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Bridging the Gap between Labor Market and Universities: Evaluating the Role of the Georgian Government in Industry-Academia Collaboration

By

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Author's declaration

I, the undersigned, Ana Rurua, candidate for Master of Public Administration, declare herewith that the present thesis is exclusively my own work, based on my research.

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Abstract

This study evaluates the effectiveness of Georgian governmental initiatives in strengthening collaboration between higher education institutions (HEIs) and labor market representatives. Adopting both quantitative and qualitative methods, the research analyzes the alignment of government-funded programs with labor market trends and incorporates expert insights for an enhanced understanding of the implementation and outcomes of educational policies.

The analysis also assesses the extent of European HE policy diffusion facilitated by the Association Agreement between the European Union and Georgia, and additionally, examines data exchange practices among different stakeholders of HE. The key challenges identified are associated with university, and graduate employment outcomes, ineffective distribution of governmental funds, university authorization/accreditation procedures, and engagement of labor market representatives in curriculum development.

Introduction

Higher education adopts different roles in society, however, the pure human capital vision, focusing solely on employability and graduate under-employment, currently dominates public debate worldwide (Marginson, 2024). The discussion on increasing employment opportunities for students and equipping them with the right skills required for the labor market is becoming an increasingly important focus for universities. In promoting their courses online (on their websites), universities often place information on future employment opportunities for students across various faculties. Thus, in addition to its role in cultural formation and civil society creation, HE plays an important role in a country's social-economical dynamics, particularly, in relation to employment.

Given that employment is a primary determinant and driver of a country's economy, the Georgian government openly emphasizes students' job preparation. As a small developing country with a lower standing on both graduate employment and general employment statistics compared to the EU average, it is crucial to plan purposeful HE policies that would effectively target youth employment and increase economic indicators.

This reason for comparing Georgian indicators with those of the EU stems from Georgia's long-standing aspiration to achieve full integration into the EU, both on policy and cultural levels. Due to the country's strategic geopolitical location – bridging between Asia and Europe – Georgia has always been of significant interest to neighboring countries, especially Russia, which has been actively trying to influence the country's political course for the past centuries. Russia's engagement in the South Osethia War (1991-1992), and Abkhazia War (1992-1993), which led to the occupation of both these territories and the recent armed conflict between Russia and Georgia

(2008), is a clear expression of Russia's persistent effort to intensify its influence in the region. **In light of these challenges, Georgia's integration into the EU has increasingly been viewed as essential for the country's social, political, and cultural future.**

In the last decades, Georgia took several actions for HE europeanization. **As part of the Bologna Process, Georgia took responsibility for aligning with the European HE standards, a commitment it continues to fulfill to this day. Moreover, Georgia has signed an Association Agreement with the EU, that explicitly mandates consideration of the** EU Modernisation Agenda on the local level. The agenda underscores education's critical role in economic growth and highlights the current challenges faced by graduates in their career paths. These include lack of practical experience at universities, deficiency in transferable skills that facilitate a smooth transition from HE to the labor market, misalignment of the jobs with students' studies, etc. For dealing with these issues, the document advocates for a "knowledge triangle" (European Commission, 2011) a concept referring to the establishment of closer links between education, research, and business to increase HE contribution to economic development.

The engagement of stakeholders from the labor market is anticipated to not only enhance graduate employment in general but more importantly, boost participation in the fields of their studies, which is a key measure of HE effectiveness. To achieve this, it is crucial to involve labor market representatives in curriculum designing – a practice that Georgia has transferred from the EU and adopted in the past decade. The European ESG document[1] (2015) which became base of Georgian standards for authorization/accreditation, emphasizes various objectives for HE, such as students' personal development, active citizenship, research & innovation, and improved chances for better employability.

[1] (Standards and Guidlines for Quality Assurance in the European Higher Education Area (ESG), 2015)

Authorization and accreditation processes are pivotal as they significantly facilitate the collaboration between universities and employers. They mandate the inclusion of the labor sector representatives in designing and changing HE programs. According to the rules of authorization/accreditation, the universities must invite relevant stakeholders in self-assessment processes and gather their insights on the effectiveness of educational programs. The question arises as to how extensively this policy has been implemented recently, and which gaps should be addressed to increase educational outcomes, including employment rates for graduates.

The government is a key player in facilitating data exchange between the HE stakeholders. By strategic and purposeful allocation of its financial and human efforts, the government can address collaboration gaps between universities and labor market representatives, thereby enhancing economic outcomes. Equipping students with the relevant skills for the job industry will contribute to the product/service creation within the country and lead to greater realization of its economic capacity.

The following chapter will review relevant literature for the study and present recent challenges, approaches, and strategies that will be useful for analyzing the Georgian context later on.

Chapter 1. Literature Review

The link between education and the labor market was conceptualized in The Human Capital Theory by economists Theodore Schultz (1961) and Gary Becker (1964). The theory, criticizing classical economics for underestimating the role of human capital on employment and earnings, looks at education as an investment leading to increased productivity and economic benefits for individuals, claiming, that investments in education significantly contribute to the growth of income (Schultz, 1961). Using the Human Capital Theory, Schultz explains that the reason for an increase in national income in the Western economies between 1929 and 1956 was caused by the rise in education received by the workforce (Schultz, 1961). Gary Brecker strengthened Schulz's position by providing empirical evidence on returns on investments in education for university graduates, showing that college graduates earn more than those with only a high school education (Becker, 1993). Becker also demonstrated that investment in education is not merely limited to graduates' higher earnings, but also contributes to broader socioeconomic matters, such as improved health, increased level of civil participation, reduced crime rates, etc. (Becker, 1993)

Becker extends his analysis by including the subject of education accessibility, highlighting the importance of government involvement and strategic planning. For increased accessibility to education and affordability of learning institutions, he suggests different mechanisms such as government subsidies and student loans, proposing that these financial aids can enable students from vulnerable backgrounds to afford the costs of education, thereby leading to higher productivity and overall economic growth (Becker, 1993).

While human capital theory offers an interesting perspective to look at education's role in individuals' private earnings as well as a country's overall economic growth, the link between them

is not always that straightforward (Spence, 1973) (Collins, Cottom, & Stevens, 2019). An Individual's educational level, often serves as a signal for potential employees, indicating their level of productivity. Employers interpret these signals to adjust wage offers based on the perceived productivity of the candidate, thereby meaning that education is not the only straightforward factor affecting a graduate's employability, but (together with other factors: race, sex, work experience, etc.) more of a setter of certain expectations (Spence, 1973).

Human capital theory explains education credentials as an investment for better economic outputs and the reason for social well-being, however, Spence in his model of Market Signaling notes that sometimes, they can unintendedly contribute to increased inequality and inefficient allocation of resources. Signals could often lead to overestimation of education when individuals acquire higher levels of education than what is actually needed for the job market (Collins, Cottom, & Stevens, 2019) (Brown, 2001). This leads to the problem of job allocation and **credential inflation** (Collins, Cottom, & Stevens, 2019), where higher credentials become the norm on the job market, not because they are required for certain jobs, but because they serve as market signals of potential productivity. Thus, the expansion of education credentials does not necessarily equip individuals with the relevant skills for the labor market, instead, it even contributes to social stratification, where achieving a degree is more about gatekeeping and strengthening social hierarchies (Collins, Cottom, & Stevens, 2019).

Along with the social stratification, the need for higher levels of credentials and hence, more solid barriers to entry labor market hinder economic development. This is because such (unnecessarily) increased requirements leave formally less-educated, but more skilled and relevantly trained workers from entering certain jobs (Brown, 2001).

The phenomenon of "credential inflation" (Collins, Cottom, & Stevens, 2019) occurs when employers tend to hire individuals with higher degrees for jobs that previously required lower qualifications. This happens not because the job itself became more competitive, but because HE produces more graduates whose higher degrees are naturally prioritized in a labor market. In order to get accepted into entry positions, individuals have to pursue more and more education, and even the ones with great academic performance often struggle with finding jobs after graduation (Collins, Cottom, & Stevens, 2019). This explains Collin's skepticism towards modern educational policies that expand access to HE without considering its relevance to the labor market and promote it as a guarantee of economic development.

The skepticism has been seen from students' perspectives as well. A qualitative study conducted with 53 students from a pre-1992 university, underlines a growing skepticism of credentials' direct impact on their enhanced skills or knowledge (Tomilson, 2008). The students from various fields highlighted that degrees are indeed important indicators of getting jobs, however, they don't necessarily translate into the relevant skills and preparation for the labor market. Instead, a shift from a human capital theory, when individuals invested in education to improve their productivity (and through this, their earnings), is made to an **"instrumental credentialism"** (Tomilson, 2008), when students pursue credentials to signal their advanced status and be valued in the job market. In this context, the reason for an increased number of applicants for the educational credential is not a pure intention for enhanced knowledge, but more of a "defensive strategy" (Thurow, 1972) to avoid unemployment and ignorance from employers. Such a trend contributes to gatekeeping higher-income jobs from those who skill-wise might be suitable candidates but did not manage to acquire advanced-level credentials.

