

**The preliminary assessment of 2019 pension reform in Georgia: measuring Georgian
business sector's awareness of and readiness for new regulations**

Mari Shiukashvili

Lika Gegetckori

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Academic Supervisor: Giorgi Papava, Associate Professor

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Abstract

Georgian business entities have been operating in rapidly changing times and environment over the past few decades. Nowadays, all size of businesses face various challenges in their day to day activities and preparing for and adapting new regulations are one of the most important amongst them. Georgian government has been working on a pension reform over the past three years and consequently, the second pillar of the private pension system has recently been introduced. The latter most directly involves and affects Georgian business sector.

Main objective of the present research was to measure Georgian business sector's awareness of and readiness for the new pension reform and investigate the impact of the mentioned reform on overall business performance. The aim of the study was to identify what impact the reform has on business and how quickly adaptable business entities are towards the new regulations.

A mixed method approach was used in the study using the survey and two-round interviews. On the first stage of the research, the qualitative type of data have been collected from the representatives of business sector using the survey. The latter was sent out to all the respondents of the sample and the results were used to measure the companies' awareness and attitude towards the pension reform a few weeks before it came into force. The next stage of the research was based on interviews with structured and semi-structured questionnaires focusing more on the qualitative side of the information. Interviews were aimed to have an in-depth look at challenges that business entities were facing on the initial stage of incorporating the new regulations into practice and to assess their attitude towards the reform before the effective date. In addition, second round of interviews were also conducted a couple of weeks after the effective date of the reform in order to assess the approximate time and effort needed for business entities to more or less adapt with the new regulations.

The primary results of the research showed that business sector's overall awareness as well as readiness towards the reform was very low. The lack of information caused disruption to the daily business performance. Overall attitude towards the reform was negative as employers considered

pension contributions as another type of tax. Companies' representatives claimed that resources spent on accounting and administrative procedures would increase as the pension reform came into force. The results of the second-round interview showed increase in the reform's negative impact and worsen of the overall attitude towards it. Though, general level of awareness and readiness for the reform increased significantly.

The present research with its results and recommendations will be practical for Georgian business entities who try to keep up with the constantly changing legal environment of business.

The main limitation of the study is that the research focused on a single sample and its respondents and the main findings of the research cannot be generalized over the population of the study. Furthermore, the research doesn't measure any financial costs derived from implementing the pension reform in daily business activities.