

THE RUSSIAN ARCTIC: STRATEGIC MANAGEMENT AND SOCIO-ECONOMIC TRANSFORMATION

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ABSTRACT

Purpose of the study is to find out the specific aspects of social and economic performance of the Russian Arctic within the context of strategic management positions and scientific views on the priorities, tasks, opportunities, and limitations concerning reclamation of this area. Methodology: includes three approaches: 1) critical summary of policies, strategic management positions and historical facts concerning the development processes of the Arctic (over 200 documents of the period 1932-2020 have been studied); 2) surveys of the Arctic region population – of Murmansk Region – in the representative sampling; 3) analysis of the statistical data characterizing social and economic processes in the Russian Arctic, including the consideration of demographic indicators, identifying trends and dependencies between the key GRP production factors. Main Findings: 1) it has been found that politics and strategic management is the determining factor of influencing the development of the Russian Arctic, and a new impact factor has been identified – expansion of ideas that transforms priorities; 2) the authors have found a positive effect of the modern policy on the development; it has slowed down migration and ensured the growth of investments, but at the same time, risks of migration aggravating in the nearest future have been identified (strong migration sentiments have been revealed), and most intensive disturbances of economic processes are observed (there is no relation between the number of employees and GRP, and in a number of the Arctic regions, investments do not ensure the growth of GRP).

Keywords: The Arctic, Russia, Social and Economic Performance, Strategic Management Policy, Scientific Views, Regulation.

INTRODUCTION

In this paper, the authors suggest readers to look at the processes of forming social and economic space of the Russian Arctic in an integrated way and in a close connection to politics, strategic management, scientific ideas. This is associated with the Arctic social and economic space being the world of expansionism, to some extent, even more so than other areas due to the determining effect of policy on the life activity of the public (given evident limitations for the internal self-development potential to be fulfilled) against the background of the Arctic's growing geopolitical importance (Kryukov et al., 2019; Padrtova, 2019). Thus, Arctic social and economic development is inconceivable beyond the context of expansionist policy and strategic management which quite naturally shows up in scientific studies, forming new scientific views on the processes in the Arctic. Studies of the recent years allow supposing that scientific ideas can influence public opinion, too; in particular, they can make policy and strategic management of the Arctic areas more precise (Villo et al., 2019; Serova et al., 2020).

The focus on the Russian Arctic is associated with an entire range of factors. So, Russia is characterized by its longest Arctic shoreline among all the five coastal states possessing the Arctic areas. For Russia, the Arctic is a crucial macroregion owing to its immense deposits of mineral products, which enhances its strategic importance in the long-term period as well.

Meanwhile, what stands out is the absence of integrated studies clearly correlating strategic management, declarations, scientific views, and real facts of the long-term development of the Russian Arctic recorded in quantitative indicators and consciousness of the population. Consideration of opinions, intentions, and expectations of the population is relevant in other terms, too (Heininen, 2020; Brosnan et al., 2011; Heininen et al., 2019; Samarina et al., 2018).

LITERATURE REVIEW

All over the world, the aspects of social and economic transformations, and management in the Arctic, are currently in the spotlight of debate among politicians, state managers, scientists, and business structures. This is associated with growing strategic importance of the Arctic, which has outlined a clear trend of transformation of the strategic management and coupled with them economic relationships in the Arctic (Kryukov et al., 2019; Kudryashova et al., 2019; Marson, 2018; Flake, 2014; Cáceres, 2019). One can even speak about transformations of political and economic relations in the Arctic being a sort of indicator of changes in the world politics (Bertelsen & Gallucci, 2016; Stepanova et al., 2020).

In Russia, higher importance of the Arctic problem range quite naturally mirrors in the declared priorities of ensuring the sustainable social and economic development processes. In particular, the latter are consolidated in the regulatory and legal literature being formed, with the aim to solve geopolitical, economic, interrelated social tasks of the development of the Russian Federation (Skufina et al., 2015; Zaikov et al., 2019). Meanwhile, the controversial nature of the scientific basis accompanying the transformation performance of the Arctic is noted (Padrtova, 2019; Brosnan et al., 2011; Minakir, 2019; McCannon, 1998).

