



Wage Theft In Georgia

The Financial Impact of
Labor Rights Violations

Published in July 2022

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დირსეული
შრომის
პლატფორმა
GEORGIA FAIR LABOR PLATFORM

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Wage theft is one of the most prevalent labor rights violations in Georgia today, yet it remains mostly ignored in debates about labor policy. Indeed, the term “wage theft” (მოპარული ხელფასი - literally “stolen salary”) has only entered the public lexicon recently and is still not commonly used.

Wage theft is defined as an employer’s failure to pay any money legally owed to an employee. It covers a wide range of infractions, including unpaid overtime work, illegal deduction of wages, unpaid tips, non-payment of paid vacation and more. All of these are illegal under Georgian law.

Wage theft can be viewed as essentially the “economic dimension” of labor rights violations, and it therefore serves as an indicator of how common other labor rights violations might be.

Despite much anecdotal information regarding various forms of wage theft in Georgia, detailed studies have not been carried out to assess the problem’s true scale. This report is an attempt to begin filling that gap.

Unfortunately, our research shows that wage theft is essentially normalized in Georgia today. It is so normal, in fact, that most forms of wage theft are not even perceived as crimes – and they are certainly not viewed with the same disdain as other economic crimes, such as property theft.

This report reviews the most preva-

Despite anecdotal information regarding wage theft in Georgia, detailed studies have not been carried out to assess the problem’s true scale. This report is an attempt to begin filling that gap.

lent forms of wage theft in Georgia, with reference to specific practices in different sectors. It also assesses Georgia’s labor legislation with regard to wage theft and outlines the main state mechanisms and agencies that have the mandate and/or relevant tools to combat wage theft.

In addition, the report presents the key findings of the Fair Labor Platform’s Wage Theft Calculator, an online tool that helps workers determine if they have experienced wage theft.

At the end of the report, we present our conclusions and recommendations. These take into consideration the data from our Wage Theft Calculator and best practices from other countries and outline a strategic vision to combat the wage theft pandemic in Georgia, with the aim of creating a policy framework that enables employees to take home every Lari they earn.



Forms of Wage Theft in Georgia

Wage theft is the illegal misappropriation of any component of a worker's remuneration that is due to them under labor law or a labor contract. Just as there are many forms of remuneration, there are many forms of wage theft – some of which may be specific to certain employment sectors.

Studies in other countries have found that workers in certain sectors are more vulnerable to wage theft than others¹. In Georgia, it is impossible to clearly distinguish such sectors, as the practice of wage theft is widespread in almost all employment fields; only the forms of wage theft in these sectors differ. For example, for the public sector² and office workers, non-payment of overtime is common. In the restaurant and hotel industry, workers often face non-payment of tips. Those employed in the retail sector, such as cashiers, often have their wages illegally deducted due to lost or expired products. Meanwhile, workers employed in the construction sector – where many lack proper employment contracts – face incomplete payment of wages or non-payment of their last salary. These forms of wage theft occur in other sectors as well,

though not with the same stark expression and scale.

This chapter briefly discusses the most common forms of wage theft, which can be found in almost all industries.

1. Illegal salary deductions

A significant number of employers, especially in the service sector, are eager to place the responsibility for any loss or damage of any product entirely on employees and avoid losses by deducting this amount from the employees' wages.

Employers often include “theft and losses” wage deduction clauses in workers' contracts, which seemingly legitimizes this practice. Employers regularly apply these clauses and sometimes take up to half of employees' wages for these so-called “losses” without any consequences. However, the presence of such provisions in the contract does not mean that this practice is legal. On the contrary, these clauses clearly contradict Georgia's labor laws and constitute wage theft. Employers are not allowed to impose liability for damages on an employee (including deduction of wages) unless there is proof that the

1 Matthew W. Finkin, From Weight Checking to Wage Checking: Arming Workers to Combat Wage Theft, <http://labourlawresearch.net/sites/default/files/papers/From%20Weight%20Checking%20to%20Wage%20Checking.pdf>

2 Georgian Young Lawyers Association, “Labor rights in public service - ministries and self-governing cities,” 2022, pp 113-114, <https://www.gyla.ge/ge/post/shromiti-uflebebi-sajaro-samsakhurshi-saias-akhsali-kvleva?fb#sthash.I3m8HJKJ.F19BvlpQ.dpbs>

employee is personally responsible for the loss.

It should be emphasized that unsubstantiated salary deductions – and labor contract provisions which allow for it – have been deemed unlawful by the Labor Inspection Service on numerous occasions. The body has also issued warnings to many employers. Nonetheless, this form of wage theft still occurs on a large scale in the service sector.

2. Time theft

One of the easiest ways for employers to steal wages is the failure to remunerate overtime hours in full, or to not pay for overtime at all.

Overtime work is the performance of work by an employee that exceeds their normal working hours (40 hours per week for adult employees, or 48 hours in specific fields) ³. The performance of overtime must be agreed upon by both parties, except in very narrow circumstances.

According to the Labor Code, overtime work must be compensated at an increased amount compared to the worker's normal hourly wage rate. According to the Labor Code, working on holidays is considered overtime and should also be compensated at an increased rate. Despite these legal requirements, a significant portion of Georgian workers are not compensated for overtime work at all. And even when workers are paid for overtime, the “increased pay” is often minimal – as low as 1% – because the Labor Code

A significant portion of Georgian workers are not compensated for overtime work at all. And even when workers are paid for overtime, the “increased pay” is often as low as 1%.

does not specify a minimum overtime rate.

A major contributing factor to the prevalence of unpaid overtime work is a systematic failure by employers to track employees' working hours properly. This makes it harder to determine when the overtime rate should kick in. For example, employers often do not often count prep time as paid working time – e.g., when a miner spends time putting on specialized equipment or traveling to the mine, or when a store clerk sets up or closes down shop. If the preparation activities are essential for performance of a job, they must be counted as part of working hours and paid accordingly.

3. Non-payment during sick leave

Under Georgian law, employers are obliged to pay employees for any period of temporary incapacity (sickness), including time taken off to care for a sick family member, as long as the

³ Labor Code, Article 24, paragraph 1; <https://matsne.gov.ge/ka/document/view/1155567?publication=21>

employee submits documentation⁴. In practice, many employers do not fulfill this obligation, which is why workers often show up at the workplace seriously ill and/or use paid leave days to recuperate.

The situation is particularly difficult in places of employment where workers are paid a daily rate based on the work actually performed, since such workers are often not compensated for “missed” days at all. This practice is not only a form of wage theft, but also a threat to employees’ health and potentially the health of those they come into contact with.

4. Wage theft under the pretext of training

Professional growth and training of employees is an important component of labor relations. The Labor Code encourages employers to promote the professional development of employees⁵. However, it is important that such training does not occur only at the expense of the personal time and resources of the employees.

In Georgia, there is a widespread practice of scheduling work training courses on weekends and holidays. These are not considered working days, and as such are not compensated. Accordingly, professional training often becomes an additional burden to employees.

If an employer directs an employee to

What is Wage Theft?

