of employers that today, it is practically impossible to find the scene “will come and make start working directly” (employer, state organization).

Such situation from the employer's side requires additional financial expenses: learning to work in the process or organizing trainings: “Till they learn how to work, we receive financial loss” (employer, private organization).

Therefore, the labour market tries to find a way out by trainings or “teaching them on spot” - they aim at creating the staff and not finding it, which further reduces the chances of employment for professionals.

According to the post-graduates the lack of professional and practical competencies is one of the major lacks in higher educational programs: “I was not given practical knowledge” (Bachelor; employed). “You will not get practical knowledge including PhD (PhD; non-employed).

According to the opinion of graduates all this has negative impact on their career and financial incomes, because firstly they have to work on low positions and low salaries. “Will be better to receive much salary, instead to spend the money on trainings” (Master; employed); “they offer you low position and it seems that period of your studying at University was in vain” (Master; employed).

It is important, that the lack of professional knowledge and skills mainly are associated with gaps in higher educational programs and problems related to the material-technical bases of higher educational institutions: “specialty disciplines should be more. When I started working I realized that I needed more knowledge” (Master, employed). “There is no such equipment in universities to learn the job practically” (Bachelor, unemployed); “Criminal science was the subject I was interested in most, but we did not have a relevant base” (Master, employed with not own qualification).

From the side of labour market actors one of the essential gaps in higher educational programs is providing useless information: “they have too much knowledge. You will get astonished. But it is hardly possible to find the one who is perfect in his job” (employer, public sector); “They taught me so many subjects, I know so many things, but it seems that many things I have learnt was in vain” (Bachelor employed).

Though it should be denoted that this problem needs more deep research, because in parallel there are named the problem of the transferal skills’ and the problem of using them in practice. Therefore, it is possible that main problem is deficit of skills to use knowledge: “It seems that he has knowledge but not able to realize how to use it” (employer, private sector); “What they asked me during interview, I knew, but was a bit confused. I had learned this in absolutely other subject and I thought that they were asking me quite another thing” (Master, unemployed).

The lack of communication between the actors of higher education and employers is verified also by employers. The main source for them of information about higher education and science is media or indirect contacts at the personal level. Direct contacts have the form of exception if employer himself is not the person working in the field of higher education or that one related to it (for example, delivers lectures at any university, works in the field of education or science etc.).

It is important that when making decision about hiring the employers are forced to take advantage of graduates of exactly those programs, where the enrolment competitions are highest: “They will have no knowledge necessary for us and that is comprehensive, that’s why we choose universities offering high competitions hoping that there will be more talented and educated young people. This is our hope for that they will manage to learn” (the employer, private sector). It is worth mentioning that exactly these programs (as we have already seen) are less orientated on the detailed learning of the requirements of labour market and consideration because in national space they represent more competitive staff than others.

University entrants and their parents or responsible people when they make a decision towards higher education are less motivated by direct benefit. Moreover, the motivations named by them at one glance carry basically the socio-cultural character: stereotype, according to which higher education diploma for a person is considered as unconditional desirable phenomenon; knowledge as a value itself; as a factor of socialization processes; as social capital; as a personal development factor etc.

“Why do I want to become a student? I didn’t think about it. Everyone wants” (the public-school leaver). “My neighbour’s parents directly declared to him that do not want a daughter-in-law without a high education diploma” (the public-school leaver). “Higher education is

necessary. It does not need much thinking about this” (parent of the university entrant); “first of all, I want to study at university” (The private school leaver). “I made friends at university. They helped me in starting life (Parent of the university entrant); “They will learn how to have relationships and how to live” (Parent of the university entrant).

Though, in addition to ideals, stereotypes and social benefit there are factors according to which getting higher education is oriented on financial benefit. The main social-economic problems of post-Soviet Georgia (poverty, unemployment, rapid change of political and social elites) create unstable circumstance in which planning the financially profitable processes is complicated. Taking into consideration all this, for young person to get the higher education in most cases really represents optimal prospective. In nowadays Georgia higher education is not being considered as a sufficient condition for direct financial benefit, but is perceived as a relative benefit: the chance of employment for the higher education graduate is not high, but the chance of the person without graduation is less; the income of the graduate, is not much, but the income of the person without graduation is less. “Person with higher education diploma is not able to find job in this country and those who have no diploma what can they do?” (Parent of the university entrant).

In Georgia government supports professional education development but find a job is also difficult for these graduates. It may be said that the investment made in getting higher education is yet related to the benefit, but this benefit has indirect, potential character focused on future, “when the situation in the country improves and work places appear” (Parent of the university entrant).

Thus, by the data, social and cultural factors have high scores in the assessment by university entrants. While studying in the university, these expectations are realized, and students of Bachelor programs have a high level of loyalty towards higher education institutions: “My university is the best - the lecturers are professionals” (private university); “Student life is really amazing” (state university); “We receive high quality knowledge” (state university); “I'm a member of student's self-government and I like it very much. I think this experience will be supported in the future” (state university).

Positive attitudes fixed also from PhD students. “I am satisfied with learning here. I will soon get a PhD” (PhD program; state university); “I have made many contacts through the university. Not only with Georgian researchers, but also with foreigners” (PhD program; private university).

Insignificant critical attitudes have been revealed in relation to organizing the learning process, material-technical base and infrastructure.

The most critical are master programs' students. Their critical attitudes are mainly related to looking for a job. “There are no jobs in our professional field” (master program student, private university); “I have interested in several job vacancies. My diploma does not mean anything for employers; however, I am satisfied with learning here” (master program student, state university); “I liked the bachelor program. Now I think I do not study what I need for employment” (master program student, state university).

Overall, one can see that the university entrants and the most part of students (who generally does not have an experience of looking for a job) are more oriented on social and cultural factors, so their expectations are satisfied.

## **Conclusions and discussions**

The social-economic problems of the post-Soviet Georgia causes that higher education is not being considered as a sufficient condition for direct financial benefit, but is perceived as a relative benefit: the chance of employment for the higher educational graduate is not high, but the chance of the person without graduation is less; the income of the graduate, is not much,

but the income of the person without graduation is less.

Being a student and obtaining a diploma is directly related to social benefits: Enhancement of the social capital; getting influential friends and acquaintances; personal development, etc.; to social reproduction processes; to ideals and stereotypes.

According to the factors mentioned above, most of the part of school leavers orientate on National Higher Education (obtaining education in Europe, especially on the undergraduate level, is not available for the majority due to several factors, such as: the deficit of finance, as well as language barriers, lack of experience of independent living and other restrictions).

The problems become more acute and get a cyclical nature: the labour market tries to find a way out, by trainings or “teaching them on spot”. Thence, the employer aims at creating the staff and not finding it, which further reduces the chances of employment for professionals. On the other hand, low chance of employment affects and lowers motivation for becoming professional and acquiring all necessary competences - which is a complicated, an extended and quite an expensive process.

Therefore, we can conclude that the problems and issues in the relationships between the higher educational institutions and the labour market in Georgia are rather very complex, and have an interdependent nature and many complexities that are to be dealt with at various levels.

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#### **About the author:**

Nino Durglishvili (nino.durglishvili(at)tsu.ge) is an Associate Professor at the Faculty of Social and Political Sciences, Ivane Javakhishvili Tbilisi State University, Ilia Chavchavadze Ave 8, Tbilisi, Georgia.