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*Governance in the High North:  
Rhetoric and reality in the Barents region*

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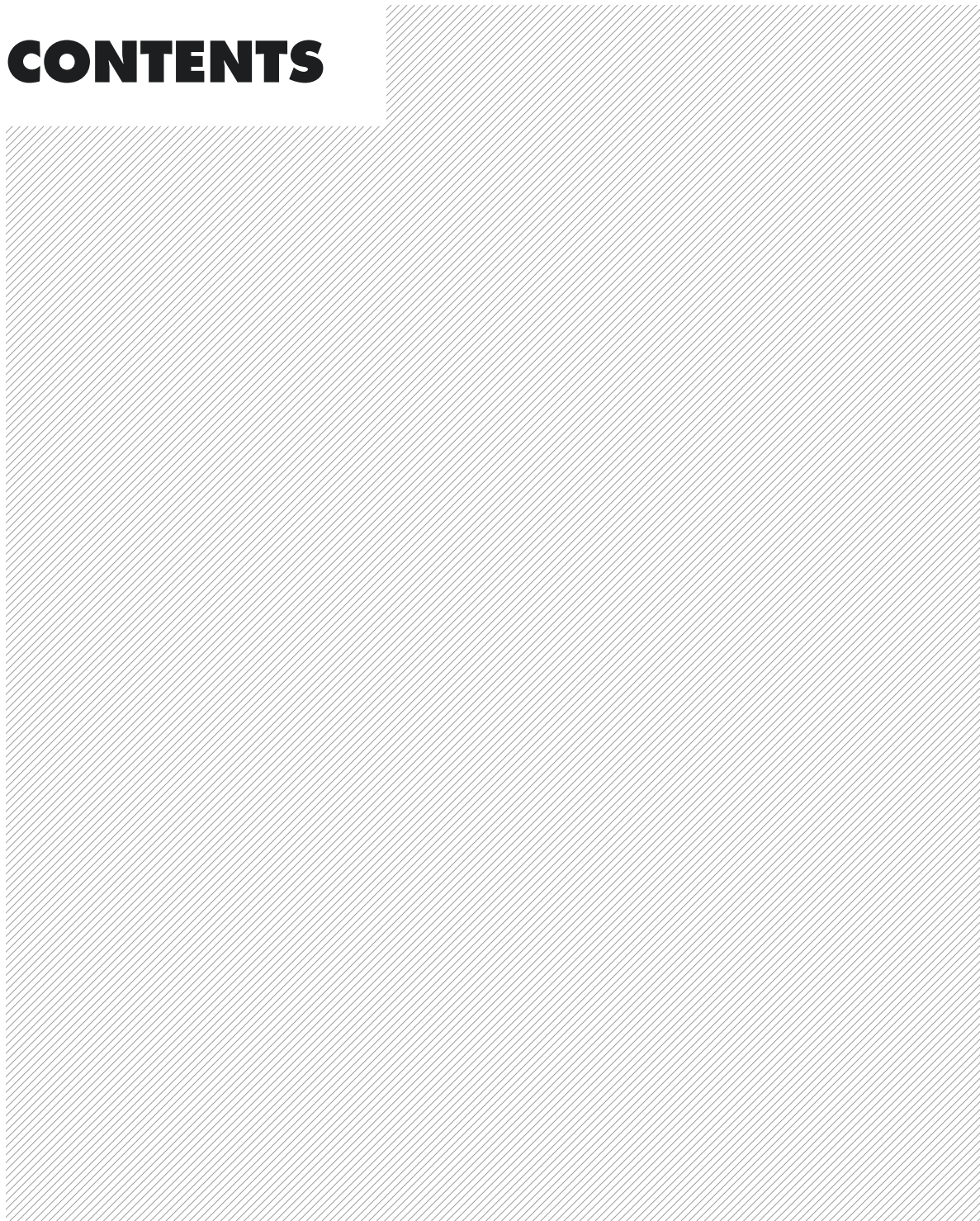


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# EDITORIAL



# Special issue on “Governance in the High North: Rhetoric and reality in the Barents region”

Guest editors

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This special issue of *Barents Studies* attempts to contribute to a better understanding of the role of local governance in strategic development of the High North, with examples from the Barents Region. The High North regions have gained increased attention for their natural resources (including fish, oil, gas, minerals, tourist destinations, new transport solutions, and digital infrastructure), for creating business potential, and for opportunities to fuel continuous global economic growth (AMAP 2017). National governments increasingly expect key institutional actors in High North regions to take the responsibility for managing those vast resources in order to further local and regional economic and social development.

However, the actual experiences of local and regional governance in the High North suggest a “governance paradox”: Even though the national strategic documents (such as the Russian Strategy of Arctic Development, Norwegian High North Strategy, and Norwegian Government’s Ocean Strategy) emphasize the importance of local actors being able to influence the strategies and plans for sustainable regional development, local governance still has little impact on the formulation and materialization of those strategies. In this sense, there is a tension between rhetoric and reality. Historically, the structure of production in the High North has meant few linkages between resource production and the communities of the north, resulting in most of the potential benefits flowing away from northern regions (Huskey and Southcott 2013). In some cases, strategic planning remained far from the “local” High North, and was rather guided by central government decisions, large corporations, or global



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institutions (Bourmistrov et al. 2017). This has led to a paradoxical situation: While the region's popular image elsewhere is one of rich resources and bountiful opportunities for development, the local perspective is one of resource scarcity, non-existent services, exploitation, and regions struggling to benefit from development (Tennberg et al. 2014).

Five articles<sup>1</sup> in this special issue address different aspects of this “governance paradox” and provide multifaceted explanations for the apparent gap between rhetoric and reality. We define governance here as a mechanism to allocate power and resource control among participants within a social entity (adapted from Davis 2005). This entity may be a firm, a municipality, or a region. Local governance can take on different forms, as shown in this special issue, from SME boards to municipal or regional budgets. Local governance can imply control, ensuring that public and private entities are closely linked to their stakeholders; this includes owners as well as the fact that nationally declared policies are implemented locally. However, to fulfil a democratic principle, local stakeholders affected by national decisions should be empowered through local participatory practices to ensure that people knowledgeable about local conditions are able to influence those decisions. Governance and more specifically local participation in governance also help foster local identities and develop social capital. Moreover, a wider understanding of the governance process also includes the development and presentation of relevant socio-economic data about Northern communities. Governance in the High North with the purpose of furthering sustainable development will require regional statistics developed for the region, unlike much of the national statistics that are developed based on national as opposed to regional needs.

This special issue builds on contributions from different areas that constitute the domain of local governance described above. The authors of the five articles uncover important factors that deepen our knowledge about the nature of tensions between the rhetoric and the reality of local governance. The articles offer insights into how governance is challenged in the context of different local actors, such as boards of directors at SMEs, citizens, researchers, and regional and municipal governments. The contributions include local and regional actors within the Barents Region and compare governance in the Barents Region with governance in non-Barents Regions.

In the first article, Hilde Fjellvær, Trude Høgvold Olsen, and Elsa Solstad study SME board members' perceptions of the board tasks. Noticeably, the management

of northern SMEs (small and medium-sized enterprises) have often limited formal management competence and experience. The authors of this unique study have followed board directors participating in a board-development project initiated by a regional industrial incubator in Northern Norway. The study combines observations, document analysis, and surveys collected between 2012 and 2014. The findings suggest a shift in focus over the duration of the programme: Whereas most respondents at the start of the programme saw control tasks as their most important function, respondents in the final survey, two years later, found strategy tasks as more crucial. Older and more experienced board directors were also more likely to see strategic tasks as important. Yet the data also revealed how the respondents had unclear and sometimes conflicting understandings of what strategy tasks and service tasks entailed. Because directors are likely to engage in tasks they understand well, the ambiguity around strategy and service tasks may be one of the reasons why boards often fail at these tasks. The article thus implies a mismatch between what boards should do (develop strategy) and what boards actually do (focus on control). The article also suggests a viable explanation – unclear and conflicting task expectations – for the discrepancy. The article contributes to this special issue of *Barents Studies* by showing how SME boards in the High North have a significant unrealized potential, and suggests how to realize this potential through training and business development.