Acquisition of more educational credentials indicates individuals' trainability and status, rather than their enhanced skills or productivity, and this association remains from a student perspective as well. Students see HE degrees as an important pathway for further employment, specifically for enhancing job prospects and gaining a competitive advantage in the job market (Ali & Jalal, 2018). Most of them pursue higher levels of education for defensive purposes, meaning that they don't necessarily expect direct employment benefits, but try to avoid staying disadvantaged and ignored on the job market. This practice reflects the reality of credentials inflation and is particularly true in the context of developing countries, where economic conditions and employment practices are tied together (Ali & Jalal, 2018). Students in challenging economic environments perceive education investment to present themselves competitively in the job market and expect more secure places in their careers, often regardless of whether they gain job-relevant knowledge from their studies.

The debate extends to questioning the fundamental purpose of higher education. Employability is becoming increasingly embedded in the mission of academia, with students pursuing advanced levels of education to better position themselves on the labor market, and universities advertising their programs as the means for achieving advanced careers. However, academics believe that such an extrinsic motive of employability has never been the core mission of HE, and the link from universities to the workplace has never been linear (Marginson, 2023). Instead, rather than merely serving as a bridge to the job market, HE functions as a creator of knowledge in society, a builder of independent and critical thinking, a provider of cultural formation, a driver of social inclusion, and a student preparer for every aspect of life (including jobs). Thus, the expectation that learning institutions will equip students with all the necessary skills for employment is unrealistic, leading to an "existential crisis" (Marginson, 2023) in the education sector. This crisis stemmed from such

a shift toward "job-ready" education that values immediate job readiness over holistic intellectual development, threatening a distinctive and cultural mission of HE (Marginson, Higher education faces a more fragile and contested future, 2024).

The fact that education nowadays is being measured in vocational economic terms (Marginson, Higher education faces a more fragile and contested future, 2024), seems exaggerated to other scholars. While Marginson claims that pure economic intentions lead current education systems around the world, Alex Usher, the president of HE Strategy Associates, responds by noting a significant difference between government rhetoric and the reality of educational policy implementation. Usher points out the absence of employment-based policies in education, despite the presence of political discourse on this matter, and argues that academia should not be threatened by heightened attention to employability (Usher, 2024). Even though HE has increased emphasis on economic aspects now, it still remains an important driver of other things, such as social mobility (Haveman & Smeeding, 2006).

OECD recently published a study emphasizing the potential issue of over-qualification and labor market polarization. Comparing traditional human capital theory and signaling practice, the study notes a growing utilization of the latter and raises concerns about the validity of education qualifications (OECD, 2022). Current education systems across the OECD countries lean towards the practice of viewing credentials as merely a means of signaling competency to employers, despite the evidence that formal education levels do not necessarily translate into skill proficiency. This approach considers traditional measures (such as graduate employment rate and earnings) of HE insufficient, particularly in the context of increasing mismatch between qualifications and skills demanded in the labor market.

Evidence shows a rise in the number of graduates who continue working in jobs unrelated to their field of studies at universities, indicating the lack of coordination between the education and labor sectors. The latter increasingly demands such skills as critical thinking, written communication, and problem-solving, whereas education in most contexts still remains more factual (OECD, 2022). The longitudinal data (2014-2017), with 12 752 total participants, measured the predictive validity of Collegiate Learning Assessment (CLA+) on students' transitions to their careers, trying to explore how effective such skills gained at learning institutions are for students to safely secure their job positions. Based on the results, 21% of students from different countries were placed at the lowest "emerging" performance level, indicating that although heightened emphasis on generic skills at universities, the real gain is smaller than anticipated. Employers involved in the study also shed light on critical thinking and written communication as essential for workplace success and suggested improving focus on such generic skills in graduate programs (OECD, 2022).

A significant role of HE in countries' economic growth has been increasingly discussed, developing an idea of the government as an essential player contributing to a post-industrial society through education. In the context of the rapid growth of student enrollment and the fast-changing nature of the labor market, there is pressure on universities to better align educational outputs with industry needs. OECD calls for enhanced quality assurance procedures to signal the labor market more accurately on the actual skills and knowledge of graduates. In this context, debates around the autonomy of educational institutions gain attention. Scholars differentiate two types of university autonomy: procedural – the power of independent budgeting, financial management, staff creation, etc., and substantive – a power to determine its goals and programs independently (Berdahl, 1990). The latter involves faculty formation, determining degree areas, and curriculum creation, which in the context of university-academia collaboration is frequently discussed.

Engaging stakeholders, particularly those from the labor market in curriculum creation enhances the outcomes of HE. This approach allows for more inclusive development of a program and enables students to gain both their theoretical and practical skills from different perspectives and better navigate in the market-driven environment (Meyer & Bushney, 2008). Public educational institutions alone are limited to meet the country's economic needs, thereby requiring the involvement of private providers, who will later employ these institutions' graduates. However, determining the requirements of the world of work is a big challenge itself – while there is pressure on HE to adjust to the labor market more effectively, the signals from the latter are usually vague and poorly established (Teichler, 2009). This becomes increasingly challenging, particularly in today's unstable environment on the labor market, which is characterized by short contracts, lower-paid part-time jobs, supply of "over-educated" workers, etc. (Teichler, 2009). As a result, evidence from graduate surveys from European countries shows an increase in job searching periods, early career unemployment, or irrelevance between fields of study and actual positions held at the workplace (Teichler, 2009). All of these are also evident in the Georgian context, with data existing on the extended job-searching period and early career unemployment.

Overall, the main challenges linked to industry-academia collaboration, are associated with credential inflation, and a mismatch between educational outputs and job market requirements. In Georgia's evolving socioeconomic context, there is pressure on universities to ensure student preparation for the labor market, however, the aspects of such collaboration are not well determined. This paper seeks to explore the origins of increasing job-searching periods and early career unemployment experienced by current graduates, and additionally, provides recommendations communicated by important stakeholders.

Chapter 2. Research Design

The proposed research paradigm aims to examine the effect of governmental policies on the employment of HE graduates and tries to answer the question: **How do Georgian governmental policies in HE influence collaboration between universities and labor markets?**

This chapter covers the justification of case selection, study methodology, research ethics, and study limitations. It also outlines the process of selecting respondents, along with the significance of their responses for the study.

2.1. Case Selection

HE plays an important role in a country's social-economical dynamics, particularly, in relation to employment. In line with this, one of the key criteria for authorization of Georgian universities is their relationship with the job market. More specifically, to get authorized, universities have to showcase their student employment, the relevance of faculty programs to the job market requirements, and ensure the government in their efficiency, measured with the graduate employability (alongside the other factors). According to the latest statistics, the employment rate in Georgia for recent graduates (20-34-year olds) has been stably low for years: The National Statistics Office of Georgia shows, that graduates whose education corresponds to levels 3-8 of the International Standard Classification of Education (ISCED) were 48.2% (The figures were almost the same in 2020 and 2021 – 49.4% and 49.1%, accordingly). This indicator is significantly low compared to the EU average, which is 82.4% for graduates with the same education level (Eurostat, 2023).

Comparing Georgia's economic and educational conditions with those of the EU is crucial, considering the fact, that following efforts and reforms to bring the country closer to the EU, on June 27, 2014, the European Union, its member states, and Georgia signed an Association Agreement, which provides enhanced cooperation in all areas of interest. This agreement is of great importance for Georgia in terms of economic, free trade, education exchange, and other aspects, therefore it represents a primary point of orientation for the institutions and companies operating in Georgia today. This agenda puts specific and very explicit attention to the industry-academia collaboration, in terms that it aims to secure better employment opportunities for recent graduates (European Union, 2023).

Moreover, its strategic location at the crossroads of Europe and Asia, makes Georgia an important player in regional economic dynamics. After gaining independence in 1991, Georgia has undergone significant economic and educational reforms. The country bridging between diverse cultures and markets is an interesting case for the entire region. Analyzing Georgia can yield valuable insights for regional comparison, as well as the other post-Soviet small transitional economies in Eastern Europe. This research can highlight common challenges and potential solutions for managing university-industry collaboration approaches across the region.

2.2. Research Methodology:

The study is primarily guided by a pragmatic epistemology, indicating that the truth is linked to its practical outcomes and the subjective experience of those involved in the relevant direction of HE. "Epistemologically, pragmatism is premised on the idea that research can steer clear of metaphysical debates about the nature of truth and reality and focus instead on 'practical

understandings' of concrete, real-world issues" (Kelly & Cordeiro, 2020). Throughout this study, such an approach enables to capture of a comprehensive understanding of how different stakeholders perceive the government policies for industry-academia collaboration, emphasizing practical outcomes instead of theoretical debates about truth and reality.

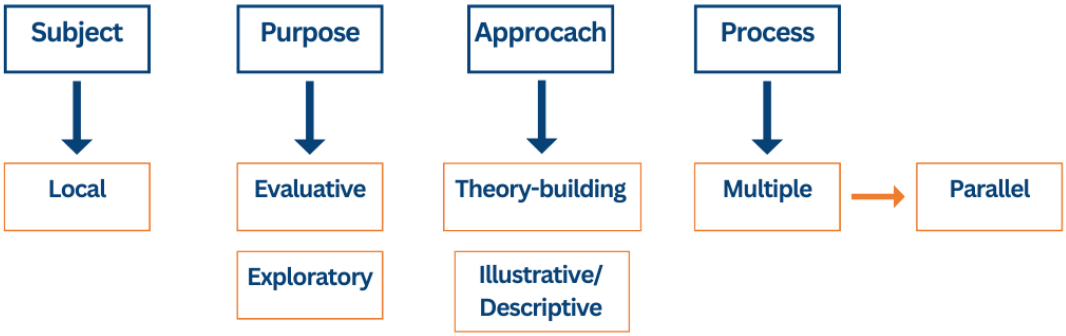
The study will embrace a mixed-methods approach, which combines quantitative data from Georgian labor market statistics and qualitative insights gathered through official documents and interviews with the different stakeholders of HE. Pragmatism is well-suited to qualitative research methods and complements the interpretive approaches (that hold that reality is socially constructed) by focusing on the practical implications of study findings (Morgan, 2014). Therefore, this approach, focusing on the interaction between knowledge and action, will combine objective and subjective data to answer my research question comprehensively.