“Wage theft” is the failure to pay money legally owed to an employee. It covers a wide range of infractions, including:

Unpaid overtime



Off-the-clock work



Unpaid tips



Unpaid final salary



Illegal salary deductions



take a training course, the employee’s participation in that course must be considered working time and paid accordingly⁶. The failure to do so is wage theft.

⁴ Order of the Minister of Labor, Health and Social Protection of Georgia No. 87/N, 20/02/2009, “On approval of the procedure for the appointment and issuance of assistance due to temporary incapacity for work,” <https://matsne.gov.ge/ka/document/view/82384?publication=0>

⁵ Labor Code, Article 22, <https://matsne.gov.ge/ka/document/view/1155567?publication=21>

⁶ Ibid, article 22, par. 3



Wage Theft in Georgia:

Key findings of the Wage Theft Calculator

1. Overview & background

In December 2020, the Georgia Fair Labor Platform launched its [Wage Theft Calculator](#), an online tool that helps users determine whether they have victimized by wage theft. The tool asks users a series of questions about their current salary and work routine and calculates a breakdown of their wage theft losses based on their answers.

The Wage Theft Calculator was conceived primarily as an educational tool for workers. The idea grew out of a sense amongst Fair Labor Platform members that wage theft is essentially normalized in Georgia. In interviews with workers, many told us they simply did not realize that various wage theft practices were illegal. Others said that certain practices – such as unpaid overtime and off-the-clock work – are so common that it is pointless to push back against them. Resisting them may cost them their job.

The Calculator aims to challenge those perceptions. Wage theft may be normalized, but it is still illegal – and workers who can recognize violations of the law are better equipped to fight back against them.

The Calculator was also conceived as a data collection tool. User answers are transmitted to the Fair Labor Platform anonymously⁷, allowing us to analyze data and trends. This section presents some of that data, though with a small caveat: all answers are self-reported and of course may not be perfect. Users may make mistakes, forget certain details, estimate hours and so on. For this reason, this report does not dwell extensively on the Calculator's monetary calculations – i.e., how much was lost to wage theft. Users' wage theft estimates are meant to be educational and indicative, not definitive.

Nonetheless, we do believe the broader data from the Calculator – specifically the data indicating the prevalence of certain types of wage theft – does provide valuable insights, particularly given the lack of other studies of wage theft in Georgia. The most important figure is the simplest one: Over 3,100 people have used the Calculator, and 88% of them reported at least one form of wage theft. This alone is a strong indication that wage theft is a significant problem in Georgia, and it should set off alarm bells in the halls of power. The problem of wage theft warrants closer scrutiny and urgent action by

⁷ Users are also given the option to include their contact details, if desired.

Data overview

3,167

Users of the Fair Labor Platform's Wage Theft Calculator

58.3% - male

41.0% - female

0.7% - other/not stated

88%

Reported at least one form of wage theft

25 million GEL

Total amount reported stolen by users of the Calculator

Parliament, the courts, the Labor Inspectorate and others.

2. Types of wage theft covered

The Calculator does not cover all possible forms of wage theft, but instead focuses on seven distinct categories that are common in Georgia:

- Unpaid off-the-clock work (i.e., mandatory work that is not counted as part of normal working hours)
- Unpaid overtime
- Unlawful salary deductions
- Unpaid vacation
- Unpaid sick leave
- Unpaid tips
- Missed salary payments

These categories and our methodology are explained in further detail in the data section below.

3. Overview of Calculator data

This section provides an overview of data collected between 10 December 2021 and 20 June 2022, based on 3,167 users who completed the Calculator survey⁸. Of these users, 2,789 (88%) reported at least one form of wage theft. The combined wage theft losses of all users amounted to 25,585,074 GEL annually – an average of 8,079 GEL per user, per year.

A. OFF-THE-CLOCK WORK

Off-the-clock work is defined as mandatory work that is not counted as part of normal working hours. Employers often classify workers' duties as "off the clock," and refuse to pay for it – even if the work is an essential part of the job.

The Calculator asks questions about

⁸ The data has been lightly curated to remove approximately 100 extreme outlier results.

Off-the-clock work



75.5%

Reported at least one form of unpaid off-the-clock work

Subcategories of off-the-clock work

| | Number reporting* | % not paid for this work† |
|--|-------------------|---------------------------|
| Change into/out of work clothes or special equipment | 1,189 | 51% |
| Arrive to work early or stay late to perform necessary job functions | 2,113 | 85% |
| Travel to work sites (other than normal commute) | 939 | 52% |
| Attend mandatory trainings or meetings | 1,496 | 79% |
| Work through breaks | 1,539 | 49% |
| Other off-the-clock work | 1,090 | 100% |

*Number who said they were required to do this type of off-the-clock work, whether paid or unpaid.

†Percentage of those in the previous column who were unpaid for the work.

six subcategories of unpaid off-the-clock work: (1) changing into/out of special work clothes; (2) arriving to work early or staying late to perform functions which are necessary for the job; (3) traveling to work sites (other than a normal commute); (4) attending mandatory meetings or trainings; (5) working through breaks; and (6) any other off-the-clock work. Workers are asked whether they perform any of these tasks, whether they are counted as paid working time, and if not, how many hours per week they spend on these tasks. The hours are only counted

as wage theft if the worker says they were not paid.

If off-the-clock work pushes a worker over the maximum number of hours per week (usually 40 or 48, depending on the job), then the extra hours should be paid as overtime at an increased rate. The Calculator factors this in when determining the user's wage theft results.

A total of 2,392 workers (75.5%) reported at least one form of unpaid off-the-clock work, with the most common form being for prep time – arriving at

work early or staying late to perform essential job functions. A total of 2,113 workers reported putting in prep time, with 1,798 (85.1%) of them saying they were not paid for it. Working through breaks was the second most common form of unpaid off-the-clock work. Nearly half of all users – 1,539, or 48.6% – said they did this.

The remaining data for specific off-the-clock work was as follows:

- Training sessions and meetings: 1,496 reported having to attend mandatory trainings or meetings, with 1,189 (79.5%) of those saying that these were not counted as paid working time.
- Changing into clothes or special equipment: 1,189 reported this task, with 603 (50.7%) of those saying they were not paid for it.
- Traveling to work sites: 939 reported having to travel to work sites, and 490 (52.2%) of those saying they were not paid.
- Other: 1,090 users (34.4%) also reported “other” unpaid off-the-clock work not listed in the Calculator.

B. UNPAID OVERTIME

Unpaid overtime occurs when an employer requires someone to work beyond their normal working hours but fails to pay for that time.

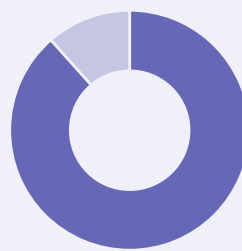
Under Georgian law, all overtime must be paid at a rate that is more than the worker’s ordinary hourly rate. However, the law does not specify how much more, so the Calculator uses the International Labor Organization’s suggested standard: 1.25 times the normal

Unpaid overtime



85.6%

Of users who worked overtime said they were not paid for it



88.3%

Of all users said their employment contract contains no overtime rate, as required by law.

hourly rate.