The next two articles shift our attention from governance at the SME level to local governance at the regional and municipal levels. In his article, Igor Khodachek examines the regional budget reforms during 2000–2015 in two Russian regions: one inside (Murmansk oblast) and one outside (Leningrad oblast) of the Barents Region. Viewing budget reform as an institution, the author examines how the regional contexts of those two regions can explain the differences in both the reform patterns and outcomes of centrally driven budget reforms in Russia. The documentary research and analysis help us to understand changes in the normative framework regulating budget and budget reforms and how it was interpreted in two different regions. Khodachek argues that budget reforms in the two regions are conditioned by the way in which power is imposed on the regional actors and their search for legitimacy. Other key factors are actions by central and local stakeholders, the way actors address tensions between global discourses, the Soviet legacy, and the so-called “the vertical of power”. By examining the differences in the sets of stakeholders engaged in regional governance and related economic activities in those two regions (such as corporations, investors, business groups, federal and local authorities), the article explains some of the variation in the patterns and the outcome of the centrally driven

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budgeting reform process in two regions. The article concludes that governance of the Russian High North is highly dependent on the Russian federal level and that the region has less autonomy than Russian regions located outside the High North.

In line with the previous article, Evgenii Aleksandrov and Elena Kuznetsova offer a more focused look at the local dimension of municipal budgeting and explore aspects of local governance in terms of citizens' involvement in the financial municipal planning. The authors investigate how local participatory budgeting experiments unveiled in a municipality inside the Barents Region (Murmansk city) and one outside it, municipality X in the Leningrad *oblast*. This qualitative comparative study of two municipalities is guided by new institutional theory and seeks to uncover institutional rationales for the experiments, the internal dynamics of the process, and outcomes in terms of contribution to improved local governance. The authors have analysed documents, web portals, social networking services, and video materials, and have also conducted interviews with key actors. The article demonstrates that even though the introduction of participatory budgeting produced limited effects for participatory governance in both cases, the effects were much smaller and more “negatively” laden in the case of the Murmansk municipality. The authors explain those limited effects by analysing differences in the institutional aspects of the process. While mimetic and coercive pressures in the case of the Murmansk municipality created rather symbolic actions, which resulted in a disparity between the rhetoric and the realities of giving a “local voice” to important decisions, the normative pressures and internal dynamics guided by internal managerial logics produced a more fruitful and legitimate practice in the case of the Leningrad county municipality. The article contributes to this special issue of *Barents Studies* by showing how the national and strategic importance of the High North for Russian central authorities limits the development of local participatory practices in the region.

The article written by Elena Dybtsyna, Anders Hersinger, and Alexandra Middleton offers insights into another, often-neglected aspect of local governance in the High North: cross-national cooperation between local actors. By focusing on business-oriented research collaboration among universities in the Nordic part of the Barents Region, the authors examine the rhetoric and realities of such collaborative local practices. Particularly, they examine the correspondence between the status of the collaborative business research as visible in the bibliographic publication data and the national aspirations written into the publicly available government strategies. The authors reveal the disparity between the lofty ambitions of the national governments



for cooperation on business research in the Nordic part of the Barents Region and a reality of few and very modest collaborative practices. Despite a strong governmental rhetoric to encourage and support business development as well as research cooperation across the region, there is little evidence of research collaboration in the form of joint publications in business or management research by universities across the examined countries. Publications relating to business development in the High North made up only 1% of existing collaborative publications. This is disappointing given that some other research fields (such as medical science and environmental studies) have advanced much further with respect to research cooperation in the High North. The article shows how this de-coupling of official rhetoric and actual practice may reflect Northern universities' failure to embrace their northern locations and the strong institutional and governmental pressures that incentivize global excellence rather than the Northern relevance.

Finally, the article co-authored by Peter Bakkemo Danilov and Andrey Mineev exemplifies how relevant socio-economic information about the High North frames local governance in the High North. The empirical material is drawn from two issues of a unique Business Index North (BIN), a periodic report that represents an information package of different front-line messages characterizing aspects of socio-economic development in the Barents Region. The authors analyse these reports in order to understand the framing effects of using socio-economic information in BIN as well as its effects for potential users. On the basis of feedback from different regional stakeholders, the article reports three important and to some extent also competing aspects of BIN for its potential users. First, Business Index North “signals the gap”, alerting national politicians to do more for the region. Second, it “creates a positive image of the North” to inspire regional actors to continue with successful business development and innovations, and third, it “projects the future” by providing advice to investors while emphasizing the need for coordinated actions across the region. The article contributes to this *Barents Studies* special issue by demonstrating how socio-economic regional information (like BIN) can be relevant to local governance by constructing frames that help direct the attention of relevant stakeholders to the region.

Overall, this special issue highlights the continuous processual nature of developing local governance. Governance is a process, not merely a design. Good governance ultimately relies on skills, capabilities, and shared understandings. As an unfolding social process, governance is likely to be imperfect and shaped by key powerful stakeholders (Oliver 1991). Governance as a participatory process is also likely to depend

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on and helps to develop competence among the actors that participate in governance (Mintzberg and Waters 1985; Morrison and Salipante 2007).

Local governance takes place at multiple levels and within different social entities (SME boards as well as regional authorities and budgets). The effects of governance on local development is likely to depend on the joint governance efforts across different levels. Few contributions to our knowledge have looked at the relationships between governance at the various levels.

The contributions here offer invaluable insights into the different roles of governance in local government in the High North. The issue also raises a series of new and important questions that warrant future research. First, we have limited understanding of how governance at the firm or SME level influences governance at the municipal or regional level, and vice versa. Second, we have similarly limited understanding of the joint/cumulative effects of governance at the different levels. Third, what are the constraints on national policies that lead such policies to fail at delivering expected results in terms of regional development? A final and promising line of research would look closer at the role of socio-economic information in governance. If we look at local governance as a discursive practice, how can socio-economic information help initiate and shape conversations about governance within and outside Northern local communities (Fischer 2006)?

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## FOOTNOTES

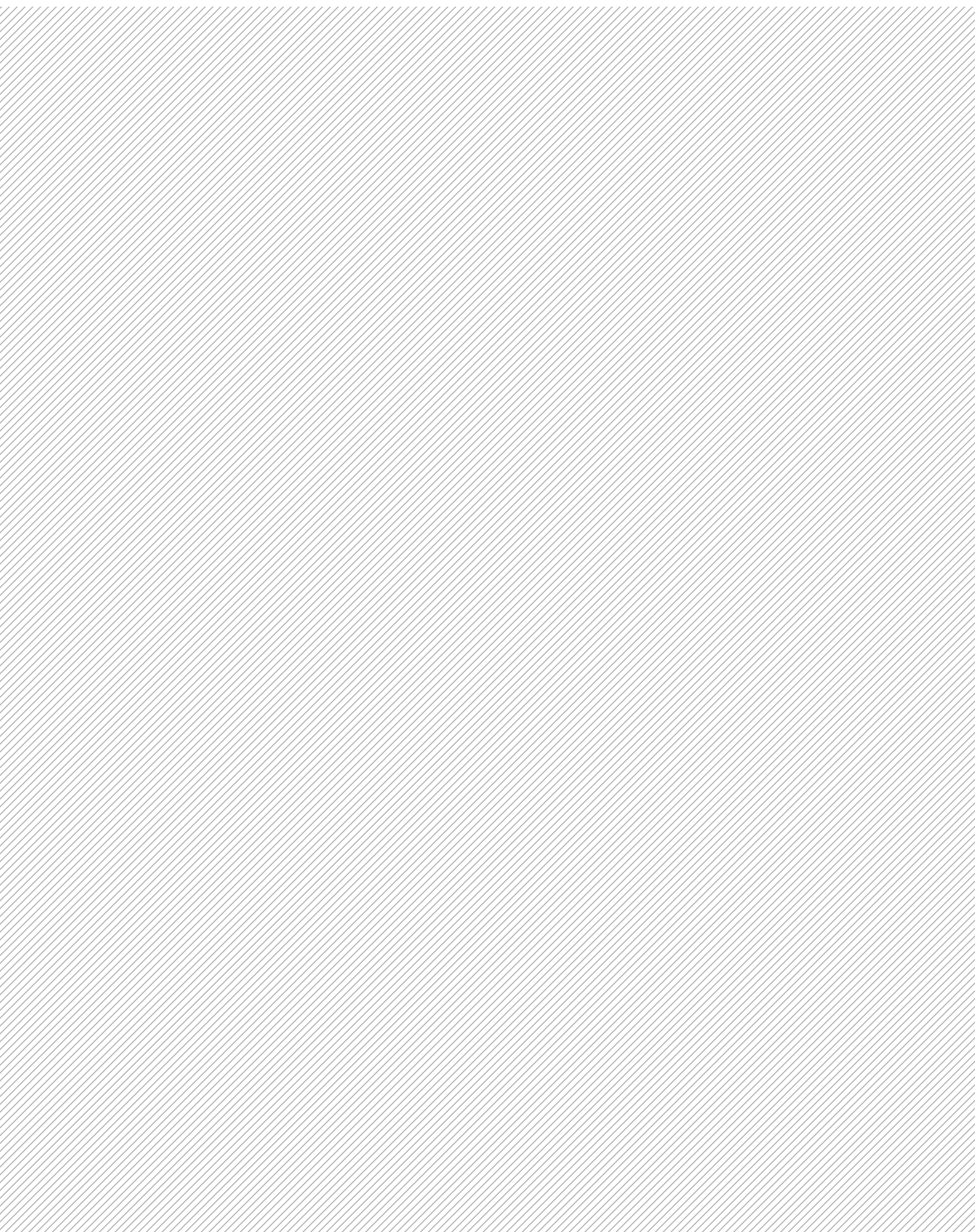
- <sup>1</sup> Some of the submitted articles were presented and discussed at the University of the Arctic Congress, St. Petersburg (12–16 September 2016) in section 5.3 “Management of the High North: The role of context, strategies and plans”.



