

## Hiring Migrants during the Crisis (according to Sociological Surveys and Focus Groups)

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**Abstract**—This paper discusses the data of sociological surveys on the motives and sources of attracting migrants, their legalization and the quality of the labor force, employment conditions, and the registration of labor relations with the employer. The surveys were conducted in selected regions and industries employing migrants.

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**The main reasons for attracting migrants.** In the crisis period, the motives of employers for attracting migrants have remained almost unchanged compared with the previous period, although their primary motive is to save on wages.

The main motives for employment of migrants are the following:

- (1) The possibility of reducing the payroll.
- (2) The lack of Russian workers with the required qualifications.
- (3) A better quality of migrants' work compared with the Russians.
- (4) Migrants' refusal to take off the weekends and vacations, which allows for more work to be done.

Before the crisis, savings on wages occurred mainly from illegal employment or engaging in informal work, as in this case the taxes were paid to the budget and there were no costs for the legalization of migrants. At the same time, there was almost no difference in expenditures on wages of officially registered migrants and Russian workers, although the Russians tended to receive even more (within 180 days after the employment of migrants, employers were obliged to deduct 30 percent income tax instead of 13% as is usual for the Russians). But amid the crisis everybody began to dump employees, including legally registered migrants. On the one hand it led to some increase in competition for jobs with the Russian workers, but on the other hand it allowed many small companies to maintain business and jobs where the Russians worked.

**From the statements of employers:**

—Prior to the crisis, warehouse workers were paid 20000 rubles. But in November–December due to the crisis some workers were sent on leave. The rest agreed to work for the same money. And some workers (Tajiks and Uzbeks) agreed to work for 15000 rubles.

According to our survey, the average monthly wage of workers at the beginning of the crisis amounted to

16500 thousand rubles<sup>1</sup>; i.e., it was slightly less than the average level in Russia<sup>2</sup>, but comparable to regional averages. If we compare the two surveys in Moscow, one of which was held in autumn 2008, at the beginning of the crisis, while the other was conducted in the late spring of 2009, the average wage of migrant workers did not diminish, but even increased from 18400 to 20300 rubles (Fig. 1).

But the main factor distinguishing migrants from Russians is not even the level of wages, but that of hours worked, i.e., migrants work on average 10 hours a day (and a quarter of them works even more than 10 hours) six days a week (one-fifth of them works all seven days). In general, 43% of migrants work overtime with only half of them paid in full for extra hours. In addition, 16% of migrants do not miss a working day, even if they are sick. A quarter of them may decide not to go to work when sick, but those days are not paid. Only 14% of migrant workers are paid in full for hospital and medical treatment. The quality of work and the attitude of the Russian workers to it raise a lot of criticism from employers.

**From the statements of employers:**

(1)—Migrants work not for 8 but for 14 hours. And we are paying for speed and quality. They work with no Saturdays, Sundays, or holidays.

(2)—I believe that the wage workers do the work more qualitatively. We employed workers from Russia, from Moscow, but it was work of a completely different quality.

(3)—(On labor of the Russians). Not that it is not quite high-quality work, but there can be absenteeism, tardiness, or frequent sick leaves.

**The search for foreign workers is mostly carried out through informal channels.** The crisis has had almost no impact on the practice of finding foreign labor.

<sup>1</sup> Here and below, the gross salary is rounded up to the third digit.

<sup>2</sup> According to the Federal State Statistics Service, the average monthly nominal wage in the Russian Federation for the first half of 2009 (the time of our main survey) was 17900 rubles (<http://www.gks.ru/gis/tables/UROV-7.htm>).

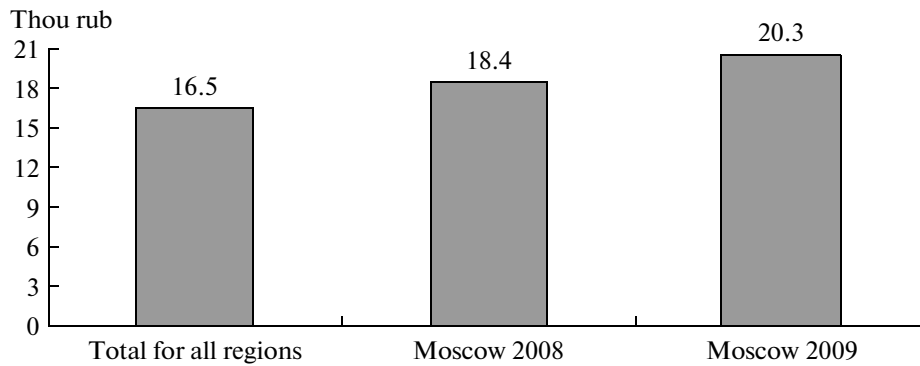


Fig. 1. The average monthly earnings of migrants in 2008–2009.