The Calculator asks users if they are ever asked to work beyond their normally scheduled hours, and if so, whether they were paid for those hours. To help calculate wage theft losses, the survey also asks users to specify whether their employment contract contains an overtime rate, as re-

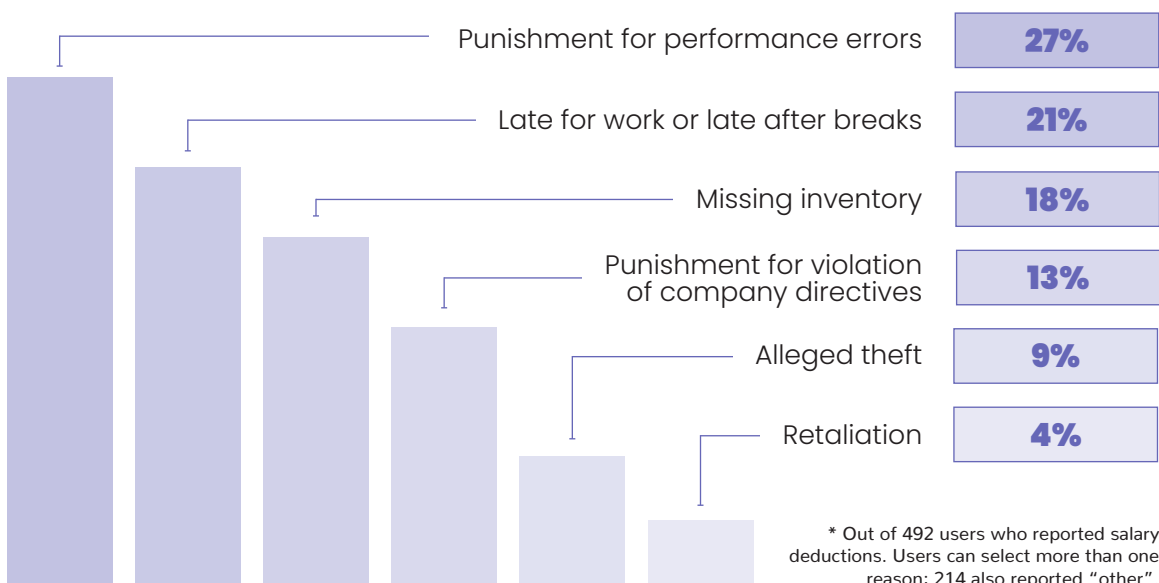
Unlawful salary deductions



15.5%

Of users reported at least one unlawful salary deduction

Most common reasons cited by employers for salary deductions*



quired by law. Shockingly, only 11.7% of all users said their contract actually contained this rate.

In total, 1,253 users (39.6%) said they have been asked to work overtime. Of that group, 1,072 (85.6%) said they were not paid at all for their extra work.

C. UNLAWFUL SALARY DEDUCTIONS

Unlawful salary deductions occur when an employer withholds money from a worker's salary without a legal reason to do so. This type of wage theft is most common in the retail sector, especially in supermarkets.

Employers in Georgia rationalize such withholdings for a variety of reasons: for alleged theft, for taking breaks that are too long, for failure to meet quotas, and so on. But unless the employer has evidence connecting the worker to a specific economic loss – e.g., evidence that they stole something – these deductions are illegal and constitute wage theft. Moreover, any deductions must also be proportional to the employer's loss. The employer cannot, for example, dock a half day's pay if a worker is 15 minutes late for their shift.

The Calculator asks users if they have ever experienced salary deductions that

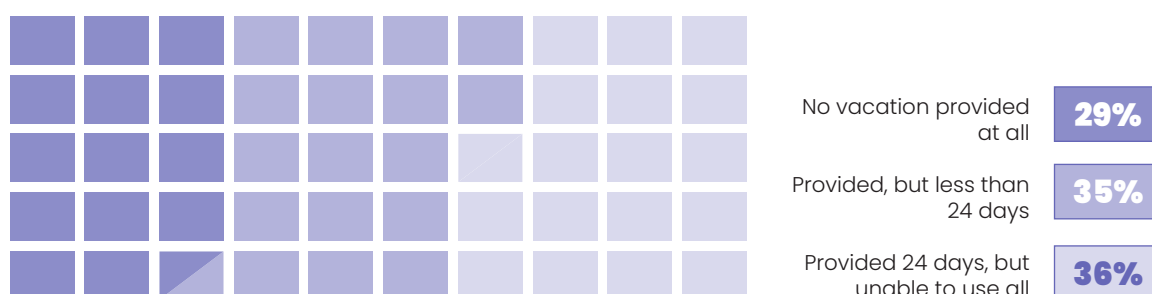
Vacation time



56.7%

Of vacation-eligible users reported getting less vacation than they were entitled to.

Breakdown of 1,487 users who reported not getting full vacation time



they believed were unwarranted. If the user answers yes, they are prompted to estimate the average monthly deduction and the employer's stated reason(s) for the deductions.

A total of 492 workers (15.5%) reported such salary deductions. The most common reason cited for the deduction was "punishment for performance errors" (135 or 27.4% of the subgroup), followed by "late for work or late after breaks" (101 or 20.5%), "punishment for violation of company directives" (63 or 12.8%), "missing inventory" (88 or 17.9%), "alleged theft" (44 or 8.9%) and "retaliation" (20 or 4.1%). A total of 214 also cited other reasons.

D. UNPAID VACATION

After 11 months of working for the same employer, workers are entitled to 24 days per year of paid leave time under Georgian law. Failure to provide

this leave, whether all or in part, constitutes wage theft.

To assess this category of wage theft, the Calculator first asks users if they have worked at their employer for 11 months or more to determine paid vacation eligibility. If they have, they are asked whether their employer provides them with a full 24 paid days off per year, and whether they are able to use all of the days.

A total of 2,622 users (82.8%) reported being eligible for vacation. Of these, only 1,671 (63.7%) said their employers provided the full 24 days of vacation by policy. However, out of that sub-group, only 1,135 were actually able to use all 24 days (536 could not).

Of the 951 who were eligible for vacation but whose employers did not provide the full 24 days, 520 said they received some vacation, while 431 said

they received none at all. Adding these two groups, plus the 531 who were not able to use all of their vacation days, a total of 1,487 users (56.7%) were getting less vacation than they were entitled to.

E. SICK LEAVE

Georgian law requires that employers pay workers for any missed time at work if they are sick or need to care for a sick family member, as long as they present a note from a doctor. Pay should be based on the worker's average income over the last three months (not including overtime, bonuses or other extra pay).

The Wage Theft Calculator asks users if they have ever needed to take days off for being sick or to take care of a sick family member. If they have, it asks whether these days were paid and if not, how many unpaid sick days they ended up taking (if any).