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# ARTICLES





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# The art of untangling: High North SME board directors' challenges in understanding strategy, control, and service tasks

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TRUDE HØGVOLD OLSEN<sup>1</sup>, *UiT The Arctic University of Norway*

and ELSA SOLSTAD, *UiT The Arctic University of Norway*



## ABSTRACT

Boards of directors represent an important, but understudied, resource for business development of High North SMEs. We studied board director perceptions of what constitutes the most important board tasks and which activities each major task actually involved. We followed a local board development project with participants from several industries and companies in Northern Norway over a two-year period, collecting data through observation, surveys, and documents. This study identifies two challenges of the contribution of board directors to business development: (1) board directors had only a vague understanding of strategy and service tasks, and (2) there was a mismatch between what SME boards need (strategy) and what board directors seemed to focus on (control). This implies that board directors in High North SMEs may have an unrealized potential for contributing to business development. Development of board competence seems vital to fulfil this potential.

## INTRODUCTION

The High North as a geographical region has been conceptualized in a variety of ways (Skagestad 2010). Whatever the conceptualization, the region faces challenges of demography, growth, and development (Arctic human development report 2004; Bjørnå and Mikalsen 2016). The contribution of several actors to growth and development in the region – such as mayors (Bjørnå and Mikalsen 2016) and global production networks (Nilsen and Jóhannesson 2016) – has been noted. However,



several other actors also play important roles in development. Boards and board directors are one example. For small- and medium-sized enterprises (SMEs) and start-up firms in the High North, the board of directors may be crucial for growth and development. The reason is that directors bring in resources that complement the management's competences (Gabrielsson and Huse 2002; Knockaert and Ucbasaran 2013; Machold et al. 2011), particularly if they are able to help reduce the complexity and uncertainty associated with strategic decisions (Rindova 1999). Although Fiegenger (2005) finds that strategic participation is not a dominant activity of directors in SMEs, Gabrielsson and Huse (2002) propose that board participation in innovation processes is especially crucial for small companies. Thus, small firms may be more dependent on the board for their future survival and growth (Huse 2000) than larger firms are. SMEs in peripheral regions may be even more dependent on external resources because they are situated outside densely populated areas with less available competences and networks.

For a long time, a majority of corporate governance studies focused on board monitoring tasks (Tricker 2012; Zattoni and Pugliese 2012). Although the focus has shifted over the last decade, the issue of boards as strategic partners is still understudied (Huse and Gabrielsson 2012; Pugliese et al. 2009). Machold et al. (2011, 368) propose that boards may contribute to business development because they “constitute an important organizational asset, ... [and] add an important strategic dimension to small firms”. Our study focuses on the board director as the unit of analysis (Knockaert and Ucbasaran 2013; Machold and Farquhar 2013), as this can shed light on how individuals' understanding of board tasks influences their contribution to board processes and results. Thus this paper adds to the already existing research on chair and CEO contributions (Minichilli and Huse 2011). The following research questions guided our study: how do board directors of SMEs in the High North describe (1) the balance between strategy, control, and service tasks and (2) their practice of these tasks? We followed a board development project with participants from several industries and companies in Northern Norway over two years. The project aimed to increase individual directors' competences.

This study contributes to the existing research in two ways. First, we augment the research on board tasks in small firms (Huse and Gabrielsson 2012; Pugliese et al. 2009; van den Heuvel, Van Gils, and Voordeckers 2006) by showing that individuals' perceptions of control, service, and strategy tasks vary in clarity. In particular, we have identified that directors labelled some strategy work as control tasks. Second,

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our data imply a mismatch between what the boards should do and what board directors actually focus on in their work. We discuss the implications of these findings for business development in the High North.

Following this introduction, we review the literature on board tasks in general and strategy involvement in particular. We then describe the empirical setting and the research methods applied. The empirical findings are presented and discussed before concluding remarks are offered and theoretical and practical implications are discussed.

## LITERATURE REVIEW

SME boards have sometimes been assumed to be less involved in business development than large firm boards (Fiegener 2005). However, Nordqvist, and Minichilli (2009) suggest that this assumption is changing and that individual board directors' motivation can be an important determinant of their involvement in value-creating work. It is therefore interesting to pursue how individual board directors understand their tasks and how this influences their approach to board work.

The literature on how boards are involved in strategy tasks varies in scope and direction. Much of the literature focuses on antecedents to board involvement, such as the CEO influence (Fiegener 2005; Westphal 1999), ownership status (Fiegener 2005), or board size, tenure, composition, and power (Golden and Zajac 2001). Other studies consider the strategic perspective that boards take (Carpenter and Westphal, 2001) and the types of strategic involvement in which they engage (Gabrielsson and Politis 2009; Hendry and Kiel 2004; Pugliese and Wenstøp 2007). The purpose of our study is related to the latter concerns. Thus, to gain a deeper understanding of what boards actually do (Machold and Farquhar 2013) and how they play a role in developing business, we review the contributions discussing the overall tasks that boards are expected to undertake (Hung 1998; Huse, Gabrielsson, and Minichilli 2005) and which activities these entail (Machold et al. 2011).

### Core board tasks

In the quest for the ideal configuration of effective boards, the focus varies according to different theoretical frameworks (Hendry and Kiel 2004), and authors take different views on what constitutes the most appropriate constellation (Johnson, Daily, and Ellstrand 1996).

One large body of research on board work is geared towards the control tasks of the board (Tricker 2012; Van Ees, Gabrielsson, and Huse 2009). In particular, major parts of the corporate governance literature are concerned with the board as a monitoring and control device. Inspired by Fama and Jensen (1983) and Jensen and Meckling (1976), this research stream takes an agency perspective as its starting point (Zattoni and Pugliese 2012). Whether the discussion centres on how best the board can perform the control functions or the structures that need to be in place in order to sustain the monitoring role (Baysinger and Hoskisson 1990; Forbes and Milliken 1999), the primary focus is on the board as a monitoring device (Hoskisson and Turk 1990). However, if the aim is to contribute to innovation and firm development, this will not be enough. Boards must engage in multiple activities to “create long-term values and sustainable competitive advantage” (Huse and Gabrielsson 2012, 233). Certain characteristics, such as the overlapping of governance structures and scarce managerial competence (Nordqvist and Minichilli 2009, 384), indicate that, in SMEs, boards can and should contribute beyond a monitoring and control function (Kaufman and Englander 2005; Pugliese et al. 2009).