Many employers are constantly attracting the same migrants, so they do not have any problems in this respect. If employees are required (new or for one-time work), then the family relations between migrants are used or the so-called “foremen” are asked.

**From the statements of employers:**

(1)—He comes to get a job, and when he’s hired, he says: “I’ve got a brother, can I bring him?”, i.e., this is no problem.

(2)—When there is a need for workers for construction, you ask about friends, and they call them quickly, and they come usually within a week.

Advertisements are also published in newspapers and hung in the streets of the city. The Internet is used rarely (only to find highly qualified personnel). Unfortunately, there is almost no demand for public employment service and private employment agencies (only when it comes to highly skilled professionals). Organized hiring of migrants, on which Russian officials rely so much, still exists only on paper.

**Legal or illegal recruitment, the employers’ choice.**

Most employers combine legal and illegal hiring of migrants; legal employment is for those who work for a long time and perform more qualified work, illegal is for migrants employed for one-time work (cleaners, porters, etc.). Sometimes large employers of such workers prefer not to take them on the staff but to use services of companies that hire workers (e.g., a large percentage of businessmen use the services of cleaning companies not to have cleaning personnel on the staff).

**From the statements of employers:**

(1)—Our military instructor, when he had to urgently clean up the courtyard of the college, took the team at the Yaroslavl highway. He brought them, they did everything quickly, and the cost was very small.

(2)—We were moving from the warehouse and had a whole heap of goods. We hired people for two days, they were paid at the rate. The work that we would have done in a month, they did in three days without meal and smoke breaks.

Employers preferring to hire most migrants officially declare that in recent years the procedure of lawful employment has become far more complex and complain about constant changes in the paperwork order and lack of clarity in law enforcement.

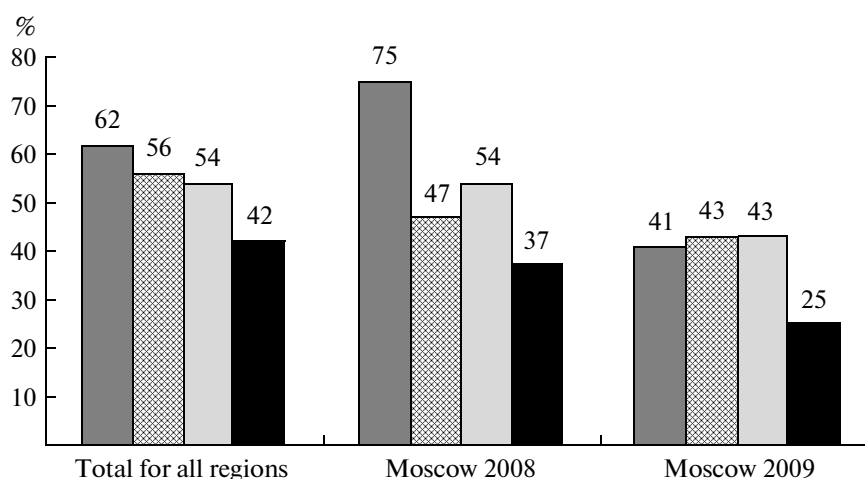
Polls show that this is not the rampant desire of employers to switch to illegal employment, the rate of officially employed changes insignificantly (after all, many employers have started simply to fear huge fines, up to 800 000 rubles from the legal people!), but the difficulties associated with the procedures of migrant registration, and in the first place the inability to obtain permissions for work. In Moscow in the six months between the surveys, the proportion of migrants with work permits declined by almost a factor of 2! (Fig. 2).

Migrants who work completely legally (42% on average in Russia) are the ones who had a work permit, a written contract with their employer, and signed the statements for receiving wages (or part of it). A more rigorous definition of this category of migrants, i.e., including only those who get completely “white” wages, have work permits, and written contracts (i.e., the employer pays taxes on the whole amount of earnings of a migrant, not on part), reduces the proportion those of working legally by 31% in all regions and by 21% in Moscow (2009).