The sick leave questions were added to the Wage Theft Calculator only in mid-2021, so the data set is significantly smaller: only 351 out of 3,167 users answered this question. Of this group, 221 people (63.0%) reported needing to take sick leave, and 91 (41.2%) of those said they were not paid for the time off. The users who reported taking unpaid sick leave took an average of 7.5 days off.

F. UNPAID TIPS

Many bars and restaurants add a "service fee" to customers' bill or display a "tip jar" for gratuities. Under Georgia's Civil Code, this money is supposed to be distributed to staff, in addition to

Sick leave



41.2%

Of users who took sick leave said they were not paid for it.

Tips



65.5%

Of tip-eligible users said they did not receive tips collected by their employers

their normal salary. But often it is not. Failure to disburse this money to staff is a form of wage theft.

To determine this category of wage theft, the Calculator first asks users

whether their employer collects tips or service fees from customers. If they do, users are asked whether they get a share of the money in addition to their normal salary. If they do not, they can estimate how much per week they should receive in tips.

A total of 281 users said that their employer collects tips. Of these, 184 said that they did not receive any of this money – a sizable 65.5%. The average user in this group said they lost about 93 GEL per week in tips.

G. MISSED SALARY PAYMENTS

In some cases, employers fail to pay their employees at all – whether for one month or multiple months. This is one of the most obvious forms of wage theft, but it is surprisingly common.

For this category, the Calculator asks users if their employer has failed to pay their salary over the past year. If the user answers yes, they are asked to specify how many times. Their wage theft loss is then calculated based on the monthly salary figure they entered at the beginning of the survey. A total of 186 users said their employer has failed to pay them least once.

A separate question asks whether the user still works for their employer. If not, the Calculator asks whether the employer paid all salary due up to the date of termination. Out of 427 users who said they no longer worked for their employer, 122 (28.6%) reported that they were not paid all salary due upon termination.

Missed salaries



6%

Of users reported missing at least one paycheck

28.6%

Of users who were terminated reported not receiving their final salary payment(s)

IV

State Mechanisms to Fight Wage Theft

The large-scale nature of wage theft and its severe impact on workers' rights means that the state needs systematic and effective prevention mechanisms to fight it. In some countries, wage theft is a criminal offense, meaning employers can face criminal liability in substantiated cases of intentional wage theft. However, in most states, employers face only administrative and/or civil liability (e.g., compensation for damages caused to the employee)⁹.

Almost all jurisdictions have administrative and/or judicial procedures that allow employees to recover unpaid wages. Such stolen salary return mechanisms can be broadly divided into three categories: administrative, quasi-judicial and judicial.¹⁰

Administrative processes are usually related to the state agency overseeing labor-related issues (labor inspectorates) or the Ministry of Labor, where employees (or other interested parties) can file a complaint to recover stolen wages and restore labor rights. Some agencies

may also proactively initiate workplace inspections and legal proceedings against employers. The responsible agency will study the employee's complaint and, if they find a violation, impose the appropriate sanction on the employer and/or order them to pay the lost wages owed to the employee. In other cases, the agency might act as a mediator between the employee and the employer, or otherwise resolve the issues raised in the complaint.¹¹

Most states also have more formalized judicial and/or quasi-judicial processes for resolving wage disputes. For example, there may be a specialized labor tribunal to resolve such disputes, often with the possibility of a court appeal. Some states may have a quasi-judicial system designed to handle less formal small claims, alongside standard court processes for more complex and higher value claims. In some states where wage theft is a felony, wage compensation may result from criminal prosecution for wage theft.¹²

9 For example, in the state of Victoria, Australia, a company can be fined for wage theft for up to AUS \$1,090,440. An individual found guilty of wage theft faces a prison sentence of up to 10 years, <https://www.vic.gov.au/victorias-wage-theft-laws>. Wage theft is criminalized in most US states – either directly by relevant laws or indirectly by classifying it as another crime (e.g., tax evasion, fraud, etc.); see EPI, “How district attorneys and state attorneys general are fighting workplace abuses,” 2021, <https://files.epi.org/uploads/224957.pdf>

10 B. Farbenblum and L. Berg, “Migrant Workers’ Access to Justice for Wage Theft: A Global Study of Promising Initiatives,” 2021, p. 18, <https://static1.squarespace.com/static/593f6d9fe4fc-b5c458624206/t/61adba9108bec25ce355c6e4/1638775475553/Farbenblum+Berg+2021+MWA-2J+with+hyperlinks.pdf>

11 Ibid.

12 Ibid.

Georgia does not have a special mechanism to fight wage theft, and the fight against this illegal practice is ensured through the prism of general labor rights supervision. Accordingly, at this stage, employees in Georgia essentially have three ways of recovering stolen wages:

- Administrative procedures - by applying to the State Labor Inspection Service (“Labor Inspectorate”) and claiming wage theft and a violation of their labor rights.
- Filing a lawsuit in the general court with a request to impose on the employer the obligation to pay stolen wages.
- Mediation held as a result of a collective labor dispute for the return of stolen wages.

In the following chapters, we evaluate in detail the effectiveness of each of these mechanisms in combating wage theft and restoring the rights of employees.

1. Labor Inspectorate activities to combat wage theft

From January 1, 2021, the Labor Inspectorate has been given the mandate to monitor the enforcement of all labor rights provided for by labor legislation at all places of employment (prior to 2021, the Inspectorate only monitored health and safety violations). If they identify violations, they have the authority to sanction employers by issu-

Currently, the Labor Inspectorate does not have a unified vision, strategy or methodology for identifying and effectively combating the forms of wage theft most prevalent in Georgian workplaces.

ing a warning or imposing a fine.¹³

Currently, the Labor Inspectorate does not have a unified vision, strategy or methodology for identifying and effectively combating the forms of wage theft most prevalent in Georgian workplaces. A review of the agency’s activities during 2021 shows that their approach to fighting against wage theft is fragmented, haphazard and ineffective.

Since the Labor Inspectorate does not have a unified policy on wage theft (and the Labor code lacks a catch-all “wage theft” provision), there is no precise data on the agency’s activities to combat the practice. However, based on the reports issued by the Labor Inspectorate in 2021, we can infer which forms of wage theft are most commonly identified during inspections.

In 2021, the Labor Inspectorate carried out 327 general labor rights inspec-

¹³ Labor Code, articles 77-80;

| IDENTIFIED VIOLATION/FORM OF WAGE THEFT | NUMBER OF IDENTIFIED VIOLATIONS |
|--|---------------------------------|
| Violation of overtime work and remuneration rules (Article 27 of the Labor Code) | 117 |
| Remuneration violation related to work on holidays (Article 30 of the Labor Code) | 10 |
| Paid leave violation (Article 36 of the Labor Code) | 24 |
| Violation of payment for maternity leave, parental leave and newborn adoption leave (Article 39 of the Labor Code) | 1 |
| Violation related to the form, amount and timing of payment of remuneration (Article 41 of the Labor Code) | 155 |
| Illegal deduction of remuneration (Article 43 of the Labor Code) | 28 |
| Violation of the final settlement rules upon termination of the employment relationship (Article 44 of the Labor Code) | 9 |
| Collective deduction of wages or illegal contract provisions on employee liability (Article 59 of the Labor Code) | 13 |

tions at 249 facilities¹⁴, identifying a total of 1,766 violations¹⁵. Out of these violations, 357 (20% of total violations identified) likely infer the occurrence of specific forms of wage theft (see table above).