Board directors can also perform an important service task (Van den Heuvel, Van Gils, and Voordeckers 2006), implying more of a stakeholder view of firm development, where firms aim for something more than protecting shareholder value (Huse and Rindova 2001). The board is seen as a provider of advice and counsel to the management (Johnson et al. 1996), as well as supporting through networking (Gabrielsson and Huse 2002) and assuming a legitimizing capacity in relation to external stakeholders (Huse and Rindova 2001). As an important source of business development, the board can be considered to “provide resources such as legitimacy, advice and counsel, links to other organizations etc.” (Hillman and Dalziel 2003, 383). However, the impacts of service activities on business development are expected to be indirect, as these resources are already drawn upon by the management (Borch and Huse 1993; Huse and Rindova 2001).

In the endeavour to understand how boards can contribute to business development, the strategy task is more promising. To contribute to business development means to contribute to resolving the complexity and uncertainty associated with strategic decision-making (Rindova 1999). Hence, various combinations of knowledge and information and problem-solving capabilities are essential (Rindova 1999). Numerous ideas concerning how boards can contribute to strategic decision-making in general

(McNulty and Pettigrew 1999; Pugliese and Wenstøp 2007), and to innovation and entrepreneurship in particular (Gabrielsson and Politis 2009; Hoskisson et al. 2002), have been investigated.

One stream looks at how the formal structure and design promote strategic decision-making by studying the interaction between actors inside and outside the boardroom. Studies highlight the interactions and relationships influencing boards and board behaviours, such as directors' networks (Borch and Huse 1993; Carpenter and Westphal 2001; Van Ees et al. 2009), or they investigate the relationship between managers and directors, for example how CEOs involve board directors in strategic decision-making (Fiegener 2005; Westphal 1999). Board directors and executives share responsibility for the management of the firm's affairs (Hendry and Kiel 2004; Rindova 1999), and the degree of interaction and interdependence between them will thus influence the way in which directors participate in strategic issues. Issues such as ownership and board heterogeneity in terms of tenure, age, and occupational background also influence the level of board involvement in strategic development (Huse 1990). Although this might indicate that board involvement would be high in SMEs, Fiegener (2005) finds that board involvement in strategic decision-making is, in reality, low due to a shortage of time and information. Because of the challenges of demography, growth, and development facing the High North region (Arctic human development report 2004; Bjørnå and Mikalsen 2016), it is particularly interesting to learn how board directors in this region engage in strategy.

### **Types of strategic involvement**

Strategic management is about processes of organizational renewal and growth, and the capacity to deliver change in a high quality and timely fashion (McNulty and Pettigrew 1999). To achieve this, boards need to be involved in the making and shaping of strategic decisions (Taylor 2001) inside and outside the organization (Minichilli and Huse 2011). Boards not only ratify decisions – which McNulty and Pettigrew (1999, 55) call “taking strategic decisions” – but they also influence the processes of strategic choice, strategic change, and strategic control. Rindova (1999, 953) suggests “that directors contribute to dealing with the complexity and uncertainty associated with strategic decisions”, particularly when/if they possess valuable problem-solving expertise.

Board directors contribute to strategic decision-making by scanning the environment, by interpreting incoming information “to identify problems and develop solu-

tions” (Rindova 1999, 964; Pugliese and Wenstøp 2007), by representing alternative frameworks and strategic understandings, and by counterbalancing the tendency for tunnel vision. In terms of exercising strategic control, directors possess a gate-keeping function: they contribute to building confidence and selecting the CEO and other executives (Stiles 2001). They are also a source of evaluation and selection of alternatives, and can have a substantial impact on shaping ideas through the methodologies and processes for content development (Hendry and Kiel 2004).

The studies discussed above certainly shed light on board tasks and boards’ strategy involvement, yet they consider directors’ understanding of what this role means in practice only to a limited degree. Machold and Farquhar (2013, 147) assert that due to a lack of studies on what boards actually do over time, we “have yet to see a complete picture of board task constellations”. The aim of this paper is to show board directors’ perceptions of the variety of tasks they take on, as well as their interpretation of the actual behaviour attached to these tasks, thereby adding to our understanding of how boards in SMEs can contribute to business development. This is particularly important in a High North context as the naturally limited availability of experienced board directors means that SMEs in such regions need to take extra care in their recruitment and selection of directors.

## EMPIRICAL SETTING

A regional industrial incubator in Northern Norway initiated The Board Development Project (BDP) in cooperation with local businesses. The BDP was grounded in an analysis showing that the regions’ businesses scored high on economic results but low on innovation and business development. Consequently, the aim of the BDP was to build stronger boards to assist business development in the region by providing board directors with necessary skills and by focusing on the recruitment and training of young chairs/board directors. The project lasted from May 2012 until April 2014, and the regional industrial incubator acted as the project manager. The first BDP sparked several similar board development projects in the region with similar focus and content; the most recent started in the spring of 2018. This suggests that the data is relevant for analysing contemporary challenges.

The BDP participants were experienced board directors and chairs, business people who wished to serve on boards, and young candidates with minimal board experience. The initial seminar took place in May 2012 with 45 participants, of whom 36 were

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experienced board directors, 16 with chair experience. During the project period, the number of participants increased to 57. Our data reveal the perceptions of actual and potential directors, filling a gap as most existing studies rely on the perceptions of chairs and CEOs (Minichilli and Huse 2011).

The project offered two different arenas for skill development: seminars and mentor–protégé relations. The seminars included experts’ assessments of various board issues, highlighting that the board’s tasks extend beyond merely following laws and regulations. In each seminar, discussion groups consisting of a mix of experienced and inexperienced board directors were organized. The mentors were experienced board directors and served as sparring partners for the protégés, who were young participants. In addition, the protégés enrolled as observers in an existing board, which offered them an opportunity to observe how the skills they learned at the seminars could be put into practice.

## RESEARCH METHODS

We used triangulation of methods to increase the validity of our study (Saunders, Lewis, and Thornhill 2012; Yin 2009). First, we observed all the project-initiated seminars and meetings. This gave us first-hand knowledge of the content and structure of the programme, and we easily engaged in informal chats with the participants. We took notes separately and discussed and revised our notes systematically after each seminar. Second, documents provided deeper knowledge about the project context. Third, questionnaires, including items from the project management as well as research-related questions, were distributed to the project participants after three of the seminars. Table 1 presents an overview of the data sources.

This paper is mainly based on Survey 1 and Survey 3. Survey 1 was sent to all 45 participants at the initial seminar, yielding a response rate of 76% (N=34). The survey included two open-ended questions regarding board tasks: (1) “What do you consider as the board’s main task?” and (2) “At the seminar on 30 May, three main tasks for the board were presented. Please prioritize these according to importance and explain your prioritization.”



*Table 1: Data sources.*

2012	Activity	Number of participants	Main content	Number of researchers present
30 May	Initial seminar	45	The board's tasks and responsibilities	3
June	Survey 1	34 respondents	Perceptions of the board's main tasks	
12 September	Meeting for protégés	5	Expectations to the mentor programme	2
15 October	Meeting for protégés and mentors	13 protégés 10 mentors	Establishment of the mentor–protégé relations	2
23 October	Seminar	45	Principles for excellent board work	1
October	Survey 2	24	Perceptions of the competence requirements for directors and chairs	

2013	Activity	Number of participants	Main content	Number of researchers present
21 January	Meeting for mentors	9 mentors	The dialogue as a tool in mentor–protégé relations	2
20 February	Seminar	57	The board's role in change processes and board development processes	2
March	Survey 3	24 respondents	Perceptions of the content of the board's main roles	
24 April	Meeting for protégés and mentors	8 protégés 12 mentors	The mentor's role in developing the board role	1
25 September	Regional conference	168	New forum for board work in the High North	3
11 November	Seminar	33	The board's monitoring task Perceptions of good board work	2

2014	Activity	Number of participants	Main content	Number of researchers present
20 February	Seminar	26	Two participants presented their businesses and their boards' strategic contributions	1
7 April	Meeting for protégés and mentors	10 protégés 7 mentors	Evaluation of the mentor programme	2
29 April	Seminar	31	Evaluation and closing of the programme	2

*Table 1: Data sources, continued.*

	N	Sex		Age			Board director		Chair		Ownership	
		Male	Fem.	20-35	36-50	51-65	Yes	No	Yes	No	Yes	No
<b>Survey 1</b>	34	17	17	13	20	1	28	6	13	21	19	15
<b>Survey 3</b>	24	14	10	9	10	5	18	6	7	17	9	15

*Table 2: The characteristics of the respondents*

Survey 3 was designed to complement data from Survey 1. It was sent to all the 57 participants in the BDP after the February 2013 seminar, yielding a response rate of 42% (N=24). The objective was to uncover the participants' perceptions of their practice of board tasks. We asked four open-ended questions: (1) "What do you consider as the board's tasks?", (2) "Please describe how you perform the board's control task", (3) "Please describe how you perform the board's service task", and (4) "How

do you consider that the board can contribute to business development?” Question 4 was designed to capture the board’s strategy tasks. In both surveys, the respondents offered comprehensive answers to these open-ended questions.

