

# City Companies Join the Training Line

By Katherine Tera  
STAFF WRITER

## GROWTH IN TRAINING

Interest in training has grown dramatically in St. Petersburg over the last two years. Corporate spending on training has increased across the board, in medium-sized and large companies, and it will continue to increase as economic growth continues and competition for qualified professionals intensifies.

Half a decade of sustained economic growth and relative stability has meant that more Russian companies are thinking about where they'll be in three to five years, rather than where they'll be a month from now.

Many of the city's companies are expanding rapidly, and if they don't have established in-house training and development programs, they're unable to maintain their own growth rates. The city's labor market doesn't make it any easier. There is a lack of qualified staff and this is forcing individual organizations to reach into their own pockets to improve the professional competence of their staff.

## WHY INVEST IN TRAINING?

Local brewery Vena defined and finalized its training needs last year and, in accordance with this plan, increased training spending this year by 60 percent, according to Inna Fedorova, the training and development manager at Vena. Training spending will be higher again in 2005, due to the company's growth, she said.

"It's much more efficient to promote and grow professionals from within a company, than to attract 'stars' from the market," she said. This efficiency is not only related to cost considerations, but also to sharing best practice within the company and maintaining loyal employees.

St. Petersburg's labor market has become increasingly volatile over the last four years. Russia's labor force is not keeping up with high rates of economic growth and the federal government estimates that by 2006, there will be a serious shortage of qualified workers. Sectors like construction are already scrambling to find ways to train more workers and hold onto current staff. Offering training opportunities seems to be one way to attract and maintain employees.

Kelly Services conducted a survey recently in Moscow which looked at what motivated people to leave their job. Less than a third of respondents said they left their jobs because they



A knowing smile leading the blinded: Corintha Nevskij Palace employees during one of the company's team-building days out in the countryside.

were seeking higher salaries. Most were seeking more challenge and better opportunities for promotion and training.

Galina Shirinova, the HR manager for Kelly Services Russia, was a bit cynical about why employees wanted training. She said that applicants often asked questions about training opportunities in job interviews, but didn't usually ask anything specific.

"I get the sense that many of them just want to collect certificates," she said. "It's rare that they say: 'I want to improve these skills; is that going to be possible?'"

## THE PRACTICALITIES OF TRAINING

Most companies use a combination of in-house and external training. In-house knowledge is good for the specifics of how to do the job and external courses are relied on more for generic skills like communications, time-management and sales and management strategies.

Since St. Petersburg's Talcon club opened the Eliseev Palace Hotel, its training budget has increased considerably and it has been relying more on external training providers.

"When we opened the hotel, we knew we needed some external expertise," said Sergey Scalon, Talcon's general manager, who added that their ex-

ternal courses focused on skills like communication competencies and customer-relations.

However, even before it looked to other training providers, the Talcon's in-house training system was turning out staff with world-class service standards. A good indication of this is that after only six months of opening, the hotel was offered membership of the prestigious association: 'The Leading Small Hotels of the World'. At the hotel, a new staff member with no prior relevant experience could do as much as three-months off-the-job training before they start in their position. Then, as part of their ongoing development, they will do an average three days off-the-job and eight to 16 hours on-the-job training per month.

## COSTS

Costs vary depending on whether courses are open or corporate, but, generally speaking, St. Petersburg training courses are around 50 percent cheaper than similar courses offered in Moscow.

A typical two-day open training course at one of the better-known training providers in the city costs in the region of \$250 per person.

## TARGETED COURSES

Increasing demand for training services have been met by a mushrooming of

new training companies in the city. St. Petersburg has many new local training companies and is seeing an influx of Moscow training companies establishing offices in the city.

At the Moscow exhibition: Training 2004, there were 89 training companies from Moscow taking part, and not all of the city's training companies were represented.

With increased competition among local training providers, some providers, like the city's training leaders: Concept Training, the Stockholm School of Economics and the International Management Institute of St. Petersburg (IMISP), are focusing on more personalized courses, designing and customizing targeted courses to meet the specific needs of companies.

There is an increasing demand for this kind of personalized service. Several of the city's HR managers said they hoped to see the trend spread across all local training providers.

"You learn a lot about a company once you start training their staff: about the company's culture and the difficulties its staff are facing," said Shackleton.

"This means you're in a position to give more general advice about how to improve certain situations to support the training you're providing."

## COURSES AND DEVELOPMENT PROGRAMS

Different courses are trendy at different times. Several training providers said that currently communication, assertiveness, negotiation skills and presentation courses were the most in-demand during 2004.

The most useful courses are those that satisfy employee needs the most, said Fedorova. She said that for Vena employees, the most useful included: time management, finance for non-financial managers, project management and managerial programs like personal influence and situational leadership.

Several training providers said that there still wasn't enough recognition among Russian companies about the importance of structured development programs for staff.

Shackleton said that with the exception of some multi-national companies, most organizations in St. Petersburg still organize training in an ad hoc way. That means booking courses that they think would be useful, rather than mapping out the general and specific training requirements of their staff in a structured way, and thus aiding the growth of individual personnel along with the changing needs of the company.

"The approach of Russian companies to training is not always very planned," she said. "Most companies rarely have a budget set aside for it, but there is a growing understanding that employees are a valuable asset worth investing in."

Some say this is changing. "Companies are starting to understand the importance of taking care of their employees," said Maria Margulis, from Ancor recruitment agency. "We are seeing a definite trend of companies implementing assessment, training and career-development programs," she said. "More organizations are starting up incentive and awards programs as well. Russian managers are realizing that staff motivation is not just about salary, but that employees want to be recognized and trained as well."

Shirinova worried that the latest preoccupation with training, was a bit of a fashion trend. "More Russian companies are realizing that they need to restructure to become more Western-oriented if they want to attract more staff with experience in foreign companies," she said, adding that many companies jumped on the training bandwagon without first identifying what kind of training they needed and why.

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## Grey Salaries

Continued from Page 1

"According to the [federal] Center for Development, the growth of population's income in January 2003 was estimated at 8.2 percent up on the previous year. This is half of State Statistics Committee's estimated figure," an FCMA study says.

Alongside trade, the health and education sectors are widely affected by cash salary payments, with actual salaries up to twice higher than officially declared, said Igor Polyakov, an expert

at the macroeconomics center. "Cash-in-hand salaries in these sectors are mostly seen in big cities, such as Moscow and St. Petersburg. If [health] services are given, patients turn into an unofficial source of income. [Some] though, can not look after their health or education needs because they are not part of the current system of income," Polyakov said in a telephone interview last week.

A local teacher said his total profit was up by \$500 a month, although his official salary totaled 5,000 rubles (\$171), plus a couple of thousand rubles from another official source. "Official

salaries do grow, but so slowly that each year they still form the same low percentage of a worker's overall profits," a member of the teacher's family said on conditions of anonymity.

While federal experts believe salaries depend very much on conditions of the sector, businesses say the fault for people and companies not declaring real incomes lies with the state.

"There are two factors governing this matter: psychological and practical," said an Estonian businessman who works with a St. Petersburg partner, on conditions of anonymity.

"The psychological one comes in tax payers not knowing how their money is being spent by the state. There are no closed budget items in Estonia, for instance, and nobody builds \$300 million palaces for the president," the businessman said.

"The practical one comes in that most people in Estonia live with long term bank loans at 3 to 4 percent interest — not 15 or 16 percent like here. To get such a loan, people need to show their official salary. It's certainly a strong stimulus when a person can acquire a loan to buy a car or an apartment for \$200,000. That is why the middle class makes up 60 percent of the population in Estonia and only 5 percent in Russia," he said.

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