Ontologically, the study leans towards a pragmatic approach as well, as the main focus is the practical outcomes of government policies affecting graduate employment. The main focus will be on the practical utilization of these outcomes – how the government policies be planned and used to achieve the goal of supporting graduate employment. The effectiveness of government incentives will be constructed through social interactions with the respondents and since they are perceived and implemented differently in complex dynamics of education and the job market, it will be expected the perceptions to vary across different stakeholders.

The proposed study employs exploratory and evaluative purposes (**Figure 1**) and focuses on a local subject, more specifically, the research paradigm aims to examine the effect of the government's policy for industry-academia collaboration and its role on graduates' employment. The research is aligned with both illustrative-descriptive and theory-building approaches, as on the one hand, it describes the effectiveness of already existing policies for bringing together

universities and job markets, and on the second hand, generates new insights that can explain the results of the current approaches. The process of the case study is multiple-parallel, as the respondents from both university career offices and the education ministry represent different perspectives within the same theme. Each group provides unique insights, which allows us to compare findings and comprehensively assess the government's efforts.

Figure 1. A Research Typology



According to Thomas, Gary. 2011. "A Typology for the Case Study in Social Science"

2.3. Interview Analysis

To guarantee a comprehensive understanding of stakeholder engagement in HE policy designing, the interviews are conducted with the heads of university quality assurance and career offices, experts in the university authorization/accreditation processes, and experts in labor market analysis. This allows for an unbiased evaluation of the government's efforts and policies, that are planned to increase employment opportunities for the graduates. While university representatives share insights into the communication experience and support they receive, experts representing

governmental units can provide a different perspective on their experience of policy implementation.

In Georgia, there are 33 HE institutions, among which 10 formed an initial sample size for this study. The universities were selected based on their rankings (according to the entrants of highest ranked students on the entrance examination, and the application rate to be enrolled in these universities), as these universities are expected to also put lots of effort into partnering with the government and following their standards. Both public and private universities were considered, however, due to the unresponsiveness of the two public universities, the final size of the sample dropped to 8 respondents, and the distribution became uneven: 3 public universities and 5 – private.

From the Ministry of Education and the Ministry of Health and Social Affairs, a purposive sampling method was used. The respondents were selected based on their engagement in HE policy development and conduction of labor market research. The study incorporates insights shared by two experts in authorization/accreditation procedures, two experts in Georgian-European educational cooperation, and two experts in creating labor market analysis and annual economic trend reports. Thus**, the total number of study participants was 14 respondents.**

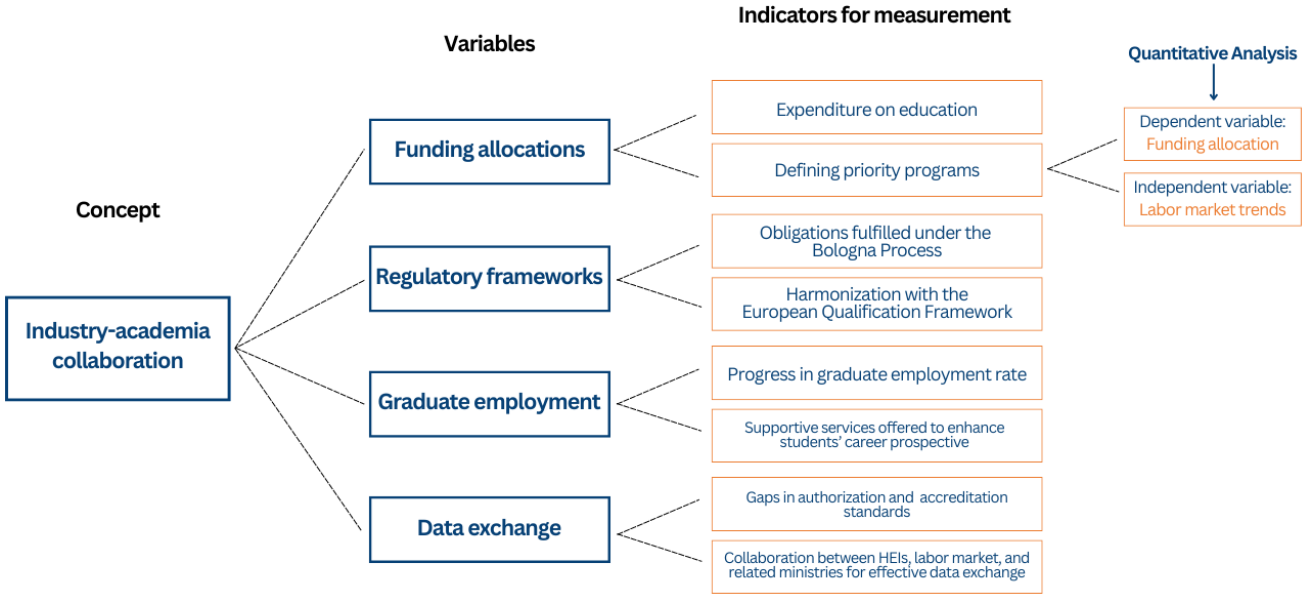
The respondents were asked semi-structured questions (adopting a Delphi technique[2]) on the Georgian language. Since there are limited automated transcription tools that support the Georgian language effectively, a combination of manual and automated transcription (Google Docs Voice Typing) has been used to ensure accuracy.

[2] A research technique designed to engage with experts and decision-makers in the field, and gather data to make judgments on a specific real-world issue (Naisola-Ruiter, 2022).

2.4. Research Ethics

The study ensured that interview participants were treated fairly, and data was collected and analyzed transparently, resulting in reliable and trustworthy findings of the research (Ngozwana, 2018). Before conducting interviews, the sensitivity of the topic was assessed – the university respondents were assessing governmental policies to some extent, which might make them feel uncomfortable. Thus, to ensure ethical considerations, participants were asked to provide informed consent before the interviews and choose between the options of answering questions in a written form or interviewing in person (online). Only 2 out of 14 participants responded in a written form to the questions. For the respondents that were interviewed online, there was an option to select between recorded and non-recorded forms. Every participant agreed the interviews would be recorded, allowing for greater accuracy and opportunity to effectively assess the study indicators (indicators for measurement were pre-defined for the study operationalization, Figure 2).

Figure 2. Study Operationalization



According to Nazzader[3]

2.5. Study Limitations

The statistical data mentioned in the study is mostly taken from the National Statistics Office of Georgia, which provides general information on youth education and employment. However, there is no detailed information provided such as graduates' employment/job satisfaction ranking by field of their studies, their job relevance with their fields of studies, and the time it takes for them to secure job positions after graduation. Although such information would be valuable to analyze using quantitative methods, this is not provided on a national level. As for the local (university) level, the career office managers also did not disclose such information received from internal alumni surveys in a detailed manner, however, they mentioned the average indicators, which will be discussed below, in the data analysis chapter.

Moreover, universities with highly specialized programs, such as medical schools, or those focusing on arts and architecture were excluded from the study. They pose additional requirements and usually establish direct collaborations with the relevant labor market, which could skew the research findings.

The research starts with a relevant literature review about the university's role in general and on industry-academia collaboration particularly (mainly, in Europe, as it was discussed to be relevant and desirable for a Georgian context). After that, the research analyzes priority program funding from the government and explains the EU-Georgia collaboration for educational development.

[3] Operationalization of Free and Fair Judiciary
https://commons.wikimedia.org/wiki/File:Operationalization_of_Free_and_Fair_Judiciary.png

Furthermore, the study presents data exchange practices between different stakeholders, focusing on legal documents regarding university authorization/accreditation, and shares respondents' insights into existing practices to support graduate employment.

Chapter 3. Prioritised (fully funded) higher education programs

To assess the government's integration into industry-academia collaboration, examining the priority programs (so-called "free faculties") offers a valuable starting point. According to the policy implemented in 2013, the Georgian government selects and fully covers various faculties in Georgian public universities. Although being beneficial for some students, this policy deserves criticism for lacking empirical support and failing to attain its main goals, which are supporting low-income students to stay in formal education, and increasing youth engagement in certain areas deemed economic or cultural priorities for the country.

HE in Georgia has 3 levels: bachelor's, master's, and doctoral. To get accepted at the universities on the bachelor's level, students must fulfill two criteria: They should have finished 12-year general studies at school, and should have taken the National Entrance Examination test by crossing the minimum barrier scores in certain subjects relevant to their chosen programs at universities (this includes mandatory tests in Georgian Language and Literature and Foreign Language, with additional exam either in math or history, depending on the program; and the fourth subject in case if a student chooses a highly specialized field, such as medicine, fine arts, architecture, acting, etc.).