Table 2 shows the characteristics of the respondents in the two surveys. It is not possible to trace whether the respondents are the same in the two surveys. The BDP project manager explained that some participants contributed actively throughout the programme. Because respondents in both surveys participated at the June 2012 and February 2013 seminars, it is reasonable to assume that respondents in Survey 3 also responded to Survey 1.

We analysed data in several steps. First, all three researchers individually coded the open-ended data according to the control, strategy, and service tasks. Second, we compared the coding, discussed discrepancies, and agreed on a final coding. Third, we aimed to gain an understanding of the participants’ perceptions of the balance between the board tasks. Fourth, we analysed the participants’ descriptions of how they practised the different tasks.

We validated our findings at the November 2013 seminar by presenting the study and asking the participants three questions: (1) “Do the presented findings make sense to you?”, (2) “Are our explanations for the findings plausible?”, and (3) “Do you have other possible explanations?” The answers from 24 participants recognized and confirmed our findings and explanations.

## EMPIRICAL FINDINGS

In this section, we present the empirical findings by focusing first on the emphasis that the respondents placed on the different board tasks and then on how they described their practice of these tasks.

### The three board tasks

Our data show how the respondents prioritized the board tasks according to importance, and suggest that the individual’s perceptions of task importance evolve over time. In Survey 1 and Survey 3, an open-ended question asked participants to describe the board’s main task. In Survey 1, the respondents shared more quotes referring to control (30 quotes) than strategy (19 quotes) and service (10 quotes). In Survey 3, conducted nine months into the project, the participants seem to place greater stress

on strategy tasks (25 quotes) than on control (22 quotes) or service (12 quotes). If the number of quotes is indicative of the understanding of board tasks, this finding suggests that respondents increased their focus on strategy tasks over time. However, the participants are not consistent in their responses in Survey 1. When asked to prioritize the tasks according to perceived importance, 62.5% of the respondents highlighted strategy as the most important board task, 28.1% indicated control as the most important, and 9.4 % opted for service.

Table 3 shows that the youngest respondents prioritized control tasks as most important, the older group prioritized strategy tasks, while experienced board directors rated strategy as most important. This indicates that, as the respondents acquired more knowledge about board work, the importance of the strategy task increased. Although these results should be interpreted with caution because of the small N, they do give an indication of how different groups of respondents prioritized the different board tasks.

### The practice of board tasks

The practice of the strategy task is particularly interesting because the aim of the project was to contribute to business development in the High North. To understand how the participants in the BDP perceived actual board task performance, we asked

	N (%)	Sex		Age			Board director		Chair		Ownership	
		Male	Fem.	20-35	36-50	51-65	Yes	No	Yes	No	Yes	No
<b>Strategy</b>	20 (100)	9 (55)	11 (45)	5 (25)	15 (75)	0	19 (95)	1 (5)	8 (40)	12 (60)	12 (60)	8 (40)
<b>Control</b>	9 (100)	4 (44)	5 (56)	6 (67)	3 (33)	0	6 (67)	3 (33)	4 (44)	5 (56)	4 (44)	5 (56)
<b>Service</b>	3 (100)	2 (67)	1 (33)	1 (33)	2 (67)	0	3 (100)	0	1 (33)	2 (67)	2 (67)	1 (33)

Table 3: How different respondents prioritized board tasks

open-ended questions in Survey 3. Table 4 was developed based on a summary of previous research on board tasks and activities describing the investigated relations between tasks, task dimensions, and examples of related activities (Machold and Farquhar 2013, 155). The table compares illustrative examples from our data with subcategories and activities of different board tasks described in the literature.

As seen in Table 4, the respondents were quite specific in their ideas of the control task. The participants described the control task by referring to activities that they perform, and not only to the principles of control. These activities can be summarized as “making sure” that laws are followed in business operations, that the business operates within healthy economic frames, that the business operates according to the board’s decisions, and that the owners’ interests are taken care of. While it was not included in the presentations and discussions about the control task in the BDP, the respondents included strategic control in their descriptions of the control task.

The service task is particularly relevant in the dyadic relationship between the chair of the board and the CEO because most of the activities involved here have an indirect influence on value creation (van den Heuvel et al. 2006). When the participants described the service task, they referred to vital goals. However, their descriptions of the kind of activities involved were quite vague and associated with “helping the CEO”. Although the respondents’ perception of the service task as helping the CEO is appropriate, it is interesting that their descriptions of what they actually did were significantly less specific than their descriptions of control activities. For example, they described helping the CEO by sharing knowledge, but did not specify when, how, and what knowledge they shared. They highlighted situations in which it might be necessary to help the CEO, for example when making difficult decisions. However, they did not describe what they did to help the CEO in such situations or the type of decisions for which this help was required.

The perceptions of the strategy task were surprisingly underdeveloped by our respondents, bearing in mind that they considered this the most important task. “Long-term issues” seemed to be strongly associated with this as the participants described the goal of this task as long-term thinking. However, they did not include ideas of what

*Table 4: The perceptions of board task practice (Next page)*

**Illustrative citations of board  
activities in our data**

**Control task**

“Ensure that the laws are followed”  
“Control that the business is operating according to laws, ethics, and accountability”  
“Comply with formal criteria in different laws”

“Ensure financially secure operations”  
“Supervise the company’s financial development”  
“Have competences to read the budget critically”

“Control that the company is on the right course according to the strategy”  
“Ensure that the decisions of the board are implemented”

“To manage the owners’ investments in the best possible ways”  
“Control that the administration manages the company to the best for the company, the owners, and the society”  
“Monitor potential conflicts that may harm the company”

**Service task**

“To adjust the course and coach the management”  
“Being a sparring partner for the management”  
“Make suggestions, contribute to finding the direction, sharing knowledge”

“Help the CEO to make difficult decisions”  
“Being a positive ambassador for the company”  
“Being available”

“Give advice in challenging decisions”

“Being a gatekeeper to the board directors’ networks”  
“Making use of one’s own network”  
“Being a door-opener”

**Strategy task**

“Make good decisions and make sure they are implemented”  
“The board should plot a course”  
“To set objectives and give direction to the company’s activities”  
“The board’s main role is to make sure that the strategy is correct”  
“Decide on a joint plan and create an understanding of the way ahead”

“Facilitate good decision processes”

“A good board with directors who complement each other regarding competences and opinions will be able to see challenges from different angles and therefore make better decisions”  
“Contribute with knowledge from other industries and companies”  
“Utilize the competence represented in the board”