The authors believe this controversial nature to be explained by that of the Russian Arctic's social and economic space development and management theory (Padrtova, 2019; Nilsson & Larsen, 2020; Andreeva, 1998; Skufin et al., 2019; Healy, 2017). The contemporary array of information can be conventionally subdivided into three constituents depending on the method of obtaining the information. This subdivision is conventional both due to the said multi-aspect nature and to the interpenetrating methodological lines. So, the information can be grouped according to the three components as follows: 1) studies based on statistical developments, 2) ones based on the analysis of the institutional environment, 3) research based on the analysis by means of sociological methods (among them observation, participant interviews, questionnaire survey, etc.).

Statistics is given the priority by researchers of the USA and Canada, with considerable attention paid to such works in Russia, too. As a rule, these studies not only identify some quantitative dependences and regularities but they also outline promising focus areas, particular competitive advantages of some Northern areas that are able to ensure economic and social development, quite frequently, with the environmental context borne in mind (Gaston et al., 2013; Skufina et al., 2019; O'Garra, 2017; Markkula et al., 2019).

Meanwhile, in their works, scientists of Scandinavian countries give the priority to sociological approaches and methods of studying the Northern areas (Jaakkola et al., 2018; Baranov et al., 2020; Davydova et al., 2019). With regard to this, the general context of the "Scandinavian" constituent of the studies, as a rule, involves the "social emphasis" prevailing

over economic limitations of development, substantiation of higher expenses for the social sphere of the Northern settlements, and the priority of ecology. Among the Russian studies, it is the combination of mathematic modeling with sociological methods of exploring social and economic performance of the North that is the promising focus (Leksin & Porfiriyev, 2015).

Institutional studies make up the most significant group of the world's research works discussing Arctic policies, strategic management. Higher geopolitical attention to the Northern areas, as well as the developed nature of the economy of all foreign circumpolar countries (i.e., sufficient economic capacities) predetermine a relative similarity in wording of their strategic priorities. The latter are aimed at forming the policy ensuring the so-called sustainable development of the Arctic. The model of this sustainable development is understood fairly diversely, including the rational nature management, protection of the environment, human dimension, and the international cooperation at both regional and global levels (Kryukov et al., 2019; Kalemeneva, 2018; Slavin & Dogaev, 1972; Skufina et al., 2019; Khoreva et al., 2018; Andreeva, 1998; Samarina et al., 2019; Bazhutova et al., 2020; Pavlov & Selin, 2018; Council of People's Commissars of the RSFSR, 1932).

METHODOLOGY

The objective of the research is to find out the specific aspects of social and economic performance of the Russian Arctic within the context of policies, strategic management, scientific views on priorities, tasks, opportunities, and limitations of reclamation of this area.

Tasks

1. Viewing the effect of policies, strategic management, scientific ideas, and internal factors on the long-standing social and economic processes in the Russian Arctic.
2. Identifying the modern social and economic particularities and trends of the development of the Russian Arctic.

The research methodology consists of three approaches.

The first approach implies a critical summary of policies, strategies, declarations, regulatory and legal documents concerning Arctic development. The research method relies on the applied systemic analysis of documents according to the attributes of functional purpose, objectives, priorities, tasks, methods for achieving the objectives, etc. The analysis involves studying over 200 documents of the parties interested in the Arctic, with the following categories used as a basis. Next, the authors correlated the texts of the said documents with real-life social and economic processes studied within the second approach.

The second approach consists of the statistical data analysis. The methods used by the authors include analyzing the time series of economic and demographic indicators of regions of the Russian Arctic, detecting dependences between the indicators determining the regions' production of GRP, and calculating Pearson correlation coefficient (Skufina et al., 2015, 2020).

The third approach involves surveys of the population (using the model region case – Murmansk Region) revealing the migration sentiments of residents of the Russian Arctic. The survey was conducted in May-September 2019.

RESULTS

The data have been collected and the analysis of fundamental regulatory and legal documents has been conducted covering aspects of managing the North in the period of the USSR and the Russian Arctic. It has been found that in the USSR period, the North was a special

object of the state management. Stepped-up development of industrial centers and social infrastructure of the North, significant benefits and compensations for its residents resulted in the rapid Soviet-period growth of the population permanently residing in the Northern area.