3.1. Factors considered when allocating funds across different programs in HE

The policy that enables the government to fund certain programs from priority areas was initially aimed at addressing students from disadvantaged backgrounds, given the fact that HE for Georgian

citizens in public universities costs 2,250 GEL annually. The only chance for obtaining free education is through high performance (the required scores are not pre-defined, they rather depend on competition) on the National Entrance Examination and receive 100% coverage of the tuition fee from the government. Alternatively, students with good performance on the exams can also obtain 50% and 70% state grants to partially cover their tuition fees. Considering the fact that students who manage to obtain high scores on that exam typically come from quality schools and more advantaged backgrounds, the government introduced the concept of "free faculties", that can serve the ones from more disadvantaged backgrounds. However, all students have equal opportunities to compete for placement in those faculties.

Initially, the purpose of providing funding for certain programs in HEIs by the Ministry was explained as follows:

a) Promotion of purposeful use of existing intellectual potential;
b) Development of humanitarian, social, technical, science, agricultural sciences, and other priority programs as integral parts of national culture and education, and promotion of interest in youth to continue studying in these areas;
c) Preparing students for such professional activities that require the usage of scientific knowledge and scientific methods;
d) Increasing the positive attitude of society towards the state policy and its implementation and contributing to their involvement in the process (National Center for Educational Quality Enhancement, 2014).

The Institute for Development of Freedom of Information (IDFI) further explains the logic behind such policy, according to which the priority programs were determined by two key factors:

- The Ministry intended to increase student enrollment in the programs (usually, considered as less prestige ones) where participation was significantly low. For this reason, the majority of programs that are prioritized include Georgian language/literature, history, and archeology.
- The Ministry aimed to enhance the accessibility of HE programs and support low-income students in entering and remaining in the system, thereby decreasing the number of suspensions due to financial debt (Arevadze, 2016).

Concerns about the effectiveness of funding allocation

Under this program, 10 public universities in Georgia receive varying amounts of funding, ranging from 207,000 to 3,966,750 GEL. Interestingly, these amounts remain consistent for several years, starting from academic years 2019-2020 to 2023-2024, raising concerns regarding its effective monitoring and planning. ***Table 1*** presents the allocation of government funds for financing the priority faculties in each of these ten universities.

Table 1. Allocation of state funds to finance priority programs from the academic year 2019-2020 to 2023-2024.

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	% change
Ivane Javakhishvili Tbilisi State University	2,524,500.00	2,524,500.00	2,524,500.00	2,524,500.00	2,524,500.00	0%
Georgia Technical University	3,966,750.00	3,966,750.00	3,966,750.00	3,966,750.00	3,966,750.00	0%
Ilia State University	900,000.00	900,000.00	900,000.00	900,000.00	900,000.00	0%
Akaki Tsereteli State University of Kutaisi	2,124,000.00	2,124,000.00	2,124,000.00	2,124,000.00	2,124,000.00	0%
Shota Rustaveli State University of Batumi	1,017,000.00	967,500.00	967,500.00	967,500.00	967,500.00	-5%
Sokhumi State University	562,500.00	562,500.00	562,500.00	562,500.00	562,500.00	0%
Iakob Gogebashvili Telavi State University	587,250.00	587,250.00	587,250.00	587,250.00	587,250.00	0%
Samtskhe-Javakheti State University	659,250.00	659,250.00	659,250.00	659,250.00	659,250.00	0%
Gori State Teaching University	135,000.00	207,000.00	207,000.00	207,000.00	207,000.00	53%
Shota Meskhi State University of Zugdidi	247,500.00	225,000.00	225,000.00	225,000.00	225,000.00	-9%

Source: www.edu.aris.ge , 2019-2024

According to ***Table 1*** above, the allocation of funds to the universities remained static from the 2020-2021 academic year, which is a primary concern for critics, as it appears highly unrealistic that all these universities performed uniformly during four academic years. The majority of

respondents of this research revealed a lack of awareness of reasons and data based on which government plans the allocation of funds, and the rationale to define a university's success for setting funds for the next academic year - The website of the Ministry of Education and Science of Georgia annually publishes information on government-funded programs, but it does not come with any rationale for budget allocation. The communication regarding the conditions of policy formulation and implementation is not accessible in the media archives as well, raising concerns about policy bias.

The only variations in this list are associated with Shota Rustaveli State University of Batumi, Gori State Teaching University, and Shota Meskhia State University of Zugdidi. It is assumed that these universities received different amounts of funds in the 2020-2021 academic year due to programs being added/removed, but the number of funded programs remained the same for Shota Rustaveli State University of Batumi, and Shota Meskhia State University of Zugdidi. Gori State University, which experienced a 53% increase in funded places, removed mathematics as a funded program. However, the exact number of funded places for each program is not available for the 2019-2020 academic year, making it difficult to provide complete comparisons and conclusions.

The only publicly available official announcement by former Minister of Education, Aleksandre Jejelava, dates back to the 2017-2018 academic years. While acknowledging the contribution to equality in education, the minister also expresses dissatisfaction with policy outcomes, and raises concerns about policy effectiveness:

I have already approved the list (of funded programs) and it will be published in the next few days. Compared to last year, there are practically no changes. I would like to see more free faculties, but the entry barrier for these programs should be higher because, unfortunately, free faculties have become "a shelter" to students with not-so-good academic records. We want free education

to be available to all good students. Next year, I hope the number of free faculties will increase, although the entrance requirements, the points they need, will be higher than they are on paid faculties", - Aleksandre Jejelava (Business Press News, 2017).

Despite the concerns raised by the minister, the entry requirements for the funded programs have not changed till today.

In the current version of the Rules and Conditions for Issuing Program Funding to HEIsca, only the first rule out of previously established four (given above) remained, followed by an additional one:

a) Promotion of purposeful use of existing intellectual potential;
b) Development of priority program and increase interest in youth to continue further studies in the field (Georgian Legislative Herald, 2022)

According to the wording of these rules, the initial focus on contributing to the practical usage of students' intellectual potential, thus supporting their employment in the field of their studies, has remained one of the goals of the program. Therefore, it is important to assess whether budget allocation on these programs aligns with the country's employment trends.

3.2. Evaluation of policy on prioritized programs in relation to labor market trends – quantitative analysis

For the purpose of this academic research, when assessing the effectiveness of government-funded places in HE, the attention will be on its relevance to labor market trends. These trends in the country are annually presented by the National Office of Statistics of Georgia, providing information on labor force indicators by sex, urban-rural areas, regions, age groups, employees by

economic activity, educational attainment level, etc. Along with this, in Georgia operates a public web portal Labour Market Information System, which systematically publishes reports on labor market trends, career guidance, and occupational profiles for different stakeholders, including students, research institutions, and governmental bodies.

To determine whether government-funded educational programs at universities comply with trends in the labor market, a correlation analysis was conducted. More specifically, the purpose was to see how the trend in employment from one to the next year was correlated with the trend of place allocation on the funded programs at public HE institutions.

- First, data on the number of financed places in each university had been determined. This data is publicly available for all the funded universities for the year 2021 only (edu.aris.ge, 2021). However, several documents for the previous year have been also accessible at the individual university level. From 10 funded universities, data for 2020 is publicly accessible for 8 of them. Therefore, the analysis will contain information from 8/10 universities.
- Second, employment trends by sector were extracted from Labor Market Trend Analysis (these were compared to trends given by the National Statistics Office of Georgia to ensure accuracy). Labor statistics provide information on certain sectors, that are more important for a country's economy (Ministry of Economy and Sustainable Development, 2022). It does not provide data on certain fields similar to the government-funded places at the universities. For example, at public universities, the majority of places that are fully funded by the government, are Georgian Language and Literature, Philosophy, Archeology, History, and similar programs important for promoting local culture among youth. The

sectors for which data exists both on the university level (funded places by sector) and employment level are:

- Agriculture
- Industry
- infrastructure
- transport
- hospitality (hotels and restaurants)
- information and communication
- education
- healthcare
- art
- sciences
- Sales (economics)
- Administration

- Third, data on fully-funded places at universities was summarised by sectors and grouped accordingly to agriculture, industry, infrastructure, transport, hospitality, information and communication, education, healthcare, art, sciences, sales (economics), and administration.
- **Table 2** illustrates the data collected for this study. In the data, variables „2020“ and „2021“ represent the number of government-funded places for each sector. Employment trends are presented for the years 2019 (which should have affected the allocation of funded places at universities in 2020), called „empl2019“, and employment trends for 2020 (which should have affected the decision of funded place allocation in 2021), called „empl2020“.
- Variables „graduates2020“ and „graduates2021“ provide the number of previous year graduates, which as mentioned by respondents, is an important factor when deciding place allocation for the funded programs for the next academic year. For example, „graduates2020“ indicates the number of graduates of the 2019-2020 academic year for each sector, that should be considered when allocating funded places for the next 2020-2021 academic year.