Summary of activities described in our data	Subcategories in the literature (Machold and Farquhar 2013, 155)	Activities described in the literature
Make sure that laws are followed in business operations	Behaviour control (Huse 2007; Minichilli et al. 2009; Zona and Zattoni 2007)	Monitoring, review and control of procedures and policies (Machold and Farquhar 2013, 155)
Make sure that the business operates within healthy economic frames	Output/quantitative control (Huse 2007; Minichilli et al. 2009; Zahra and Pearce 1989)	Monitoring and control of activities and budgets (Machold and Farquhar 2013, 155)
Make sure that the business operates according to the board's decisions	Strategic control (Carpenter and Westphal 2001; Minichilli et al. 2009; Wan and Ong 2005)	Monitoring and control of business and strategic plans (Machold and Farquhar 2013, 155)
Make sure that owners' interests are taken care of	Control of the executive team (Carpenter and Westphal 2001; Huse 2007; Van den Heuvel et al. 2006; Zahra and Pearce 1989)	Initiate and follow up management control systems, assess top management, and determine incentives and sanctions, define decision power delegated to CEO
Help the CEO by sharing knowledge	Provision of resources (Hillman and Dalziel 2003; Wan and Ong 2005)	Access to financial and knowledge resources
Help the CEO	Mentoring (Huse 2007)	Follow-up of specific processes and details, work as a sounding board for new CEOs and SMEs, sources of information
Give advice to the CEO	Advice (Huse 2007; Minichilli et al. 2009; Wan and Ong 2005)	Discuss how to supplement existing knowledge and competencies
Help the CEO by introducing him/her to new networks and by using own networks to the benefit of the company	External networking and legitimacy (Huse 2007; Minichilli et al. 2009; Zahra and Pearce 1989; Huse and Rindova 2001)	Monitoring of rivals, access to information and people
Give long-term directions to the company's activities Make decisions	Taking strategic decisions (Judge and Zeithaml 1992; Huse 2007; Ruigrok et al. 2006; Stiles and Taylor 2002; Wan and Ong 2005)	Choose between strategic options, review and analyse the CEO's proposals
Facilitate decision processes	Shaping strategic decisions (Judge and Zeithaml 1992; Huse 2007; Minichilli et al. 2009; Ruigrok et al. 2006; Stiles and Taylor 2002)	Discuss the existing strategy and determine the degree of strategic renewal, identify and interpret
Utilize competences represented on the board	Influencing content, process, and conduct of strategy (Demb and Neubauer 1992; Huse 2007; Minichilli et al. 2009; Ruigrok et al. 2006; Pettigrew 1992a; Stiles 2001)	Make strategic proposals, take part in dealing with crises, determine and maintain the definition of borders

this meant or how to achieve it, nor did they mention networks and the role that networks can play in the strategy process when describing actual activities related to the strategy task. Instead, they regarded networks as part of the service task role.

While the respondents' descriptions of the activities related to the control and service tasks could be generalized into verbs such as "make sure" and "help", the descriptions of activities related to the strategy task rest with verbs such as "facilitate" and "give direction". Our respondents described a difference between facilitating good decision processes and actually making decisions. However, our data do not provide descriptions of what board directors actually did to facilitate and make decisions. These findings show that the respondents had a rather limited understanding of the service and strategy tasks.

## DISCUSSION

The aim of the BDP was to develop the participants' understanding of board work, and by doing that the ultimate goal was to mentor board directors who could, in turn, contribute to SME business development. Surprisingly, although the programme highlighted a full range of tasks, we found that the respondents had difficulties grasping the meaning of the board's service and strategy tasks, resulting in a mismatch between boards' need to focus on strategy and service and respondents' primary focus on control tasks. However, we also found that the board directors' understanding of these tasks develops over time. These findings imply challenges for the potential of SME board directors and boards to contribute to business development.

We have seen that the individuals' perceptions of the detail of board tasks varied greatly. The respondents specifically described that they practised control tasks according to activities associated with four different types of control (Machold and Farquhar 2013): behaviour control, output control, strategic control, and control of the executive team. Even though most of the literature can give an impression that the control task is limited to control regarding ownership interests, financial control, and legal issues (Kaufman and Englander 2005; Tricker 2012), our respondents also included control of strategy (Carpenter and Westphal 2001; Machold and Farquhar 2013; Minichilli et al. 2009; Wan and Ong 2005). Activities associated with strategic control represent the board's indirect influence on strategy (Fiegener 2005) through evaluating past performance, conducting high-level reviews of strategic plans, and monitoring executive and firm performance (Hendry and Kiel 2004).

Regarding the service task, the literature covers a much broader spectrum of activities (Huse 2007; Machold and Farquhar 2013) than “helping the CEO”, as illustrated in our data. The service activities considered in the literature are more specific than the respondents’ notions. They range from directors following up at both an individual and an organizational level to examples of specific activities to provide information on alternatives and people, follow up on specific processes and details, and monitor rivals (e.g., Huse 2007; Minichilli et al. 2009; Wan and Ong 2005). To be able to provide assistance, directors need to be aware of the range of possible activities. For example, mentoring and advice are activities that are dependent on interaction and trust between CEO and directors, and the individual director’s experience, competences, and networks will be crucial. However, the provision of resources, external networking, and legitimacy are less tied to the CEO–director dyad but instead depend on external–internal relations and the ways in which directors can contribute to the focal organization rather than to the CEO him/herself. The rather narrow understanding of the service task among the respondents could thus hamper their contribution to business development.

Even though the respondents described strategy task activities in terms of taking and shaping strategic decisions as well as shaping the content, process, and conducting of strategy (Machold and Farquhar 2013; Stiles 2001), their descriptions were vague. To handle these tasks, the literature highlights board composition, networks, and the board’s involvement in the strategic decision process. The board can influence strategy directly by involvement in strategic decision making, by ratifying strategic proposals (taking strategic decisions), by asking probing questions (strategic content), and by helping to formulate, assess, and decide upon strategic alternatives (shaping strategic decisions and shaping the strategic content and context) (McNulty and Pettigrew 1999).

Even though the respondents’ descriptions of the strategy task were vague, they were explicit about how they exercised strategic control – for example by making sure the business operated in accordance with the board’s decisions. This observation can partly be explained by interactions between board tasks that make it difficult to delineate board tasks in practice (Machold and Farquhar 2013). So, does it matter whether the respondents label board activities as strategy or control as long as the tasks are performed? After all, for CEOs in High North SMEs, a board focusing on control may represent a safety net in terms of the company’s compliance with laws and regulations. Still, we argue that it does matter. For example, an important distinc-

tion between strategy and control tasks is the time perspective. While control means an assessment of history, strategy tasks are future-oriented and focus on how to develop the business. In a context where growth and innovation are presented as the main business challenges, strategy is important. Even though strategic control may be a necessary condition for business development, board directors who operate with a mindset characterized by control could be hampered in their ability to put business development on the agenda because their cognitive framing will influence their perceptions and subsequent actions (Cornelissen and Werner 2014). The strategy task is varied and dependent on, for example, the industry the company competes in, stages in business development, and ownership structure. The literature has also identified a range of activities board directors can engage in such as identifying problems and developing solutions by, for instance, scanning the environment (Rindova 1999).

Above we have highlighted the need to understand all of the tasks boards should engage in. However, it is even more important that they are able to engage in a multiplicity of tasks. The seminars in the BDP emphasized the three main tasks separately, but we found little evidence of emphasis placed on the interaction between tasks or the ability to move between them. Our data show that respondents with extensive board experience were more likely to prioritize strategy tasks than were respondents with little or no board experience, suggesting that the understanding of board tasks, their importance, and their interdependence develop over time. In development programmes, participants will understand the content based on their prior knowledge. The less prior knowledge you have, the more you tend to focus on the things that are easy to grasp. It is reasonable to assume that the programme participants with less prior knowledge possessed less power than the experienced board directors in the programme. This finding is in line with research that shows that the more power an individual has, the more abstract thinking they are able to engage in (Smith and Trope 2006). The understanding of board tasks may also be context-dependent. The limited understanding of service and strategy tasks identified here could be understood in the light of the characteristics of the region in our study where businesses scored high on economic results but low on growth and innovation, implying that they concentrate more on control than strategy.

## CONCLUSION

Boards of directors represent an important, but understudied, resource for business development of High North SMEs. Board directors can influence business development through strategy and service tasks. Our study contributes to the literature by identifying two challenges of board directors' contribution to business development in SMEs: an underdeveloped understanding of strategy and service tasks and a mismatch between what SME boards need (strategy) and what board directors seem to focus on (control). This mismatch could imply that SMEs in peripheral regions such as the High North are held back because competence regarding strategy and business development may not be available to them. In Norway, board work is seldom included as a compulsory course in bachelor's and master's programmes at business schools. Knowledge and skills in board work are learned through practice in the boardrooms. Projects like the studied BDP open up possibilities for the participants to share and discuss board work experiences outside of their own boardrooms. One way to develop such programmes further is to include activities targeted at strengthening CEO relations – for example, by including sessions where CEOs and board directors participate together. Arenas for collective reflections seem especially important in areas where geographical distance may be a barrier for sharing experiences. Such programmes may contribute to the collective sense-making of boards' roles in High North SME business development by, for instance, highlighting the interdependence between tasks of strategic control and strategic development.