The post-Soviet period transformation strategic management, which was expressed in an essential cutback of benefits and guarantees for the population of the North and shrinkage of economic activity in the North as compared to the period of the USSR, has quite logically led to social and economic transformations in Russia's North, too. So, 1991 (for the first time ever since 1959), saw a decrease in the population of the North.

The analysis of the formed package of new documents concerning the modern development of the Russian Arctic has shown that the principal objective of this development is to enhance the level of social and economic development of this area. It has been found that increased exploitation of natural resources remains the foundation of Russia's contemporary Arctic policy, both for providing for social and economic development of the Arctic and for developing the remaining part of Russia. The authors have studied the package of documents on the ecology aspects of the Russian Arctic. They have found that the Russian Federation pays special attention to environmental problems of the Arctic. So, maximum preservation of the unique environmental systems of the Arctic is believed to be one of the pillars of Russia's national interests.

In general, the focus on the Russian Arctic as a special object of the state policy and alignment of the policy with that of the world's circumpolar countries have had a positive impact on regions of the Russian Arctic. Boost of the investment processes has resulted in development of new deposits, production, and infrastructure and has ensured preservation of scientific organizations and the higher education system, which has slowed down the Arctic regions' population loss by migration (Table 1).

Region	1960	1970	1980	1990	1995	2000	2005	2010	2015	2020
Nenets Autonomous District	37	39	47	52	44	41	42	42	43	44
Murmansk Region	606	799	665	1191	1067	941	857	800	766	741
Yamal-Nenets Autonomous District	64	80	158	489	478	496	515	524	540	544
Chukotka Autonomous District	47	101	133	162	96	62	51	49	51	50

Source: Federal State Statistics Service (n.d.)

Alongside this, surveys of the population conducted by the authors in Murmansk Region give evidence about quite high incidence of migration sentiments in the population of the Arctic areas (see Table 2).

Answer options	Men				Women			
	18-29	30-49	50-64	65+	18-29	30-49	50-64	65+
No, they have not changed, I am going to live and work here.	46.6%	50.7%	54.9%	71.0%	41.8%	40.0%	58.0%	67.0%
They have rather changed; I am thinking about moving house to more convenient climatic conditions.	21.2%	27.8%	18.8%	9.7%	30.6%	40.8%	20.2%	12.5%

Surely, they have changed, and I have already found a new job and place of residence.	15.3%	9.5%	4.9%	0.0%	11.2%	6.5%	5.2%	4.5%
I have difficulty answering.	16.9%	12.0%	21.5%	19.4%	16.3%	12.7%	16.6%	16.1%

Consideration of the current pattern observed in regions of the Russian Arctic has enabled the authors to find out the following: 1) the behavior of the average annual number of employees features various trends; 2) three of the four regions have a stable growth of fixed investment; 3) three of the four regions have a stable growth of GRP after the 2008-2009 crisis (Figure 1).

Notably, the behavior of indicators for Russia in general confirms correspondence of the processes to classical models characterizing production (Skufina et al., 2015, 2020; Kroese & Chan, 2014; Arrow et al., 1961).