***Table 2*. Data used for the quantitative analysis**

Sectors	2020	2021	empl2019	empl2020	graduates2020	graduates2021	salaries2020	salaries2021
Agriculture	244	244	247.4	246.3	230	249	819	950
industry	56	56	147.0	141.3	84	97	1111.4	1252.8
infrastructure	60	60	101.4	85.2	627	497	1715	1805.9
transport	15	15	82.0	79.1	716	507	1433.1	1467.1
Hotels and restaurants	165	155	48.8	36.0	543	527	819	873
Information and comunication	70	45	19.0	19.7	409	306	1885.7	2030.9
education	855	706	153.4	145.8	536	505	743.1	834.9
healthcare	10	10	60.2	62.0	525	638	1101.4	1318.5
art	12	12	29.9	30.0	409	331	955.1	1094.2
sciences	522	515	19.0	19.2	2137	2569	1852.3	2075.3

3.3. Outcomes of data analysis on evaluating the effectiveness of funding allocation across different programs

Correlation analysis was first done on a single yearly basis (including the economics sector) to determine the association between employment results by the end of 2019 and allocation of government-funded places in the following 2020-2021 academic year; and then – between employment results by the end of 2020 and allocation of government-funded places at universities in the following 2021-2022 academic year. **The results for both years are positive, 0.39 and 0.41, accordingly, suggesting that the allocation of fully funded places at universities complies with the job market trends for specific years.** This might indicate that universities, when deciding the number of free places in each program, consider employment market trends, however, **the correlation is not very strong, rather moderately positive.**

After exploring the correlation for the single years (academic year 2020-2021, and academic year 2021-2022), it is interesting to see how responsive universities are to changes in employment

trends over time. The correlation analysis was done on trends in employment (the change from 2019 to 2020) and trends in the allocation of funded places at university programs (the change from 2020-2021 to 2021-2022 academic years). The correlation coefficient is -0.03, indicating that there is almost no relationship between year-to-year variations in employment trends and changes in funded place allocations. This means, that the decision of how many places to allocate for certain programs is not affected by the variations in employment, which is predictable even when looking at ***Table 1***, which demonstrates that for four years already, budget distribution to HE institutions to implement this policy has not changed.

To see if changes in employment trends influence the allocation of government-funded places, regression analysis has been conducted (having employment as an independent variable; and funded place allocation – dependent variable), with results being insignificant. After including other factors, such as graduates and sectoral salaries, the model showed a positive association between the number of previous year graduates and the dependent variable, while other predictors remained insignificant (***Figure 3***). **Results suggest a potential association between graduates and place allocation, with the coefficient being marginally significant at the 0.1 level** (for the 2020-2021 academic year), **and 0.05 level** (for the 2021-2022 academic year).

Figure 3. Regression Outcomes of Factors Affecting Allocation of Government-funded places at public universities for academic years 2020-2021 and 2021-2022

	Dependent variable:	
	2020	`2021`
	(1)	(2)
Empl2019	0.002	
	(0.001)	
Graduates2020	0.397*	
	(0.174)	
Salaries2020	-0.262	
	(0.230)	
empl2020		0.001
		(0.001)
graduates2021		0.290**
		(0.110)
salaries2021		-0.201
		(0.178)
Constant	142.668	169.212
	(348.821)	(289.485)
Observations	10	10
R2	0.499	0.563
Adjusted R2	0.249	0.344
Residual Std. Error (df = 6)	241.535	195.725
F Statistic (df = 3; 6)	1.993	2.576
Note:	*p<0.1; **p<0.05; ***p<0.01	

It should be once again noted, that results are given for 8/10 universities, and certain sectors only, meaning that it shouldn't be generalized for the other two universities, among which one has the highest budget and the greatest number of funded places of all. For several years, the decision on the distribution of funded places had been made by the government, until 2021, when the universities were given the power to receive the budget and make decisions on place allocation inside their system independently. This approach allowed universities to obtain more freedom in reasoning their unique trends, challenges, needs, and other factors important for their contexts.

One of the most obvious examples of that is the education sector, which despite having an average number of employees with one of the lowest salaries, gets the most funded places (among the sectors for which data is available). One respondent from the university quality assurance center explains, that the reason behind this is the intensive supervision provided to students for their thesis or mandatory practice. In this case, the amount of money that is saved for maintaining students in the program is distributed to the professors/additional invited supervisors to the faculty.

Another respondent mentioned the consideration of not only the national data but also reports and recommendations provided by such international assessment practices as PISA[4].. Enhancing the quality of general education requires not only motivated students and improved infrastructure but importantly, high-quality teachers. For this reason, funding of teacher-preparation programs at both bachelor's and master's levels is prioritized in the majority of public universities, with respondents noting PISA being a significant factor considered in the decision-making process.

Overall, as data and answers from respondents show, there are various reasons for how universities allocate funded places inside their institutions. These include employment trends, the number of previous years' graduates, specific needs for different universities, and important studies for Georgia's local geographical context, history, and culture. Based on interviews, the latter one seems to be the most important so far:

„Some programs, mainly those related to history and eastern languages, serve one or two students, however because of the high importance for Georgian culture, and geographical context, the

[4] PISA (Programme for International Students Assessment) is coordinated by the Organization for Economic Cooperation and Development (OECD) and measures the performance of compulsory education by testing students' skills in mathematics, science, and reading. It tests students' ability to apply knowledge to real-life scenarios at the end of their compulsory schooling years and provides a comprehensive presentation of education levels across the countries.

university believes it's worthwhile to maintain these programs", - explained a university quality assurance manager.

Critics question the effectiveness and appropriateness of the budget allocation. The latest figure for education spending as a percentage of GDP in Georgia stands at 3.81% (UNESCO, 2022), compared to a higher indicator within the European Union – 4.7% on average (Eurostat, 2024). Considering Georgia's status as a small developing country with a constrained budget, critics of this policy suggest a more purposeful distribution of funds that could more effectively enhance educational outcomes, including the graduate employment rate.

Chapter 4. Georgia-EU Partnership in higher education area

The primary legal document of the country - the Constitution - officially mandates governmental action towards this goal by stating: *"The constitutional bodies shall take all measures within the scope of their competencies to ensure the full integration of Georgia into the European Union and the North Atlantic Treaty Organization, - Article 78*" (Georgian Legislative Herald, 1995). Moreover, Georgia just recently (December 2023) attained its candidate status for EU membership, therefore fulfilling the obligations stipulated by the Association Agreement is a priority and of major importance for the country, including the educational aspect. Under Chapter 16 (on Education, training, and Youth) of the Association Agreement between the EU and Georgia, HE emerges as a principal area where both parties should cooperate (European Union, 2023).

To strengthen this cooperation between the EU and Georgian universities, Georgia has undertaken several initiatives. These include 1. joining the Bologna process, 2. becoming part of the E4 Group (ENQA[5], EUA[6], EURASHE[7], and ESU[8]), 3. participating in the "Eurostudent" research to reveal key challenges faced by students, 4. starting the process of self-certification, and referencing to harmonize with the European qualifications framework, and 5. implementing the ESG standards for quality assurance in HE (which will be discussed in the subsequent chapter).

[5] European Association for Quality Assurance in Higher Education (2000), https://www.enqa.eu/
[6] European Universities Association (2001), https://eua.eu/
[7] European Association of Institutions in Higher Education (1990), https://www.eurashe.eu/
[8] European Students' Union (1982), https://esu-online.org/

4.1. Bologna Process: considerations for Georgia

Article 359 of the Association Agreement between the EU Member countries and Georgia further specifies the objectives for HE as to promote quality of learning, ensure compliance with the EU Modernisation Agenda for HE and the Bologna process, and encourage participation in EU programs offered to all the important stakeholders at the universities, including students, teachers, and administrative staff:

- "Promoting quality in HE in a manner which is consistent with the EU Modernisation Agenda for HE and the Bologna process;
- reinforcing international academic cooperation, participation in EU cooperation programmes, increasing student and teacher mobility" (European Union, 2023).

Georgia joined the Bologna Process in May 2005, aiming to improve the inclusiveness, accessibility, attractiveness, and competitiveness of learning institutions, and enhance coherence to HE systems across Europe. The Bologna Process, which ensures the mutual recognition of study qualifications, is an increased chance for Georgian youth to participate in learning mobility without further obstacles to qualification recognition. At a policy level, this affiliation represents a platform for dialogue with other participating countries (48 countries in total) regarding HE reforms and contributes to the diffusion of successful policies. Within the framework of the Bologna Process, the European Association for Quality Assurance (ENQA) developed a guide, that mandates European standards for both internal and external quality assurance of HE institutions. This document serves as a foundational resource for enhancing educational quality across Europe.

Under the Bologna Process, Georgia took responsibility for aligning with the European HE standards, a commitment it continues to fulfill to this day. The document on an action plan for implementing the Bologna Process in Georgia identifies priority directions, particularly emphasizing the reciprocal role of education and the labor market (Eurasia Foundation, CSI, USAID, 2005). For example, for the year 2010, it highlighted the lack of up-to-date programs and teaching methodology as the primary challenges of the country and recommended the development of new curricula to enhance compatibility with the labor market. Additionally, it also underscored the obstacles to lifelong learning, which partially resulted from the lack of comprehensive understanding of the needs of the labor market or other stakeholders (Eurasia Foundation, CSI, USAID, 2005). However, since then, the Georgian HE system has undergone significant development, the extent of which will be explored in the subsequent chapters.

Expanding upon the framework established by the Bologna process, the document on the Modernisation of Europe's HE Systems pays particular attention to the cooperation between HEs and labor markets, highlighting the pivotal role of HEs in the country's economic growth (European Commission, 2011). Particularly, the importance of this cooperation for this academic research purpose lies in Section 2 of the agenda for the Modernisation of Europe's HE Systems, emphasizing the role of HE institutions in Europe's economic growth.