It should be emphasized the violations in the table are related to specific labor rights in the Labor Code which may

imply wage theft. But due to the lack of special categorization in the Labor Code, it is impossible to definitively conclude that wage theft occurred. Moreover, the Labor Code violations in table do not fully reflect all forms of wage theft common in Georgia.

¹⁴ 2021 report of LEPL "Labor Inspection Service", p. 33, https://drive.google.com/file/d/1cvJE89L9yT-ZLALtYxq_Os-plAec9hpG/view

¹⁵ Ibid, page 36.

A. THE FIGHT AGAINST ILLEGAL COLLECTIVE DEDUCTION OF WAGES

The Labor Inspectorate's efforts to fight specific forms of wage theft are certainly welcome – particularly its recent work to crackdown on illegal wage deductions for “collective liability.” The Inspectorate has made it very clear that it considers these deductions to be wage theft and has stressed that they are illegal.¹⁶

For years, in various industries, but especially in supermarkets, liability for various economic losses – product theft, general theft, product expiration, etc. – has been collectively imposed on employees without establishing individual guilt and without proper justification. These deductions are usually imposed unilaterally by the employer, and sometimes exceed 50% of the employee's monthly salary¹⁷. The deductions are often also grossly disproportional to the damage incurred by the employer.

It should be emphasized that in addition to salary deductions, some employers use other tools to compensate themselves for economic losses. For example, according to one Labor Inspectorate report, an employer's internal by-laws stated that “in case of

monetary debt to the employer, the employer is entitled to use unused leave to cover the debt.” The Labor Inspection deemed this a violation of Georgian labor law.¹⁸

The practice of imposing collective liability clearly contradicts the Labor Code and international standards. It is a positive sign that the Labor Inspection has publicly confirmed this on multiple occasions, thus underlining the illegality of such actions and their readiness to fight against this form of wage theft. During 2021, the Labor Inspectorate issued instructions on the issue of collective liability in a total of 13 cases¹⁹. In a majority of these cases, however, it focused only on provisions in labor contracts and/or the employer's internal regulations²⁰. Combatting what happens in practice may be more difficult and deserves special attention from the Labor Inspectorate in the future.

B. THEFT OF COVID-RELATED SALARY SUPPLEMENTS IN THE HEALTHCARE SECTOR

The Labor Inspectorate's initiative to combat wage theft in specific sectors through systematic, proactive inspections is a positive step.

16 TV1, “The Labor Inspection has prohibited the imposition of collective liability at workplaces,” July 22, 2021, <https://1tv.ge/news/shromis-inspeqciam-samushao-adgilebze-kolegtiuri-pasukhismgeblobis-dakis-reba-akrdzala/>

17 Social Justice Center, “EMC's assessment regarding the legal status of employees in the service sector,” February 11, 2017, <https://socialjustice.org.ge/ka/products/emc-is-shefaseba-momsakhurebis-sfero-shi-dasakmebulta-uflebriv-mdgomareobastan-dakavshirebit>

18 Labor Inspectorate instruction, 002241, 17.06.2021.

19 2021 report of LEPL Labor Inspection Service, p. 3, https://drive.google.com/file/d/1cvJE89L9yTZLAL-tYxq_Os-plAec9hpG/view

20 See, e.g., decision 002039 in regard to Nikora Trade LLC, decision 002098 in regard to LLC Gorgia, decision 002241 and 002237 in regard to JSC Liberty Bank, and decision 002087 in regard to JSC Goodwill.

An analysis of labor rights inspections carried out by the Inspectorate in 2021 clearly shows that persons employed in the healthcare sector have suffered greatly from wage theft, and the situation only deteriorated further during the Covid-19 pandemic.

Labor rights organizations and labor unions have been sounding the alarm for years about the difficult working conditions and inadequate remuneration of people employed in the healthcare sector, especially nurses, hospital attendants and other medical workers. And their situation has only worsened since the start of the pandemic.²¹

According to research published by the independent trade union Solidarity Network, which evaluated the working conditions of nurses during the pandemic, the average salary of nurses in Georgia ranges from 250 GEL to 508 GEL. This is insufficient to meet basic expenses and drives many nurses to work more than one job.²²

During the pandemic's peak, the average number of working hours for nurses per week increased to 76-92 hours – far beyond the maximum work hours allowed under the law. At the same time, the average number of patients cared for by one nurse per shift increased from 11-19 to 15-24. This is

According to research published by the independent trade union Solidarity Network, the average salary of nurses in Georgia ranges from 250 GEL to 508 GEL, which is insufficient to meet basic expenses and drives many nurses to work more than one job.

significantly higher than the nurse-patient ratio recommended under international standards.²³

On top of these difficult working conditions, nurses are also faced with several forms of wage theft that are prevalent in most medical institutions, including the partial payment of salaries and payment delays that sometimes stretch to several months. **In addition, according to Solidarity Network's research, the majority of nurses (65.8% of respondents) indicate that they are not compensated for overtime work**

21 Public Defender of Georgia, "Special Report - Impact of the pandemic on the rights of women working in the healthcare sector," 2022, <https://www.ombudsman.ge/geo/spetsialuri-angarishebi/spetsialuri-angarishi-pandemiis-gavlena-jandatsvis-sektorshi-momushave-kalebis-uflebriv-mdgomareobaze>; Solidarity Network, "The coronavirus pandemic and remuneration of nurses," 2021, <https://shroma.ge/reports/nurses-pandemic/>

22 Solidarity Network, "The coronavirus pandemic and remuneration of nurses," 2021, <https://shroma.ge/reports/nurses-pandemic/>

23 Ordem do Enfermeiros, 2014, Maio 30, "Norma Para O Cálculo De Dotações Seguras Dos Cuidados De Enfermagem," https://www.ordemenfermeiros.pt/media/8332/pontoquatro_norma_de_dotacoesseguras_dos_cuidados_de_enfermagem_ag_30_05_2014_aprovado_por_maioria_proteg.pdf

at all, which should be compensated at an increased rate according to the Labor Code of Georgia. Some 17.3% said they have received partial overtime pay, but only 16.9% said they received proper overtime pay. Many nurses also indicate that they do not receive paid leave.²⁴

Instead of seeking a long-term and systematic solution to the illegal labor practices prevalent in the health care sector, the state decided to address the issue during the pandemic with a system of temporary state wage supplements. From October 2020, the state began providing additional compensation to medical personnel directly involved in the management of suspected and/or confirmed Covid-19 cases.²⁵

Medical institutions that were involved in the management of the pandemic were provided with state funding to pay additional remuneration (not less than the 50% of the average salary) to their staff, including infectious disease specialists, therapists, nurses, doctors, sanitary workers and more.²⁶

A government decree specified the minimum hourly amount of the supplemental salary as follows:²⁷

- Infectious disease specialist, therapist and others - not less than 5 GEL;
- Reanimatologist - not less than 8 GEL;
- Junior doctor - not less than 4 GEL;
- Nurse - not less than 3 GEL;
- Orderly - not less than 1.5 GEL.

