

Hire them local! - By Tatiana Veller

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Not so long ago, to fill the void in Housekeeping or Stewarding department, a Moscow or St.-Petersburg Hotelier just needed to bring some people from one of the former Soviet republics, where the labor market was poor. The situation has now changed.

Not long ago, hoteliers in Russia thought "well, if I need housekeepers, I can always bring a busload over from Ukraine, or Kalmykia, or _____ (insert any name of the former Soviet republic here)". The reason for such thinking was that labour used to be cheap in those places, and for unskilled workers like housekeepers or dishwashers you couldn't get a better bargain, no matter how hard you hunted in Moscow or St. Petersburg. As a bonus, some of these folks were naturally oriented towards household tasks - in most Asian cultures it is a natural act, as well as a task of great honour, to do household. As an added bonus, they lacked the snobbish attitude of the locals and didn't have unrealistic aspirations of becoming Hotel Manager after 6 months on the job.

Is this still the case?

Well, by my observations after talking to Human Resources Directors and General Managers in and around some of the major hotel markets (Moscow, St.-Pete's, Kiev, Almaty) - it is not. One can no longer count on cheap labour from "near abroad". Potential employees are no longer willing to leave their families and take off into the alien and unknown - the unfriendly golden cage of Moscow or the rains and winds of the almost as expensive St. Pete's .

The cost of living in the big cities around the former USSR have become much more comparable, as shown in Table 1 below.

Table 1

	Russia (Moscow)	Ukraine (Kiev)	Azerbaijan (Baku)	Kazakhstan (Almaty)
Milk 1 liter	\$0.80	\$0.86	\$1.41	\$0.94
12 Eggs	\$0.81	\$0.74	\$1.41	\$1.55
Loaf of Bread	\$0.35	\$0.35	\$1.17	\$0.28
1 Fresh Chicken (whole)	\$2.50	\$2.71	\$3.52	\$3.66
3-minute call on a cell phone	\$0.6	\$0.29	n/a	\$0.81

* *International City Cost Guide on www.tefl.com*

The salaries are also much more in line from location to location and real estate prices are getting closer by day. In Moscow and St.-Petersburg Hotel industry's average line-level workers get paid approximately \$400-600, in Ukraine (Kiev) \$250-300, in Kazakhstan (Almaty, Astana) \$300-500, in Azerbaijan (Baku) \$250-350.

So, why would an Azeri wanting to work in hotels go to Moscow and be a socially-neglected "Gastarbeiter", if he can comfortably stay in Baku, where people look like him, talk like him, behave like him, and where there are already 5 international hotels, and many more coming?

The solution to the problem for Russian Hoteliers?

I hear from employers that they are increasingly looking to hire from the Russian Regions: Central Russia (such as Penza, Saratov, Lipetsk regions) and South Central Russia (Rostov, Volgograd etc.). There, the salaries are lower, the job opportunities scarcer, and the labour market is skewed in the employer's favour. And, no less important, people speak Russian without a foreign accent.

This seems like a good idea because it: 1) keeps the money in the country - people earn wages, pay taxes and spend money at home, and 2) creates the sense of social responsibility for the employer, because these people otherwise would have had to survive on what fruits their dacha land in the near-Obninsk region bears.

The only issue is where to house these people. Several hotel GMs have mentioned to me that they are looking at options such as renting or buying affordable dorm-type housing for their line-level staff. Rental assistance program is another potential solution being investigated by some hotels.

The post-Soviet market seems to be gravitating closer and closer towards the established international model where big cities pay the most and the smaller ones provide the labour. All are happy until the demand is higher than the country can provide at which point illegal immigration creeps in. In my opinion Russia with its 142-million population and a near 20% unemployment in some regions of Siberia is far from that stage. For now, the labour pool in the regions can easily sustain many more hotels in Moscow.

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