The document states that despite the increase in the attainment of HE across Europe over the past decade, the quality of education remains insufficient to meet the current demands of knowledge-intensive jobs. This further emphasizes two major problems in European HE that were identified

in the literature review. These are a lack of alignment of HE to real-world problems, and insufficient collaboration of other stakeholders in planning and designing HE programs.

Considering these challenges across Europe, **reviewing statistical data offers insights into Georgia's relative position and the existing gaps.** The employment rate in the EU countries of recent graduates (aged 20-34) who have maintained at least upper secondary education (ISCED levels 3-8) stands at an average of 82.4% (Eurostat, 2023). For comparison, the same indicator for Georgia in the same year (2022) was 48.2%, which is almost twice lower than the EU's (The National Statistics Office of Georgia, 2023). Having a notable improvement in 2023, with the rate rising to 54.8%, displays the positive outcomes of the country's efforts towards educational development. However, the results still leave Georgia substantially below the EU average, indicating an ongoing necessity for progress.

The document on the modernization of Higher Education across Europe further touches on the importance of HE in equipping students with transferable competencies, which is particularly urgent for the Georgian context. Particularly, the document advocates for a "knowledge triangle" (European Commission, 2011) which means establishing and strengthening links between education, research, and business to boost the contribution of HE to economic development. Considering these documents of the EU Modernisation Agenda for HE and the Bologna process is explicitly outlined in the Association Agreement with Georgia: "Promoting quality in HE in a manner which is consistent with the EU Modernisation Agenda for HE and the Bologna process" (European Union, 2023).

The effort of the Georgian education system to align more closely with the EU standards and strengthen the above-mentioned knowledge triangle has been recognized by all the respondents of this academic research. Quality assurance specialists and career office managers from different universities, along with high-level experts from the Ministries of Labor and Education, note that Georgia actively participates in various projects with the EU. This cooperation facilitates the exchange of policy insights and the integration of successful solutions at the local level, thereby enhancing the educational outcomes in Georgia. The following chapters will explore the extent to which Georgia engages in the creation of a unified educational landscape in Europe and reveal its relative positioning.

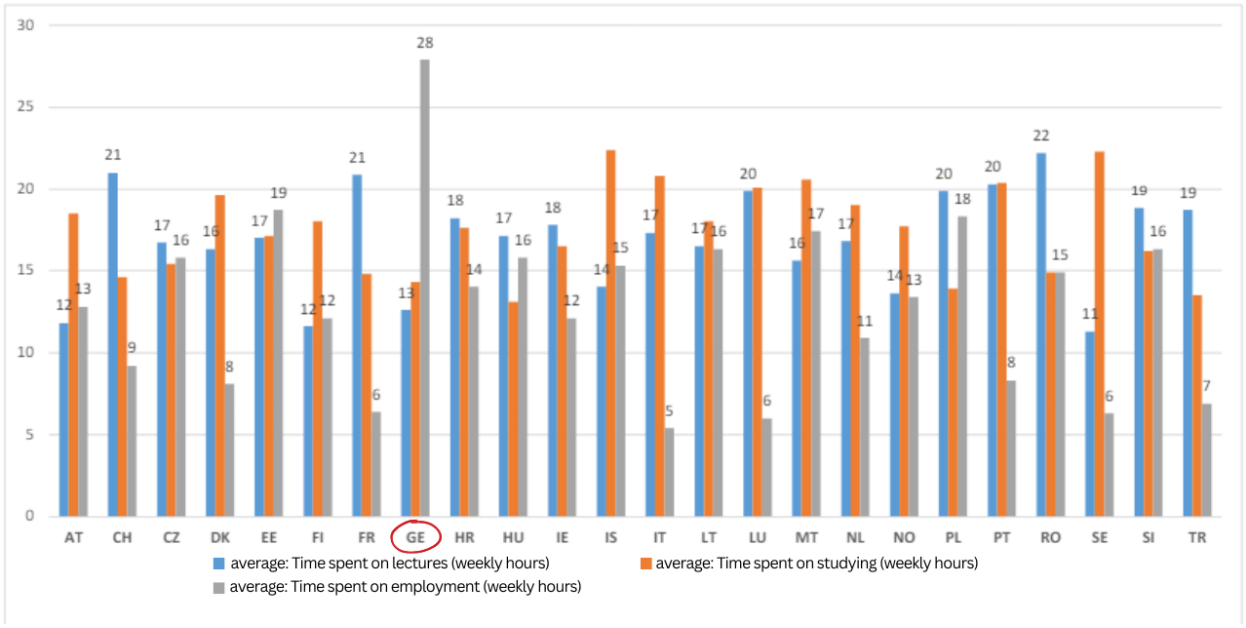
4.2. Insights into Georgian higher education from the Eurostudent survey

One of the examples of engagement with the HEIs from other European countries is Georgia's participation in a large-scale, international longitudinal survey Eurostudent, that assesses the socioeconomic context of students within European HE institutions. Conducted every 3-4 years, this research collects information on students' living conditions, revenues and expenses, level of satisfaction with their educational institutions, etc. The comprehensive nature of this data enables a better comparison between the countries' educational policies, reveals challenges, and offers potential solution options for the issues identified.

This comparative document revealed that among European students, those from Georgia report the highest „time budget", with 55 hours per week (Ministry of Education and Science of Georgia, 2022). The Time Budget is calculated by summarizing the hours allocated to lectures, studying, and work commitments. Within this total, Georgian HE students also report the highest average

time spent on employment – 28 hours a week, consequently leading to the lowest time spent on academic studies of only 27 hours per week (Ministry of Education and Science of Georgia, 2022). Such a distribution of students' time budget underscores the economic pressures on Georgian students. ***Figure 4*** illustrates the time distribution for students across Europe.

Figure 4. Time budget of HE students across Europe



Source: Eurostudent survey (Ministry of Education and Science of Georgia, 2022)

The complexity of this issue is further intensified by the reality that the majority of these students are employed in roles unrelated to their fields of study, dedicating time to tasks that bring no benefit to their anticipated careers.

„It is one thing that employment among students may be high, but another is whether it aligns with their qualifications. In our (Georgian) context, the majority of available positions for students are unskilled jobs, which subsequently impacts the quality of qualifications. For example, the majority

of students in the country spend their day working full-time in stores, cafes, etc., which significantly diminishes their capacity to dedicate to academic studies as needed", - said an expert in Georgian-European educational cooperation.

Nevertheless, student income in Georgia is 375 PPS[9], the lowest rate among the other surveyed countries (Ministry of Education and Science of Georgia, 2022). This reality represents a „trap" for students, where **despite engaging in full-time work while studying, they receive inadequate compensation and simultaneously, miss out on quality educational opportunities at university.** This deficiency in both skills and education results in continued low-wage employment after graduation. In contrast, EU regulations limit non-EU international student working time to 20 hours per week, a measure created to protect educational outcomes (Bundesministerium fur Bildung und Forschung). In Georgia, such a regulatory framework does not exist - universities typically advocate against full-time employment, however, **socioeconomic conditions pressure students to work extensive hours, and what's more critical, in a field that is not relevant to their studies.** The respondent further points out that even pursuing a PhD in Georgia is not subsidized by the government, instead, students are required to cover their study fees independently, leading to a high rate of program suspensions.

„Students have to balance PhD studies with full-time employment to meet living expenses, which leads them to compromise on the quality of their research. This burden often is a primary factor contributing to the high rate of suspensions from PhD programs", - noted an expert in Georgian-European educational cooperation.

[9] Due to the fact that some of the countries participating in the Eurostudent survey are not in the euro zone, PPS (Purchasing Power Standard) is used to measure students incomes, allowing for comparability of their incomes in different countries.

„Eurostudent“ also revealed challenges associated with uninformed decisions that Georgian university entrants make. According to the results, Georgia is the second country in Europe where students are the youngest. More specifically, 85% of the Georgian students are less than 25 years old, with 49% of them being less than 21 years old. Additionally, the percentage of students who entered universities right after high school, is 97% in Georgia, placing first among the other European countries. This indicates that high school graduates often make uninformed and irrational decisions, driven by social norms that support traditional educational pathways. Consequently, they enroll in programs that may not align with their interests and thereby, do not contribute to their economic needs later. Respondents suggest that strengthening efforts to enhance awareness of HE programs and promote vocational education could result in more informed decisions by students, and thus lead to improved economic outcomes later.

„Majority of university entrants pursue HE because of the prestige associated with obtaining a diploma. Therefore, when their motivation is minimal, both the quality of their studies and subsequent employment outcomes in the relevant field tend to be poor. Introducing informational courses during the final year of high school would greatly contribute to addressing this issue“, - noted an expert in Georgian-European educational cooperation.

The Eurostudent survey provides a comprehensive examination of the challenges faced by students across Europe, however, to also explore potential solutions and gather policy recommendations, the Georgian Student Association joined the European Student Union (ESU) in 2020. This membership enabled to safeguarding of the educational, cultural, and socioeconomic interests of students within key European decision-making bodies, including UNESCO, the European Union, the Council of Europe, and the Bologna process implementation group. This affiliation provided the opportunity for successful policy diffusion among the countries and equal educational

opportunities for students from different backgrounds – harmonization with the European Qualifications Framework (the next sub-chapter touches on self-certification and referencing processes), and integrating authorization/accreditation procedures introduced in Georgia from European standards are examples of HE policy diffusion.