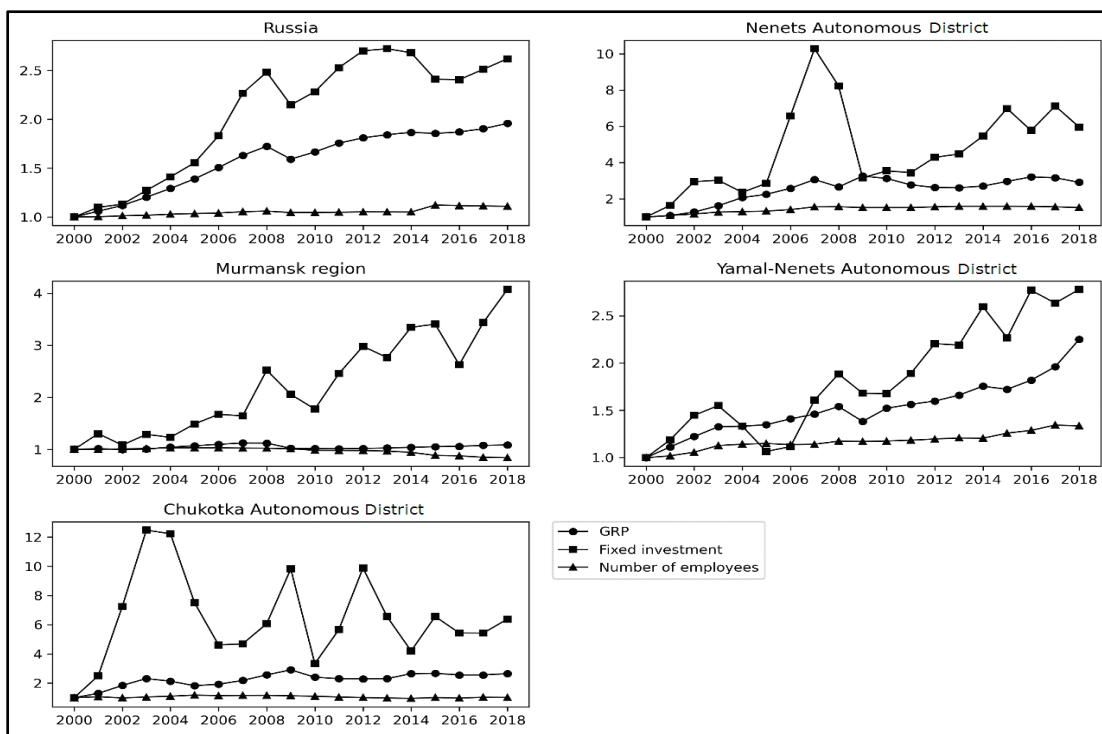


FIGURE 1
INDICES OF THE GRP PRODUCTION, NUMBER OF EMPLOYEES, AND FIXED INVESTMENT FOR RUSSIA IN GENERAL AND FOR REGIONS OF THE RUSSIAN ARCTIC PLOTTED OVER TIME

The absence of relation between GRP and the number of employees in Murmansk Region and Chukotka Autonomous District, a weak relation between GRP and investments, and the absence of relation between the number of employees and investments diagnose the extreme stage of disequilibrium of the economic processes.

DISCUSSION

Discussing the efficiency of Arctic strategic management, as a rule, relies on the analytical basis provided by the regional economy and showing the policy and management problems from theoretical standpoints paired up with the Arctic's institutional, environmental, production and infrastructural context (Biresseolioglua et al., 2020). The results of the authors' study enable them to point out another limitation in putting together the efficient strategic management for the Russian Arctic. The analysis of pattern and interaction of the indices of GRP production, number of employees, and fixed investment for regions of the Russian Arctic plotted over time confirms that for configuring the efficient strategic management, they clearly lack the critical set of quantitative correlations determining specific aspects of functioning of the economy, demographic and social processes.

As a result, what is observed is an unstable situation in the Russian Arctic. This is confirmed by orientation to migration detected by this research in a significant part of the Murmansk Region population – and the most economically active population group at that, aged 18 to 39. This is to create risks for the labor market of this region of the Arctic so early as in the nearest future.

CONCLUSION

The methodology used in the course of this research has enabled the authors to conduct an integrated study fitting together policies, strategic management, declarations, real facts, and trends of the long-term development of the Russian Arctic summed up by quantitative indicators.

Studying the specific aspects of transformations in the Russian Arctic performed in correlation with the policy being declared and statutory regulation has enabled the authors to find out both positive facts of development and disequilibrating facts that may bear significant risks in the future. So, declarations and the modern regulatory and legal processes in the Russian Arctic are in line with the All-Arctic priorities and attitudes. It has been found that both in scientific studies and in policies, the focus on sustainable development tasks represented in standpoints of the Arctic countries and supranational organizations has ensured Russia's retackling tasks of enhancing the level of social and economic development of the AZRF. This has allowed slowing down systemic changes of the post-Soviet period that are characteristic for the North (which have quite expectedly led to demographic losses), ensuring investment growth and gradual infrastructure development of the AZRF. However, some processes are observed that are capable of creating material risks for the efficient policy. In particular, the development of disequilibrating processes in the social sphere is characterized by migration sentiments of the population of the Russian Arctic, while in the domain of economy, the source of disequilibrium is the interaction of the main production factors going out of sync in the Arctic regions.

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