

# SHARED INTELLECTUAL SERVICES

(Period: January - June 2022)

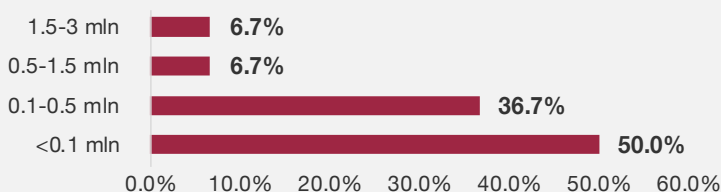
The Shared Intellectual Services sector (SIS) unites human resource management (HRM), customer relations management (CRM), finance and accounting (F&A), and architecture, design, and engineering (ADE) business activities – for which we present the results of a quantitative survey as well as a summary of the main findings from focus group interviews<sup>1</sup>.

This analysis identifies that turnover, as well as salaries, in the majority of SIS companies increased between 0%-20% in the first half of 2022, while employment remained unchanged for most SIS firms. The qualitative analysis revealed that a lack of qualifications alongside an absence of professional standards remain a core challenge within the SIS value chain.

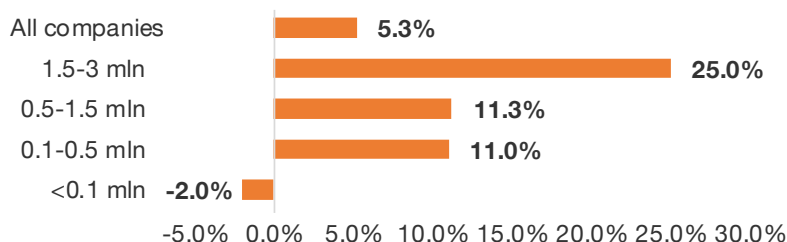


The quantitative survey revealed that the majority of SIS companies (86.7%) are relatively small, with turnover less than 0.5 million GEL. Only 13.4% of companies presented a turnover between 0.5-3 million GEL.

**Chart 1: Distribution of SIS Companies by Turnover Range**



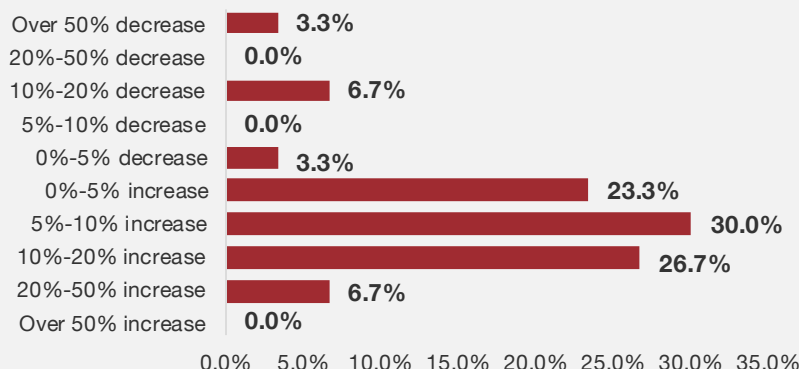
**Chart 2: Distribution of SIS Companies Growth Rates by Turnover Range**



In the first half of 2022, turnover of all surveyed companies increased by 5.3% (YoY) on average. However, the smallest companies, with turnover below 0.1 million GEL, experienced a slight YoY decline of -2%.

Most companies (86.7%) reported an increase in their turnover in the first half of 2022, compared to the same period of 2021. The majority (80%) reported a rise in turnover between 0%-20%. On the other hand, 13.3% of firms stated that turnover decreased by 20%-50% YoY in the first half of 2022.

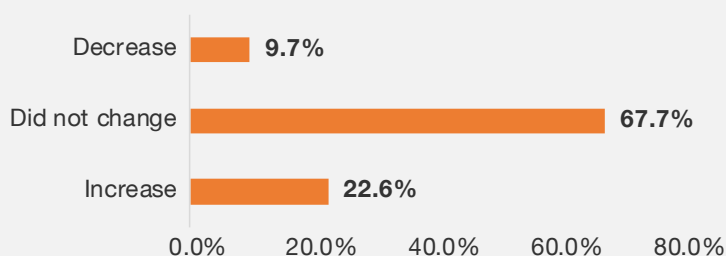
**Chart 3: Percentage Distribution of Turnover Growth Rates**



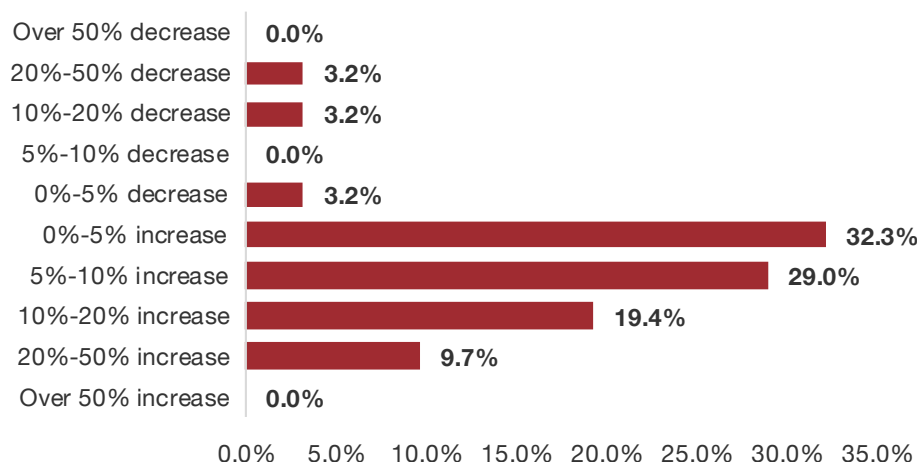
<sup>1</sup>The quantitative indicators are based on a survey of 31 companies within the SIS.

The number of employees across the surveyed SIS companies varied from 1 to 2500, with the median number of 6 employed individuals. Women accounted for 69.5% of employed individuals, while the share of young workers (under 30 years old) made up almost half (49%) of the total employment in the companies surveyed. Of these companies, 67.7% indicated no YoY change in employment over the first six months of 2022.

**Chart 4: Change in Employment**



**Chart 5: Percentage Distribution of change in Monthly Salary**



The average monthly salary amounted to 1,903.3 GEL. Most surveyed companies (90.3%) reported that their average monthly salaries had increased YoY in the first six months of 2022, while 9.6% of the companies reported a decline in salaries.

### Challenges:

- Shortage of workforce and scarcity of market-oriented educational programs;
- Low level of cross-sectoral dialogue or fruitful public-private cooperation;
- Absence of professional standardization in HRM and ADE;
- Low availability of quality infrastructure (e.g., class A office space and robust internet connection) in CRM;
- Lack of sectoral cooperation between ADE representatives.

### Opportunities:

- Opportunity to develop HRM software to boost export potential for this economic activity;
- Exploiting Georgia's potential as a favorable destination to provide CRM services for international clients;
- Opportunity to create a strategic vision for recruitment in CRM;
- Potential for exporting visual components (e.g., rendering) of architectural services;
- In the case of F&A, the potential for establishing intermediary investment services to connect Georgian firms to international funds.

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