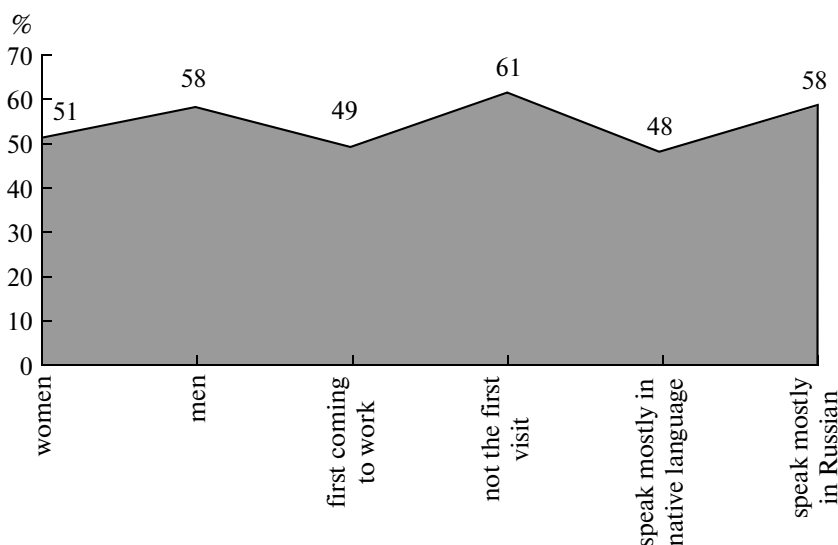
Women are more likely to be used by employers in the informal sector than men. On average, 51% of women work with a written contract by region (the same is true for 58% of men) and only 33% receive official salaries (the same is true for 40% of men). Those who come to work not for the first time, and those who are better integrated into the Russian environment are more likely to get more reliable written agreements with employers because they communicate mostly in Russian (Fig. 3).

The lower the level of education of migrants, the more often they confine themselves to verbal agreements with the employers and informal payments of wages, not trying to protect themselves (Fig. 4).

Now employers treat a written contract with migrants more carefully; the idea is that it is not only beneficial to the migrant, but also a kind of a shield for the employer.



**Fig. 2.** The official hiring of migrants in 2008–2009 (according to polls conducted by the Center for Migration Studies): (■) had a work permit; (▨) worked under a written agreement; (□) got wages (whole or part) according to the salary certificate; (■) worked completely legally.



**Fig. 3.** Have a written contract with the employer.

**From the statements of employers:**

—Actually, the contract protects us in the first place. Because the conditions, the duties which they must perform are spelled out in it. If anything, you can show contract items that they do not perform, and what they must do.

**The mechanism of the quota arrangement of the foreign labor force. A bureaucratic barrier rather than protection of rights of Russian workers.** The possibility of formal employment of migrants is directly related to the problem of obtaining permission with the quota for foreign labor force. With respect to quotas, employers have shown rare unanimity. In their view, the mechanism of quotas is poorly designed and does not protect the Russian labor market, but only creates enormous difficulties for those who want to do everything according to the law. Many employers, even those par-

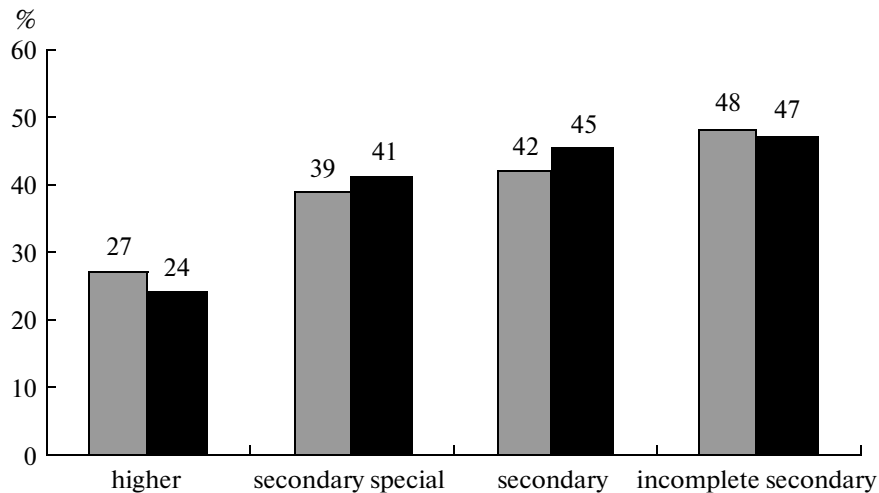
ticipating in the quota arrangement, still had no chance to employ migrants, as quota spots were taken by others. They had to cease business operations or to use illegal hiring.

Subsequently, many employers refused to use the procedure, preferring to buy quotas from intermediary companies or to give bribes to officials.

**From the statements of employers:**

Of course, it was easier without quotas. Any restriction always creates bureaucratic problems. Sooner or later, there will be a need for more workers, but there will be no quota left. These issues will most likely be dealt with by kickbacks.