Our data raise new questions about board dynamics that seems particularly important for High North SMEs. Further research is needed to understand how boards engage in continuous business development. Interesting questions to explore include how board composition in SMEs affects the understanding of the board's tasks, whether boards in SMEs have capacity beyond the control task, and whether and how the control task, including strategic control, contributes to business development. Given that there is a potential mismatch between the control role focus of many directors and SMEs' need for business development, future research should examine whether there are any particular challenges or benefits for SMEs in the High North in achieving a better dynamic between these tasks. This would provide a base of knowledge on which to build future board development programmes.

Our research can help board directors understand more of the variety of board task activities that are important for business development. A better grasp of constructs and ideas of board work could enable directors to see the link between their activities

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and the potential for business development more clearly. When designing board development programmes, it might also be pertinent to include elements promoting the understanding that in order to contribute to business development, boards of directors must engage in multiple activities. Such development programmes should explicitly challenge the directors' awareness of the actual tasks that they do or do not engage in. The BDP had participants with no board experience and also with extensive board experience. Even though this facilitated knowledge transfer from the experienced to the inexperienced, the programme cannot, in the short and intermediate term, provide the necessary foundation to raise the awareness and competence of less experienced candidates to understand and execute the multiplicity of necessary board tasks.

The study also has implications for what owners of SMEs looking for a board of directors should focus on. First, avoid family or friends (Huse 2011), try to recruit a group of people with complementary competencies including someone who understands the particular industry or has operational experience (Zattoni and Pugliese 2012). Second, strengthen the CEO–chair relation, as this is a core prerequisite for the development of a dynamic working relationship between the board and management (McNulty and Pettigrew 1999). Boards can contribute to the business by performing strategy tasks, but for owners of SMEs it is also vital to understand that boards can make a substantial contribution through service tasks in the dyadic relationship with the CEO (Nordqvist and Minichilli 2009; Huse and Gabrielsson 2012). This also implies that CEOs must be open to a close dialogue and interaction with board directors in general, and the chair in particular (Kakabadse et al. 2006).



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## FOOTNOTES

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# Does regional context matter? A comparative study of two Russian regions implementing budget reforms

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## ABSTRACT

This article presents a comparative study of two regions of Russia. The focus is on regional budgets and budget reforms for the period 2004–2014 with the aim to show the contextual specificity of the High North regions. Recent research on public sector reforms shows the imposition of power and the search for legitimacy as well as the resilience of traditional accounting instruments and their contradiction with New Public Management ideas as the main sources of changes. This study attempts to describe and understand other drivers that seem to shape and force changes in such public sector institutions as budget reforms, along with the previously revealed drivers. Thus, the actions of transnational companies and federal players such as military and financial authorities as well as the initiatives of regional politicians and executives may also be important elements in budget developments, while their role may vary from context to context. I will describe and analyse these incentives through studying changes in normative frameworks regulating budgets and budget reforms in the rather new context of Russia's regions. A very cautious generalization from this study suggests that the governance of the High North regions in Russia is more dependent on the federal level, implying less local autonomy than in non-High North regions with similar economic profile.

**Keywords:** *government budget, public sector reforms, NPM, Russian regions, Russian Arctic, Russian North-West, Murmansk region, Leningrad region*

## INTRODUCTION

The purpose of this study is to contribute to our understanding of the specificity of the High North context through describing and analysing budget reforms on the regional level of the largest Arctic state, the Russian Federation. Budgets and budget reforms are portrayed as an important element of the institutional landscape<sup>2</sup>, which reflects the penetration of global discourses to the High North regions as well as the actions of local stakeholders engaged in regional governance.

The term budget can have different meanings for different purposes. It may be a calculative practice. It may be a technology to predict and describe a future. It may be used to determine purposes and put price labels on them, thus providing a possibility for making choices or, in other words, serve as a decision-making tool. It may be seen as a contract, as a law or a rule to follow and a precedent to reproduce (Wildavsky 1974), or may be treated as a management accounting tool, thus performing the main functions that are assigned to accounting: support of legitimation and the exercise of power (Mellemvik et al. 1988; Gårseth-Nesbakk and Timoshenko 2014). In more abstract terms, a budget may be seen as a ritual of reason, a means of communication, and a language of consensus (Czarniawska-Joerges and Jacobsson 1989).

“Apparently, budgets are good things to reform” (Czarniawska-Joerges and Jacobsson 1989, 35). Budget reforms, in turn, are often seen to be inscribed in broader ideologies, which may carry different governance logics (Wiesel and Modell 2014). Researchers tend to place public sector reform ideologies on a single timeline and thus present a chronological sequence. Since the Weberian type of public administration with its “rule of law” as its main legitimation mechanism, the world has witnessed the emergence of New Public Management (NPM). This is also known as a turn to managerialism, such as bringing business practices into the public sector. There is a strong consensus in the research community that NPM has become a global reform trend (see, e.g., Lapsley 2008). However, there are also views that it is being transformed into New Public Governance (NPG) (Osborne 2006, 2010; Wiesel and Modell 2014) and challenged by the neo-Weberian state (NWS) (Drechsler and Kattel 2008; Pollitt and Bouckaert 2011). New Public Governance suggests further reduction of the state. It is focused on network governance for many single-function entities born by managerial efforts to make the public sector more effective and efficient. The neo-Weberian state is an address to the merits of Public Administration (PA) ideology supplemented with new insights from enhanced direct democratic mechanisms.

As with any other analytical categories, the distinctions between the ideologies are informed and framed by the theory employed, such as institutional logics (Thornton et al. 2012) as in Hyndman et al. (2014) or Khodachek and Timoshenko (2018). At the same time, in an unexplored, rich, and controversial context, the combination of theories may provide more fruitful outcomes if the aim is the enhanced understanding of this context (Khodachek 2017). Thus, to improve our understanding of the role of strategic interplay among regional and local governments, local small and medium-sized enterprises, global corporations, and national authorities in the High North, it might make sense to combine different theories and approaches, seeing how each theoretical lens contributes to our understanding of the context.

Previous studies of accounting and budgeting reforms in local government have focused on various aspects of compliance of local situations to centrally adopted norms (e.g., Christatens 1999; Carvalho et al. 2004). These studies use quantitative methodology and reveal differences in compliance among municipalities as the consequence of different factors, such as size, professional competence, influence of neighbours, etc. This view derives from the rationalist idea that what is designed has to be implemented. However, building on the understanding obtained from public administration practitioners, Czarniawska-Joerges and Jacobsson (1989) claim that this is quite an idealistic approach, seldom shared by people “on the ground”. On the contrary, in many cases practitioners view budget reforms as “temporary Utopias, i.e. states that will never be reached but which, for the time being, can give some comfort by pointing out that the organization is probably heading in the right direction” (Czarniawska-Joerges and Jacobsson 1989, 38). As localized material evidence of reform attempts, a budget may reflect key contextual peculiarities. These may be societal values, the prevailing ideology, economic state, or political agenda, and it may show the performance of the stakeholders engaged in the budget affairs, as suggested by Wildavsky (1974). Budget reforms, viewed as continuity through change, help to achieve a balance between the past and the future (Czarniawska-Joerges and Jacobsson 1989) and thus appear to be a significant element in societal development. This study suggests an understanding of budget reforms as an institution, “an (observable) pattern of collective action (social practice), justified by a corresponding norm” (Czarniawska 1997 in Czarniawska 2009, 423), which reflects specificities of local contexts and thus may form a basis for an enhanced understanding of the context of the High North.



While there is a global trend of harmonizing and even homogenizing Arctic and High North policies and supra-national governance institutions across borders, the institutional landscape of each national context remains a dominating factor for investments and activities in the northern regions (see, e.g., Suutarinen 2015). To put it even more sharply, the largest High North territory belongs to a non-Western transitional economy, whose history and governance tradition contrasts with both Nordic and North American traditions, such as the Western understanding of the state (Kharkhordin 2005, 2017). Thus, the High North context cannot be understood without understanding Russia. Indeed, “the Russian North is an interesting laboratory of spatio-economic evolution and local economic development as old institutional systems have collapsed and new ones have evolved” (Tykkyläinen 2010, 250). Another homogenizing pattern may be expected in treating Russia as a unified centralized autocracy. Nevertheless, both the federal design of the state and Russia’s geographical diversity imply heterogeneity among local institutional landscapes, which in turn may affect economic activities and lead to diverse institutional structures, as suggested by Tykkyläinen (2010). Therefore, understanding the specificity of regional contexts of Russia is an important facet in addressing the task of understanding the High North context as a whole.