The supplemental funding was transferred by the state directly to the medical clinics, after which the employer itself was supposed to utilize it for salary supplements. Unfortunately, in most cases, none of this money actually reached medical workers. It was instead misappropriated by the clinics.

In the fall of 2021, after trade unions and human rights organizations publicized this ongoing mass wage theft and called for the government to respond, the Labor Inspectorate announced it would conduct a large-scale inspection of the clinics receiving funding. In total, they inspected 110 clinics to assess whether the salary supplements were actually reaching their intended beneficiaries. They found that 86 clinics (78%)²⁸ were not paying the supplements to employees, either in whole or in part.²⁹

24 Solidarity Network, "The coronavirus pandemic and remuneration of nurses," 2021, <https://shroma.ge/reports/nurses-pandemic/>

25 Imedi, "Since the end of October, medical personnel involved in the management of Covid have received a 50% supplement to their salary," 2020, <https://imedinews.ge/ge/covid19/177306/oqtombris-bolodan-kovidis-martvashi-chartuli-sameditsino-personali-khelpasis-50is-odenobit-danamats-igebs>

26 Resolution N828 of the Government of Georgia on the approval of the 2021 state healthcare programs, Appendix No. 20, Management of the new coronavirus disease COVID 19, (program code: 27 03 03 10 01), Article 9, Paragraph 17, <https://matsne.gov.ge/ka/document/view/5077572?publication=27>

27 Ibid., Appendix No. 20, Management of the new coronavirus disease, COVID 19, (program code: 27 03 03 10 01), Article 4, Subparagraph T.G.

28 2021 Report of LEPL the Labor Inspection Service, p. 33, <https://info.parliament.ge/file/1/BillPackage-Content/34148>

29 Netgazeti, "78% of inspected clinics did not provide supplemental salaries intended for staff," May 6,

Most of the clinics just received warnings, but three facilities were fined.³⁰ In clinics where violations were detected, follow-up inspections were carried out in 2022. The follow-up inspections showed that the problem was not corrected in roughly half of the clinics; the Inspectorate also imposed fines on these clinics³¹.

An analysis of the clinic inspection reports shows that the Labor Inspectorate primarily focused on labor rights and payment of salary supplements to employees involved in the management of the Covid-19 pandemic. However, some reports did contain instructions targeted towards regulation of the compensation system in general and bringing contractual records and practices in line with relevant law.

For example, in one clinic, the Labor Inspectorate noted violations related to Covid-related salary supplements and issued an instruction to pay an increased rate of overtime to orderlies, whose timesheets indicated they were working an average of 72 hours per week.³²

A further analysis of the clinic inspection reports shows that some of the worst wage theft violations occurred at Rustavi Maternity Hospital. Along with various illegal labor practices identified

In one clinic, the Labor Inspectorate found that 127 out of 129 employees had not been paid at all between September 2020 and August 2021.

at the clinic (e.g., unpaid overtime and unpaid vacation), the Inspectorate also found 117 employees had missed salary payments for several months. The unpaid amount totaled 626,460 GEL according to the clinic's records.

However, further data requested by the Inspectorate from Georgia's LEPL Revenue Service indicated that the problem was worse than the clinic's records indicated. In fact, the clinic had 129 employees, and had only paid two of them between September 2020 to August 2021; therefore, a total of 127 employees had experienced wage theft.³³ Due to the gravity of the violations, the Labor Inspectorate imposed an immediate fine following its first inspection.³⁴

At this stage, it is impossible to assess the effectiveness of the Labor Inspectorate's inspections regarding missed

2022, <https://netgazeti.ge/life/609257/>

30 2021 Report of LEPL the Labor Inspection Service, p. 33, <https://info.parliament.ge/file/1/BillPackage-Content/34148>

31 Business Formula, "Beka Peradze: We checked 110 Covid-clinics and found violations in 86 of them," March 28, 2022, <https://businessformula.ge/News/7912>

32 N002740, 5 November, 2021, Instructions to Ac. Bidzina Naneishvili National Center for Mental Health.

33 N002746 (16.11.2021) instructions to Rustavi Maternity Hospital.

34 Rustavi Maternity Hospital was fined 2,400 GEL due to the number of detected violations.

salary payments. But it is imperative that the Inspectorate continues to monitor wage theft practices in the health care sector. They must also expand the scope of their activities beyond only focusing on medical workers involved in the management of the Covid-19 pandemic.

C. WAGE THEFT FOR SOCIAL WORKERS – WHEN WORK EXPENSES ARE NOT REIMBURSED

The Labor Inspectorate has also revealed widespread wage theft in the public sector, including at the LEPL Agency for State Care and Assistance for the Victims of Human Trafficking, which operates within the Ministry of Labor. A review of inspection reports indicates that Agency employees regularly perform off-the-clock work without compensation – and without overtime pay – and work on their scheduled days off. In addition, the labor contracts used by the agency contain irregularities and there are widespread issues with working hours not being properly recorded.

It should be emphasized that a significant portion of the agency's employees are social workers, whose work activities are regulated by an independent legislative act: the Law on Social Work. Unfortunately, the inspection process did not take into account the unique needs of social workers, the special law that regulates their work or the specific

forms of wage theft that they grapple with.

In particular, according to the law, a social worker must be provided with the necessary personal, technical, infrastructural, informational and institutional support, taking into account the resources of the institution in which he or she is employed.³⁵ This implies the obligation of the employer to provide the social worker with adequate working space, a secure personal computer, an appropriate safe or a locker, stationery and other necessary resources for the implementation of services and the means to travel for client visits.³⁶

Social work requires mobility, field visits, telephone calls and internet communication. Therefore, when evaluating the labor rights and working conditions of social workers, it is important to consider whether they have the necessary instruments to effectively carry out their work.

Social workers in Georgia are employed by both state and non-governmental bodies. Working conditions at each job can vary, but some issues are persistent across all types of employers. For example, most social workers do not receive additional money or vouchers in addition to their salaries to cover expenses incurred during their official duties. Instead, they must cover these expenses out of pocket.

These expenses include, but are not limited to: transportation expenses to

35 Law of Georgia on Social Work, Article 21, par. 1.

36 Order of the Minister of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia, 01-53/n, June 4, 2021, Article 26. Standard 22, <https://www.matsne.gov.ge/ka/document/view/5183883?publication=0>

visit a beneficiary/beneficiary institution; telephone and internet costs; purchase of stationery; purchase of items for beneficiaries, such as food; expenses for the beneficiary's transportation; and taxi services for rapid response.