4.3. Harmonization with the European Qualifications Framework: Implications for graduate employment

Under the obligations associated with the Bologna Process and the Association Agreement with the EU, the National Center for Educational Quality Enhancement of Georgia started to harmonize the HE system with the European Qualifications Framework. This particularly involves self-certification and referencing processes, which describe the levels/complexities of each qualification issued by the HE institutions of the country (Georgian Legislative Herald, 2019). In a more simpler terms, it provides information about the available qualifications, their evaluation procedures, learning outcomes, and the skill sets that students develop in each program, particularly interesting for employers. **This aspect of qualification harmonization allows employers to set realistic expectations about the graduates of certain programs and when hiring, ensure that candidates possess the skills relevant to their academic training** (National Center for Educational Quality Enhancement)**.**

The second aspect of the qualification harmonization process relates to enhanced compatibility, transparency, and recognition of Georgian qualifications, ensuring the country's HE system remains up-to-date and aligns with criteria predetermined by the European Qualifications

Framework. This ensures Georgian students that their qualifications will be recognized across Europe, thereby enhancing geographical contexts for pursuing their careers.

"The successful completion of the referencing and self-certification process will contribute to the transparency, compliance, and comparability of Georgian qualifications with European qualifications, which will further increase trust towards the Georgian education system and facilitate the process of recognition of national qualifications abroad", - noted by Khatia Tsiramua, expert of the European Commission project "Qualifications Framework for Trust, Transparency, and Diversity – TGAA" (Akhali Ganatleba, 2024).

Implementing these processes by the government facilitates qualification recognition both on local and international levels and hence, broadens employment opportunities for graduates. **It ensures the consideration of employers' voices in HE and represents a decisive step where the government plays the pivotal role of bringing universities (academic qualifications) and labor market representatives together.** Currently, new efforts are being made to establish a bilingual electronic register of qualifications, a key tool for enhancing the transparency of national qualifications on local and international levels (QUATRA - TPG A Working Group on Self-Certification, 2023). While all these steps are taken to bring Georgian HE more closely to European standards, what remains unsolved is a deficiency in systematization and effective micromanagement. A respondent suggests that increasing focus on these areas would address the majority of the issues existing in the field:

„European universities are characterized by a distinct management style and more particularly, time management, that keep them following the agenda. In Georgia, we often experience chaos not only in this field but in a broader political context. Despite introducing the same standards in HE, such as ESG 2015, and displaying the same requirements, the HE landscape lacks

systematization in Georgia, a scenario not a common case for Europe", - noted an expert in Georgian-European educational cooperation.

Overall, this chapter demonstrated the commitments Georgia has undertaken for HE development. The government has invested significant efforts in this direction, and notably, from 2021, Georgia, together with Austria and Latvia, has co-chaired the expert group of the Bologna Process Qualifications Framework. This role indicates the country's grown reputation in the education field and allows it to promote the implementation of the main commitments and recommendations of the Bologna process in the member states.

Along with the steps taken to align with European standards, this chapter also identified the key challenges faced by Georgian HE. These include students' need to compromise education to work while studying; lack of compatibility of education to to their employment, and deficiency of systemization on the level of policy implementation. Addressing these challenges will lead to an enhancement in quality, and thus, an improved position on various indicators, including those outlined in the above-mentioned Eurostudent survey.

Chapter 5. Data Exchange between higher education stakeholders

This chapter will explore key aspects of quality and stakeholder engagement in HE, particularly focusing on data exchange between the institutions and the processes of authorization and accreditation. Additionally, interviews conducted with university career or quality assurance managers, as well as experts in education and the labor market will provide a more realistic perspective on actual practices.

Authorization is an international practice, confirming the institution's multidisciplinary preparedness to implement a sustainable development strategy and provide quality education over the long term. It is mandatory for HE institutions and equips an institution with the right to issue a state-recognized educational document - a diploma (Ministry of Education and Science of Georgia, 2018). To assess the quality of the institution, the authorization assessment is carried out by a group of experts and is mainly based on two aspects: 1. the institution's self-assessment, and 2. the analysis of the information obtained as a result of the authorization visit. Accreditation is the procedure for determining the compliance of the educational program of a HEI with the accreditation standards. It establishes a systematic self-assessment to raise the quality of education and ensure the purposeful usage of state funding (Ministry of Education and Science of Georgia , 2011).

These processes are carried out taking into account the requirements of the European Area of HE Quality Assurance Standards and Guidelines (ESG 2015), which take into consideration the different stakeholders, including students, administrative staff, employers, etc. for assessing the quality of the universities in the European HE Area.

5.1. Employers' engagement in curriculum creation and assessment: opportunities and challenges

To examine the effectiveness of educational outcomes concerning the labor market, it is important to begin from the phase of curriculum creation stage. When designing or changing the programs, universities first identify employers' needs and evaluate prospective contributions of academic programs to the labor market. This initial phase incorporates both qualitative and quantitative research (depending on the data availability and program relevance) and selecting representatives from relevant sectors for focus groups.

"Labor market research is an integral and mandatory component of the accreditation process. It involves consultations with pivotal employers, mostly, HR or heads of specific areas of our interest. We review the challenges in the labor market and assess the level of training of our graduates by asking employers to evaluate their strengths and areas of improvement. Later, we take this into account for improving our curriculums. This enables us to stay relevant to the labor market and equip our students with the skills to easily adapt to the workplace", - noted a university career development manager.

In the context of bridging universities and the labor market, interviews have disclosed significant challenges regarding authorization/accreditation procedures. The authorization and accreditation cycles are set at six and seven years, respectively. Additionally, educational institutions are mandated to submit self-evaluation reports once every three years to verify conditions of authorization. While labor market research is a mandatory requirement for universities, no specific guidelines specify what methodology and sources to be utilized. This, on the one hand, has been positively assessed by the respondents as a means of respecting university autonomy; On the other

hand, **it was perceived as a challenge that leads to quality decline if the university lacks sufficient motivation. The absence of uniform standards allows for a greater interpretation and creates a risk that universities might present biased data to enhance their image:**

"No uniform standard dictates how research should be conducted. General wording in the standard states that universities must provide labor market research, but specific methodologies, frequency, and other related details depend on the internal quality culture of the individual university", - explains the university quality assurance manager.

„This approach creates a room for interpretation. You might conduct a focus group with 20 representatives of the labor market and claim to have studied the labor market", - was noted by the expert in authorization/accreditation procedures.

Another challenge identified by the respondents lies in insufficient data exchange and lack of coordination between the different units. Aside from a self-evaluation report submitted once every three years, standards do not mandate universities to provide other information to the Ministry. The expert points out, that decisions about the extent and quality of internal data assessment are made at the individual university level, and considering the turbulent political climate within the country, evaluating a university's progress in relation to labor market needs can be significantly hindered.

„We conduct annual research and surveys for our internal development. Apart from the accreditation process, the Ministry does not request the submission of any information regarding quality or labor market relevance", - commented the university career manager.

Interviews identified various sources and tools utilized by universities for labor market research. Initially, at the level of desk research, data are sourced from the Labor Market Information System

(www.lmis.gov.ge). The platform enables access to the labor market analysis and occupational outlook reports provided by the Ministry of Health and Social Affairs of Georgia, as well as surveys of business demand skills provided by the Ministry of Economy and Sustainable Development of Georgia. The different agencies of the Ministry of Education (National Center for Educational Quality Assessment, Education Management Information System, National Center for Teacher Professional Development) also periodically assess the conditions and challenges in the Georgian HE; Furthermore, the Statistical Office of Georgia (SAO) delivers evaluation papers of different policies, including those from the Ministry of Education and labor sector. Additionally, the government also supports student employment by offering internship programs (www.vet.ge) and services for career consultations (www.worknet.gov.ge). Despite the existence of these resources, universities do not directly receive statistical data or field reports from the Ministries or other relevant governmental bodies. Respondents note that such information is widely scattered across multiple platforms and agencies. Additionally, lack of clarity about the educational trends is impacted due to the Ministry of Education not providing reports summarizing all the self-evaluation reports gathered from different universities:

„This process is highly decentralized and there is no such practice when the state collects data from universities to later compile comprehensive statistics, or provide feedback and recommendations to them“, - explained the university quality assurance manager.

The third challenge is associated with a lack of student responsiveness to questionnaires. Alongside labor market research, the self-evaluation report contains information on student perspectives, therefore, gathering information on their employment is key for ensuring the standards. HEIs collect this information from various sources, among which the most direct method is university questionnaires, distributed immediately before and after their graduation.

These responses are later reflected in the graduate employment rate provided annually by the National Statistics Office of Georgia. According to the interviews conducted with university career office managers, the practices for collecting graduate employment data are inconsistent. Universities do not adopt a unified standard for sending out the questionnaires, and while some of them send it twice a year, others might send it annually. One respondent mentioned that a particular public university surveys its graduates only once post-graduation, unlike many European countries, where follow-ups might occur after a year, two years, five years, etc.