The situation in Sochi may be cited as an example. In 2010 to the interdepartmental commission of the Krasnodar region, 550 applications were filed from employers for a total of about 50000 jobs, for which



**Fig. 4.** The educational level of migrants and registration of employment: (■) work under an oral agreement; (■) get wages informally.

foreign nationals were intended to be attracted. The commission reduced this number twofold, to 25000 jobs. As a result, the quota for 2010 for the whole (!) Krasnodar region, including Sochi, the Olympic region, was 25098. This is the number of permits that will be issued to foreigners in the region.<sup>3</sup> In the meantime, these were the applications of law-abiding employers who passed through the complicated procedure for applying for the quota spots, including the registration of their firms in the employment and tax services, as well as placing of vacancies for a month in the database of the employment center, and they did it well in advance (applications for a quota spot for the next year are admitted until May of the previous year).

**The legalization of migrants is often done through intermediaries.** If in search of workers, employers rarely use the services of various agencies, then, by contrast, in the legalization of migrants, appeals to companies (“legalization firms,” as employers call them) are quite frequent. The average cost of services for the legalization of migrants is 7500 rubles including a work permit and a medical certificate (at the beginning of 2009, then prices gradually rose as the work permit became “worth its weight in gold,” in Moscow in summer 2009 the price reached 15000 rubles).

Another way to help migrants to legalize their status is through an insider in governmental authorities. Large companies sometimes cope without intermediaries, but for that they keep a special person on the staff (or a department) who deals with the paperwork of migrants and sending of notifications when they receive their work. Recently, more and more employers have chosen to cut costs and hire workers who

already have at hand a complete package of documents.

**From the statements of employers:**

(1)—Previously, before the crisis, there was a liberal attitude. More help. For example, our director did all these work permits. Now, when there are so many people willing to work even for lower payment, you simply choose those who already have all the documents.

(2)—I agree, when people already have all the necessary documents, it is a strong mobilizer, it helps.

If employers still fill out the documents for their employees, the mechanism of payment for these services varies. Some issue a loan to migrants that is paid if the migrant worked for some time without firing. A part of the employers pay fully for services at their own expense (usually this is the case when skilled or much needed workers are employed), but most employers place all the burden of payment on the shoulders of migrants.

The medical examination, which all foreign workers in Russia must pass, still raises a large number of complaints from employers. If the employees are doing it themselves, the employer is dissatisfied with huge losses of working time. Large companies are even forced to buy a special short-term insurance for employees so that they can receive all the necessary certificates without waiting in queues.

According to our survey, more than half of migrants (55%) were actually able to undergo a medical examination to obtain a work permit. Others either bought the certificates (by themselves or through employers, naturally, without passing any examination) or even work without them.

**From the statements of employers:**

—We do it informally. Well, of course, without any actual medical examination. There are companies that “help” in this.

**The education of migrants is not included in the plans of employers.** If before the crisis employers began to be engaged in the training of migrants (naturally, we are talking about large stable companies), then cur-

<sup>3</sup> ([http://www.minzdravsoc.ru/docs/mzsr/migration/4/Prikaz\\_1008n\\_ot\\_221209\\_prilozheniya.doc](http://www.minzdravsoc.ru/docs/mzsr/migration/4/Prikaz_1008n_ot_221209_prilozheniya.doc)).

rently the process has faded away (incidentally, the Russian workers are in the same position). Most employers do not want to invest in training of workers, but note that the level of knowledge of Russian language has decreased, and sometimes it interferes with work. In this case, the foremen are kept, who at the same time act as translators. Sometimes employers deliberately do not want to raise the cultural level of workers. Apparently they fear that the requirements of migrants for working conditions and payment may rise.

**From the statements of employers:**

(1)—*With respect to the Uzbeks and Tajiks, they do not know Russian language very well. People from the villages, it seems that they have got no education at all.*

(2)—*Frankly, I would like them to just better perform their functions. Thus, the young are not welcome. We take those who are older, they know what they want, and they come only to earn money. We do not care about their cultural program.*

**The main way of solving problems with the inspection bodies is a bribe.** Almost all employers have admitted that some of the issues with government agencies such as the presence of illegally employed migrants, registration permits for work, or residence of migrants in premises unsuitable for living are resolved informally. The more barriers there are to official registration, the more often they resort to this method.