According to a survey of 42 social workers conducted by the Social Workers' Union, only 31% do not spend anything for transportation to fulfill their duties, 31% spend at least 20 to 50 GEL and 16% spend 70 to 100 GEL. Apart from transportation costs, social workers say that they often have to cover other expenses necessary for the performance of their duties with their own funds. Here's a sampling of their responses:

- "When I travel a long distance, a taxi may cost me 40-50 GEL per visit."
- "I have often paid for a juvenile beneficiary's travel card."
- "I have paid for a juvenile beneficiary's food while they were being interviewed by the police."
- "We buy paper, files and envelopes as needed."
- "We often collect money to provide quick assistance to beneficiaries in need."
- "Due to the lack and, sometimes, absence of state programs, we cover the treatment and other expenses of beneficiaries up to 80 GEL per month."

Since social workers are the first to respond to people in need, they function as an essential link between citizens and state services. However, due to the lack and inflexibility of services, assis-

Wage Theft in Social Workers' Own Words

In addition to expenses incurred for transportation, social workers report that they often have to pay out-of-pocket to cover a range of other expenses necessary for the performance of their duties.

▶ "When I travel a long distance, a taxi may cost me 40-50 GEL per visit."

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▶ "I have paid for a juvenile beneficiary's food while they were being interviewed by the police."

▶ "We buy paper, files and envelopes as needed."

tance is often delayed and social workers must provide crisis intervention with their own funds.

Salaries of social workers in Georgia vary and range from 400 GEL to 1,500 GEL per month. However, a significant proportion of them do not take home their full salaries due to a system that normalizes wage theft.

The situation of social workers clearly demonstrates that the Labor Inspectorate must be able to reference sectoral legislation – i.e., laws governing specific employment sectors – when appropriate. The failure to do so will make it impossible to detect and eliminate wage theft in these sectors.

2. The judiciary as a tool for eliminating wage theft

The judiciary is the most effective and, at the same time, the most inflexible mechanism for combating wage theft and restoring the rights of employees.

Judicial proceedings come with significant expenses, which can be a substantial burden for most employees – particularly when wage theft does not reach a scale where it makes financial sense for the employee to bear the costs of the proceedings (e.g., unpaid vacation). In addition, court cases in Georgia often take several years to resolve due to case backlogs.

There are also cultural and social obstacles that hinder wage theft litigation. The hierarchical nature of labor relations, and the fact that wage theft victims often still work for the perpetrator, mean litigation is risky for employees. Many have a well-founded fear that they could lose their job if they file a lawsuit. As a result, most wage theft litigation happens only after the employment relationship is terminated, or in cases of serious crisis.

For statistical purposes, common courts divide labor disputes into three categories: 1. Disputes related to reinstatement and compensation for forced leave; 2. Disputes related to damage to the life and health of workers; 3. Other types of disputes. The courts do not

The hierarchical nature of labor relations, and the fact that wage theft victims often still work for the perpetrator, mean litigation is risky for employees. Many have a well-founded fear that they could lose their job if they file a lawsuit.

keep statistics on the disputes related to stolen wages. As a result, it is impossible to precisely determine the role of courts in the fight against wage theft or to calculate the amount of stolen wages they have returned to workers. The judiciary's role can only be assessed episodically, based on specific cases, which are discussed below.

A. OVERTIME PAY

Cases related to unpaid overtime pay are among the most common labor disputes heard in the Georgian court system.

Overtime work is the performance of work by an employee which exceeds their normal working hours (40 hours per week for adult employees, or 48 hours in specific fields) ³⁷. The performance of overtime must be agreed upon by both parties, except in very

37 Labor Code, Article 24, paragraph 1; <https://matsne.gov.ge/ka/document/view/1155567?publication=21>

narrow circumstances³⁸. Overtime work should be compensated at a rate that exceeds the worker's normal hourly rate. However, the Labor Code does not specify a minimum overtime rate, which contradicts international standards³⁹ and leaves the rate to be determined by agreement between the parties.

Georgian law does state that an overtime pay rate must be specified in all employment contracts.⁴⁰ However, many employers fail to do this in practice or only give a symbolic 1% increase for overtime pay. Given this, it often falls upon the courts to determine an appropriate overtime rate when a dispute arises.

To date, courts' practices in determining overtime rates have been quite ambiguous. For example, in one case, the Supreme Court upheld an Appellate Court's judgment in absentia and accepted the employee-appellant's request to be paid at overtime rate equal to 200% of their normal hourly wage⁴¹. In a June 2022 decision, the Supreme Court also assessed the legality of an overtime rate established by the agreement of the parties and invalidated a labor contract provision that set the

rate at 101% of the normal hourly wage. The court found that this was both unfair and unreasonable, and set the overtime rate at 125%, as requested by the employee.⁴²

Despite these progressive decisions regarding overtime pay, the ambiguous and inconsistent practice in the common courts in this regard highlights the need to set a minimum rate for overtime pay at the legislative level.

B. HOTEL CONSTRUCTION WORKERS – MISSED SALARY PAYMENTS

Under Georgian law, the Labor Inspectorate may carry out inspections on its own initiative or on the basis of an interested person's complaint. An "interested person" is defined to include only employed persons, trade unions and the public defender.⁴³ At this stage, it is unknown how the Labor Inspection Service interprets the meaning of "employee" in practice and how it extends its mandate to complaints by former employees over missed salary payments.

Until the Labor Inspectorate's policy is clarified, the courts remain the main tool for workers hoping to recover

38 Labor Code, Article 27, part 1, <https://matsne.gov.ge/ka/document/view/1155567?publication=21>

39 ILO C001 - Hours of Work (Industry), 1919 (No. 1). According to the convention, states shall regulate working time, which, among other things, includes an obligation to ensure that workers are paid not less than 125% of their normal rate for overtime. It should be emphasized that Georgia has not ratified the convention.

40 Labor Code, article 14, paragraph 1, (G); <https://matsne.gov.ge/ka/document/view/1155567?publication=21>

41 Supreme Court of Georgia, case AS-44-2021, May 31, 2021.

42 GTUC, "The Supreme Court determined the remuneration for overtime work to be 125%," June 10, 2022, <https://gtuc.ge/mogebuli-dava-chirina/>

43 Law on Labor Inspection, Article 13 (1), and Article 3, subparagraph "n" <https://matsne.gov.ge/ka/document/view/5003057?publication=0>

missed salary payments.

In one such case, 12 persons, who were employed on the construction of the hotel Labau Gonio Ltd., filed a lawsuit against the company in Batumi City Court on January 29, 2020. The employees alleged that they performed a large part of the work that was required but did not receive proportional remuneration. They refused to perform further work until they were paid. The employees demanded the company pay them 2,250 GEL each, for a total of 27,000 GEL.

The company's management did not deny the existence of the debt, but said that the reason for unpaid salary was the delay imposed by the workers.

The claimants likewise did not deny the delay, but said that it was caused by the employers, since the company did not provide the employees with building materials and inventory in a timely manner. Moreover, even the small portion of their wages that they received were paid only in part and late.