It has also been noted that universities that excel in creating and strengthening a sense of belonging generally receive more responses, however, participation in student surveys is generally low across the country. A primary reason for this, as noted by an interviewed expert, is caused by lack of responsive action from the universities – students feel that their feedback will not result in any change or consideration.

5.2. Challenges associated with data monitoring

After the university submits self-evaluation reports, a group of experts appointed by the National Center for the Educational Quality Enhancement (EQE) is responsible for studying the accuracy of the document and evaluating the quality of cooperation between potential graduates/students and employers/economic agents at the universities. Georgian regulation on appointing the authorization/accreditation committees does not mandate specific criteria for member selection, however, for the sake of transparency, EQE ensures the involvement of different educational institutions, experts, the civil sector, and international organizations (Ministry of Education and Science of Georgia , 2011).

"One of the experts is an international representative from ENQA, while the rest are academic/administrative staff from various universities, serving cross-checking of standards. These experts are responsible for analyzing self-evaluation reports, and afterward, conducting several sessions on-site at the university. During these sessions, experts meet with universities' relevant/partner employers and interview them to verify the accuracy of the self-evaluation report", - explains an expert in authorization/accreditation standards.

An issue with data monitoring arises when employers participating in the expert sessions are not actually involved in curriculum designing, but have personal relationships with the university staff, helping them to go through the accreditation procedures easily and smoothly. While experts still have the opportunity to detect such issues at in-person meetings, the room for biased data provision remains.

"In my practice, I barely meet employers who have actively participated in program creation, curriculum, and syllabus development. Given that Georgia is a small country, it happens frequently that employers at the expert meetings consider their connections with university staff. This is not always the case, but I have observed both scenarios", - noted expert in authorization/accreditation standards.

Such concerns with reliability threaten the integrity and objectivity of the accreditation process, potentially resulting in the approval of academic programs that do not meet established criteria or closely align with the real requirements of the labor market.

5.3. University events fostering graduate employment

The authorization/accreditation standards require Georgian universities to provide support programs to students that enhance their employability, increase awareness about the skills needed in the job industry, and prepare them to strengthen job applications (create CVs, write cover letters, etc.) (Ministry of Education and Science of Georgia, 2018). As a result of this mandatory requirement, every university has established career offices, which periodically organize events such as "employment forums", enabling students to directly engage with the labor market representatives. These forums mainly serve an informative purpose, providing a platform where students participate in interviews and inquire about companies. Although direct employment from these forums is rare, they often lead to further interviews and internship opportunities at the companies.

"Employment forums represent a significant indicator of high demand for our students by labor market representatives. We held these forums twice a year and consistently attracted approximately 100 companies each time. Sometimes, the demand from employers is so high that we are compelled to turn some away", - highlighted a university career manager.

While the forums play a crucial role in bringing employers and students together, some of the Georgian universities have also created additional platforms for posting job offerings, often exclusive to respective institutions. Additionally, these platforms remain available after graduation and help the university to monitor the career progress of its alumni.

Furthermore, some of the interviewed universities organize additional meetings that connect students from specific faculties with only relevant employers in their fields, fostering closer ties between the parties and enhancing employment opportunities after graduation. One public university revealed adopting a practice of inviting potential employers to students' thesis defense

events, allowing them to directly assess their work quality. According to this respondent, this strategy led to immediate job offers for several students.

Additionally, the majority of universities interviewed have introduced a mandatory requirement for students to find job placements or internships relevant to their studies during their final year at university. Career development centers typically assist students in identifying and connecting with potential companies for partnerships. This practice provides a practical experience and equips them with essential soft skills relevant to their industries, facilitating a smoother transition into the labor market. Moreover, all the interviewed universities actively engage their students in internal organizational processes such as coordination of employment forums, planning orientation sessions for incoming students, etc.

All of the information highlighted in this chapter – presenting program relevance to the labor market needs, tracking student and graduate employment, and initiating supportive events for student career development – has been collected from expert committees during the university's self-evaluation process and on-site monitoring visits. This information plays a crucial role in evaluating universities during authorization/accreditation processes and provides important data, which if properly utilized, can strengthen data exchange between the different stakeholders of HE.

Chapter 6. Conclusion

In recent years Georgian He has undergone several reforms, that were implemented to increase the accessibility and transparency of HE and enhance alignment with the EU standards. These include providing fully funded places on faculties, joining the EU higher education associations and unions, facilitating the harmonization with the European Qualifications Framework, and adopting the authorization/accreditation standards, which emphasize the role of the labor market in education. Authorization/accreditation standards, reflecting other policies, facilitate data exchange between the different stakeholders of HE and make the role of labor market representatives obvious in education design. They mandate universities to consider the country's economic trends and ensure their program alignment to job market requirements, which later helps university graduates to smoothly transfer from HE to labor markets.

Implementation of European standards (ESG 2015) on a local level became a prerequisite for quality education and, thereby, enhanced contribution to the labor market. In the line of facilitation of transparent education, the National Center for Educational Quality Enhancement of Georgia started to harmonize the HE system with the European Qualifications Framework. This particularly involves self-certification and referencing processes, which describe the levels/complexities of each qualification issued by the HEIs and contribute to graduate employment in two aspects: First, it provides holistic information to **employers' on graduates's profiles and ensures that job candidates possess the skills relevant to their academic training** (National Center for Educational Quality Enhancement)**.** Second, it increases recognition of Georgian qualifications across Europe, ensuring that Georgian students get enhanced opportunities for pursuing their careers in a broader geographical context.

The effectiveness of these policies is evident when assessing the progress of graduate employment, and Georgia's increased reputation in the European HE policy-making area. Additionally, respondents from three different sectors: universities, the Ministry of Education, and labor market experts have highlighted significant improvements in educational outcomes. However, this advancement has the potential to be more rapid and substantial if existing gaps in industry-academia collaboration are addressed.

The research findings indicate two key challenges that Georgian HE faces: first, it reveals a mismatch between educational outputs and industry requirements, leading to credentials inflation; and second, it presents the gaps in the systematization of data exchange, particularly meaning that different stakeholders process data without adequate coordination with each other.

The misalignment of education and job market requirements is determined by several factors. Starting from the socioeconomic context, Eurostudent survey revealed that Georgia positions highest in student employment as well as having the youngest students. This indicates that high school graduates often make their choices impulsively, influenced by social norms favoring traditional educational pathways. Consequently, they enroll in programs that may not align with their interests and thereby, do not contribute to their economic needs later. These students tend to balance their lack of interest and socioeconomic difficulties by engaging in full-time work while studying, which might initially seem beneficial. However, **respondents note that these students, typically find themselves in jobs unrelated to their studies. This not only leads to compromised education due to lack of time but also inadequate compensation, trapping them in a cycle of underdeveloped skills and low wages.**

Other challenges, mainly regarding data exchange, **were associated with a lack of coordination between different units (Ministry of Education, HEIs, and Ministry of Economy and**

Sustainable Development), and the absence of uniform standards for the universities. Based on the standards and respondent interviews, the only time when universities share their data regarding student employment and program alignment with the labor market is during authorization and accreditation procedures, that happen once in 6 and 7 years, respectively (and self-evaluating document, that is submitted once in every 3 years). Apart from this, **the Ministry does not mandate additional data submission from the universities, leading to uninformed and inefficient decisions.** Allocation of government funds to finance specific faculties is a great example of this - Since 2013, the Ministry of Education has fully financed prioritized programs, that as per legal documents and HE experts, should be aligned with the country's economic trends. However, quantitative data analysis revealed that the government's funding decisions do not account for labor market trends. Moreover, the budget allocation between 10 public universities has remained completely unchanged for 4 years already, indicating the policy's lack of adaptability, as it is highly unexpected that all these universities have performed identically over such a period.

The other example of insufficient data exchange lies in the fact that the Ministry of Education only provides individual feedback to the universities during the periods of authorization/accreditation or self-evaluating document provision. The feedback is issued when discrepancies with standards are evident, and the universities are given time to improve these issues. As respondents note, when these documents are collected from the universities, the Ministry does not provide summary reports on national educational trends, which increases the likelihood that universities will make uninformed decisions.

Challenges also occur during authorization/accreditation processes, when universities are asked to study labor markets relevant to their contexts and are given greater flexibility for selecting the sources of their research. This was partially assessed positively by the respondents as respecting

the university's autonomy, however, it has also been noted that such practice leaves much room for greater interpretation - for instance, conducting a focus group with 20 representatives of the labor market and claiming to understand the economic trends in the country. Moreover, the selection of employers who are supposed to justify the relevance and adequacy of the educational programs is subjective, which, as noted, sometimes **compromises the accuracy of authorization/accreditation processes, and leads to the approval of academic programs that may not meet the required educational standards or accurately align with labor market needs.**

Another challenge, complicating a comprehensive assessment of HEI effectiveness, is the lack of students' responsiveness to questionnaires. Representing the main stakeholders of the HE, understanding their perspective is of key importance, but low response rates pose a significant challenge for university policymakers to identify the areas that require the most attention for students' career prospects. However, on a positive note, in line with authorization/accreditation standards, universities have been increasingly fostering a sense of belonging and satisfaction among students by arranging career office consultations, organizing employment forums, offering internship positions inside the university, and contributing to their practical experience in academia. Continuing these initiatives, along with addressing the above-mentioned gaps in HE policies, will enhance industry-academia collaboration, and increase student employment relevant to their fields.

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