**From the statements of employers:**

(1)—*A theft occurred at the nearby base, and of course the police went to the neighboring bases, talking to people, interviewing. I can put it the following way: they have started to come to us more frequently, and eventually twice a month we make a gift. For example, we provide the (police) department with office supplies every month.*

(2)—*The workers themselves do not talk with them (inspectors). We have a special person who communicates with them and solves all the problems...*

(3)—*My assistant comes, he is a former policeman, a colonel, and he knows everything. The modest cost, only alcohol.*

(4)—*It really needs some particular approach. After all, it is clear that no one should live in these sheds, that workers should live in humane conditions.*

(5)—*If not given, then they will torture us, and everyone understands that perfectly. And everyone is doing everything possible to ensure that it was predictable.*

(6)—*Each month new legislation is introduced on purpose.*

(7)—*Mafia members remain the same, but officials are changing.*

(8)—*This happens usually on some holidays. Like, the New Year, or vacations, on certain days.*

**What do employers offer?** The employers, who know from their own experience all the pros and cons of modern immigration law enforcement, have their own point of view on what changes may contribute to real solution of the problem with hiring workers, in which eventually not only employers and workers are interested, but the Russian economy as a whole, because the deficit of the working age population will grow with each passing year.<sup>4</sup> Employers' proposals are as follows.

First of all, *to simplify or eliminate the mechanism for obtaining quotas* to attract foreign labor force, as even those who wish to receive them under the law, are often

forced either to close their businesses or resort to illegal hiring because of unreasonable refusals.

All quotas are finally approved in Moscow, which is very far from understanding specific needs; therefore, employers ask to leave at least the adjustment of quotas to their own regions.

Quotas are not the only barrier to attracting foreign workers to open workplaces. No less complicated is the two-step procedure for obtaining work permits for people coming into the country visa-free. At first they come for 90 days, and after signing the contract with the employer, for the remaining nine months, there is

the so-called "long plastic."<sup>5</sup> To gather documents, to pay legal costs, to stand in lines, all these tasks had to be done twice, which is time consuming. Therefore, employers ask to return to the old order, i.e., *to issue a work permit for one year from the beginning*, and for those who work for the same employer for years for an even longer period (2–5 years).

In this situation, active actions at the intergovernmental level by the countries—suppliers of the workforce could be of much help. For example, under an agreement with Kirghizia, the procedure for issuing work permits for two years is still preserved. In our view, the other CIS countries could also make efforts to protect the interests of their citizens.

Employers were unanimous in asking to restore the practice of *migration registration at the legal address of the company*. Now, in times of crisis, such a possibility has been effectively banned (yet it was one of the achievements of the new immigration legislation introduced in 2007).

A significant reduction in the turnover of notices of employment and dismissal of the migrant is also desirable. The employer could send such a notice of employment only once to the Federal Migration Service, which would send notices to the departments of tax inspection and employment service, as well as fill all the notices directly on the Internet sites of the corresponding services.

<sup>4</sup> Calculations show that in the period up to 2026 the total natural decline in the working population will be 18–19 million. The loss of the working age population is projected up to the middle of the century (Forecast Population of the Russian Federation in the Medium Term <http://www.demoscope.ru/weekly/2007/0277/analit02.php>).

<sup>5</sup> According to the Order of the Russian Federal Migration Service on 26 February 2009 No. 36 "On Some Problems of Work Permit Issue to Foreign Nationals who Arrived in the Russian Federation in a Manner not Requiring a Visa," the work permit is issued to a migrant at first for up to 90 days, and only after that period, if an employment contract is shown, is a new permit issued for the term of the contract, but not for more than 1 year (and in reality for no more than 9 months, because three months are included in the first permit) from the time of entry in Russia. And a "long" work permit specifies a particular employer, the contract with which was shown by the migrant to the migration service. Thus, the practice spurred by the crisis, returned to the situation of the prereform period, again "attaching" migrants to particular employers, which was abolished by a new immigration law in 2007.

## CONCLUSIONS

Contrary to fears, the crisis (so far at least) has not influenced significantly the desire of employers to hire foreign workers legally. The share of those who wish to register everything officially has dropped slightly, but not to the extent to which it was forecasted at the beginning of the crisis. Another thing is that often the use of illegal hiring practice is not so much from a desire to save money, as from being forced to due to a significant tightening of the immigration practice.

Despite the fact that employers derive direct economic benefit from the use of the migrant labor, they are not interested in the liberalization of the immigration legislation and welcome the return of the old order, i.e., the indication of the name of the employer in a work permit of a migrant (so that they would be unable to quit the job!). To such employers penalties should be applied. But at the same time, it is necessary to simplify the conditions (procedures) of legal employment of migrants for those employers who want to work according to the law by eliminating unnecessary steps and waste of time.