One plaintiff was quoted as follows:

"We built 10 floors here. The works were delayed because of them: they were late to bring materials and we were paid salaries only in part" [...]
"We were told that one floor should be completed in 15 days. We had time, but they did not bring us the materials, then they could not bring a crane for three days. ... When we finished the tenth floor, they still had debt – about 27,000 GEL. We told them to pay the

"When we finished the tenth floor, they still had debt – about 27,000 GEL. We told them to pay the money for the work done first and then we would continue the work. The chief engineer told us that the case was protracted and we were fined."

– Plaintiff in a wage theft case brought against Labau Gonio Ltd.

money for the work done first and then we would continue the work. The chief engineer told us that the case was protracted and we were fined [...].⁴⁴

The evidence submitted by the claimants clearly confirmed that there was no gross or negligent violation of their duties. On the contrary, the employees acted in accordance with the agreement between the parties and conscientiously followed the rules established by the employer. Nevertheless, the defendant refused to pay them proportionally for the work performed. After negotiations to resolve the dispute failed, the employees went to court.

Importantly, early in the proceedings, the Batumi City Court granted the employees' motion to seize the employer's accounts before making a final decision

44 "Interview with Batumi residents," Nov. 30, 2020, <https://batumelebi.netgazeti.ge/news/315756/>

on the claim. This was done to ensure that a judgment could be executed if the court ruled in the employees' favor. It turned out to be a critical factor in motivating a settlement between the parties. On February 18, 2022, the parties came to an agreement and ended the court case. The employer fulfilled the obligation outlined in the settlement act and paid the employees.⁴⁵

3. Labor mediation as a tool for returning stolen wages

Mediation is an alternative method of settling collective labor disputes.⁴⁶ It involves a structured negotiation process led by a neutral mediator appointed by the state.

Georgian law requires a period of negotiation or mediation between the parties as a necessary precondition for calling a strike. Mediation can be one of the most effective and flexible mechanisms for resolving crisis situations and systemic problems at the workplace.

The law does not limit the range of issues that employees may raise within the framework of collective disputes, and any issue raised may subsequently become the subject of mediation.

An analysis of labor mediation cases in recent years shows that a large portion of workers' demands have been related to remuneration.⁴⁷ Moreover, several demands touch involve common forms of wage theft, including: payment of overtime for hours worked on holidays, ensuring proper overtime pay and payment for "idle time through the employer's fault" (situations where the employee is prepared to work, but cannot do so due to the fault of the employer).⁴⁸ The diversity of these issues shows that labor mediation has the potential to play an effective role in eliminating wage theft.

Also, as a result of recent amendments to the Labor Code, it is now possible to enforce mediation agreements in collective labor disputes by applying to the court⁴⁹. Thus, if wage theft issues are included in a mediation agreement, employees will be able to enforce that agreement with the help of the court, through more flexible processes. However, due to the novelty of this enforcement mechanism, it is currently impossible to fully assess its effectiveness.

45 GYLA, "Gonio hotel construction workers settle dispute over unpaid salary," Feb. 22, 2022, <https://gyla.ge/ge/post/gonioshi-sastumros-msheneblobaze-dasaqmebulma-pirebma-miughebel-khelfasze-dava-morigebit-daasrules?fbclid=IwAR12kd52e9-rIMgckNvEBhSHGE7yXiCWD9RhXYm9t93sr4JkF2ucD-SHXu2k#sthash.8JsKpN0h.UHVOjLa5.dpbs>

46 A collective labor dispute is defined as a dispute between an employer and a group of at least 20 employees or between the employer and a labor union.

47 EMC, "Legal and Sociological Research on Labor Mediation - Experience, Theory and Practice," 2019, p.113, <https://socialjustice.org.ge/>

48 Ibid.

49 Labor Code, Article 69, part 1, <https://matsne.gov.ge/ka/document/view/1155567?publication=21>

V

Conclusion

The above analysis shows a clear failure of state policy to combat wage theft. The government needs to take more effective steps immediately.

The 3,167 people who used the Wage Theft Calculator reported stolen wages totaling 25 million GEL annually, showing the massive scale of the problem. Wage theft has essentially become normalized in Georgia.

Despite this, the Labor Inspectorate, as the primary first-line defender of labor rights, does not have a unified vision or strategy to combat wage theft. Their approach has been haphazard at best, viewing the problem exclusively through the narrow prism of specific Labor Code violations.

Moreover, the wage theft violations that the Inspectorate does identify are not reported to the public in a way that frames them as part of the systemic problem that they are. The Inspectorate needs to help the public connect the dots on this issue – to help workers understand that what wage theft is, to help people recognize wage theft's many manifestations, and to ensure that all parties are acquainted with their rights and obligations.

The courts represent a possible avenue for redress in some circumstances, but their role in the fight against wage theft has been inconsistent and inflexible. Their usefulness appears to be limited beyond cases that involve returning stolen wages to workers who no longer

Georgia's minimum wage has not been updated since the late 1990s and stands at 20 GEL per month. It is critically important to update this figure so that a fair minimum wage is guaranteed by law.

work for the employer.

The weakness and unpredictability of Georgian legislation regulating remuneration also encourages a culture of wage theft. Georgia's minimum wage has not been updated since the late 1990s and stands at 20 GEL per month, one of the lowest minimum wages in the world. It is critically important to update this figure so that a fair minimum wage is guaranteed by law. The absence of a minimum rate for overtime work is also problematic, leaving employees' overtime rates dependent on the good will of employers.

Our findings demonstrate the need for a radical transformation of Georgia's existing labor policies, with the aim of creating an effective framework that ensures a fair working environment for employees and protects them from wage theft.

Recommendation #1

LEPL “Labor Inspection Service” should work proactively to eliminate illegal wage theft in Georgia, including by:

- Identifying sectors and employers where wage theft is most common and prioritizing labor rights inspections in these locations;
- Developing instructions for labor inspectors to better detect wage theft during the inspection process;
- Conducting an information campaign to proactively inform the public about the most frequent wage theft violations identified by the Labor Inspectorate, in order to better eliminate and prevent these practices.

Recommendation #3

The Government of Georgia should develop appropriate legislative amendments to improve legislation governing wages, including by setting a decent minimum wage and a minimum rate for overtime work. The government must also start work on the recognition of international standards regulating wages, including the ratification of the International Labor Organization Protection of Wages Convention, 1949 (No. 95), the International Labor Organization Minimum Wage Fixing Convention, 1970 (No. 131) and the formal acceptance of non-accepted provisions of the European Social Charter, especially Article 4§1 (right to fair remuneration).

Recommendation #2

The Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs of Georgia should create a mechanism for the return/reimbursement of stolen wages (e.g., a Tribunal or Commission) through which employees will be able to recover their stolen wages in a timely and effective manner.

Recommendation #4

The Prosecutor's Office of Georgia, in coordination with the Labor Inspectorate, should proactively investigate systemic cases of wage theft, where signs of economic crime are identified.

Recommendation #5

The Common Courts of Georgia and the Labor Inspectorate should provide detailed statistics on wage disputes and violations (including forms of wage theft and the amount of stolen wages) in order to analyze wage theft practices and develop an effective state strategy to combat them.