Thus, the main research question of this article is:

- How does the regional context matter in terms of explaining differences in implementing budget reforms and what implications does this have for understanding the High North context?

As suggested by Khodachek (2017), in order to address the regional level of Russia’s governance, it is important to consider the federal agendas and their implications for the regional level. Thus, the first sub-question is:

- What are the key features of the Russian context regarding budget reforms and what implications may this have for Russia’s regions?

To answer the question, this paper provides a brief description of the Russian context by referring to a comprehensive study of budget reforms at the central level of Russia in 2000–2015 in connection with the global reform discourses (Khodachek and Timoshenko 2018). The description shows that the budget norms in Russia

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are framed by different institutional logics and at the same time may lead to hybrid outcomes of implementation. This leads to the second sub-question, which will help to enhance understanding of the regional contexts, i.e., actors, reform agendas, and their reciprocal influence:

- What are the key contextual elements in the regional institutional landscape that may reveal the diversity of regional contexts?

To answer this question, I will compare two Russian regions: Leningradskaya oblast (hereafter called Leningrad region) and one of the Russian High North regions, Murmanskaya oblast (hereafter called Murmansk region). The chosen regions are similar enough to be comparable; they are both geo-economically and geopolitically important, have similar socio-economic profiles, and are both located in the European part of Russia, which implies a similar historical background. At the same time, the regions have different reform patterns due to different sets of stakeholders engaged in regional governance and/or economic activities.

The empirical motivation for making this kind of comparison derives from the importance of the two chosen regions for economic activity in the European part of Russia and for international cooperation. Leningrad region borders Finland and Estonia. Being heavily dependent on Saint Petersburg, a city of federal jurisdiction, this region however demonstrates better investment and financial performance (Riarating.ru 2014). Murmansk region has a border with Finland and Norway. It is a former Soviet military outpost and currently a Russian zone of special interest. Being the only non-freezing Russian European seaport, the city of Murmansk has a strategic geopolitical location that makes it important for maritime logistics and military security. Murmansk region is also a centre of mining and fishing industries and a potential centre of oil and gas activities. One can therefore expect different approaches to budgeting in the two regions: there may be different stimuli and different drivers, the implementation of changes may differ, and the use of new budgetary instruments may vary. I assume that in Murmansk region there may be more pressure on the regional budget from federal players such as extractive industry multinationals, shipping companies, and the Russian military. In Leningrad region, actors influencing the regional budget may be more concerned with the developments taking place on the borders with its neighbour, the second largest Russian city of Saint Petersburg, with its population of five million.

The remainder of the paper is structured as follows. The next section presents the theoretical framework for the study, after which the third sub-question is formulated. The theoretical framework is followed by a few words on methodology and methods. Then comes an insight into the context of Russia's public sector reforms, which is followed by descriptions of two cases: the Leningrad and Murmansk regions. The last two sections present a comparison of the two cases, the discussion, conclusions, and suggestions for further research.

## THEORETICAL FRAMEWORK

Building on the main ideas of new institutional theory (DiMaggio and Powell 1983), this article attempts to demonstrate how two recent streams in institutional theory, institutional logics (Thornton and Ocasio 2008; Thornton et al. 2012) and institutional work (Lawrence and Suddaby 2006; Lawrence et al. 2009, 2011), may be combined and how their differences may be productive. Zilber (2013) suggests that these approaches can be seen as “each emphasizing different aspects of institutions”: “While an institutional logics [approach] is more interested in the broad building blocks of institutions, examining in particular structures (including the structure of meanings and organizational practices), institutional work is more tuned to examining micro-practices (though mainly discursive).” (Zilber 2013, 90).

Institutional logics authors position themselves as successors of new institutionalists, sharing with Meyer and Rowan (1977) and DiMaggio and Powell (1983) a concern with how cultural rules and cognitive structures shape organizational structures. However, their main focus is not on isomorphism, “but on the effects of differentiated institutional logics on individuals and organizations in a larger variety of contexts, including markets, industries, and populations of organizational forms” (Thornton and Ocasio 2008, 100). Institutional logics are defined as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton and Ocasio 1999, 804).

The idea of institutional work first appeared in the mid-2000s and since then has rapidly developed into a new branch of institutional theory. Although several researchers use it as a point of reference for their studies (Battilana and D'Aunno 2009; Battilana, Leca, and Boxenbaum 2009; Hargrave and Van de Ven 2009; Kraatz

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2009; Mair and Marti 2009) or critique (Kaghan and Lounsbury 2011), they all tend to be inspired by the Canadian researchers Thomas B. Lawrence and Roy Suddaby, later joined by the French author Bernard Leca. These authors present the concept of institutional work as “the purposive action of individuals and organisations aimed at creating, maintaining and disrupting institutions” (Lawrence and Suddaby 2006, 215).

The main distinction of institutional work from old and neo-institutional theory is that it individualizes day-to-day regular, mundane intentional efforts, taking them out from under the institutional entrepreneurship umbrella and positioning them under a bigger umbrella of work as a critical driver of institutional change:

The concept of institutional work highlights the intentional actions taken in relation to institutions, some highly visible and dramatic, as often illustrated in research on institutional entrepreneurship, but much of it nearly invisible and often mundane as the day-to-day adjustments, adaptations, and compromises of actors attempting to maintain institutional arrangements. Thus, a significant part of the promise of institutional work as a research area is to establish a broader vision of agency in relationship to institutions, one that avoids depicting actors either as “cultural dopes” trapped by institutional arrangements, or as hypermuscular institutional entrepreneurs. (Lawrence et al. 2009, 1).

Advocating their departure from institutional logic, Lawrence et al. underline the importance of understanding a phenomenon of work that they see as being unfairly abandoned by researchers concerned with clashes between institutions, the travel of global ideas, and heroic sagas of entrepreneurial feats:

The study of institutional work takes as a point of its departure an interest in work – the efforts of individuals and collective actors to cope with, keep up with, shore up, tear down, tinker with, transform, or create anew the institutional structures within which they live, work, and play, and which give them their roles, relationships, resources, and routines. (Lawrence et al. 2011, 53).

As suggested by Khodachek (2017), the combination of theories is relevant to address the dynamic and controversial context of Russia. While new institutional theory

helps in conceptualizing the connections of Russian central-level institutions to the global public sector reform discourses, institutional logic makes it possible to extend the focus and consider the Soviet legacy of Russia and the recently emerged concept of “vertical power” as competing logics (Khodachek and Timoshenko 2018). The institutional work approach is also capable of unveiling the actions of local stakeholders and their implications for regional institutional structures.

## **METHODOLOGY AND METHODS**

The study is primarily descriptive and explorative. A view of budget reforms in two Russian regions is constructed and interpreted in a way that allows for them to be explained from the position of institutional theory. The analytical part is somewhat limited, but brings some interesting insights for further research. The comparative case-study strategy appears pertinent for approaching the purpose and the research question of the paper. The relevance of comparison for addressing the specificity of the High North has been emphasized as “giving us the advantage of seeing the forest for the trees” while reaching beyond the micro level (Espiritu 2016).

This is desk research, and the main data collection method is documentary analysis. Data sources are websites of regional governments, legal databases, and articles in Russian media, including those published online. As Pollitt and Bouckaert (2011) express it, the paper focuses on “talks” and “decisions” regarding budget reforms. For some documents simple content analysis was performed. Several informal discussions with public sector practitioners and experts in the field were conducted to support the preliminary findings.

## **THE CONTEXT OF RUSSIA: IMPLICATIONS FOR REFORMS AT REGIONAL LEVEL**

This section presents the key features of the Russian context of budget reforms and the possible implications for Russia’s regions.

Russia is a federal state of 85 regions named “the subjects of the Russian Federation” (Constitution of the Russian Federation 2018). According to the peculiarities of Russian legislation, the roles of central and local – i.e., federal and regional – authorities vary in different processes and may thus depend both on the overall political situation in the country and the personal accountability of each regional leader to the federal authorities.

Reforms in the Russian public sector since 1991 at the federal level have significantly changed governmental accounting in agencies and public entities accountable to the federal government (Timoshenko 2008; Timoshenko and Adhikari 2009). At the same time, although ongoing changes fit well with the Russian top political agenda, they come into contradiction with the existing accounting tradition (Antipova and Bourmistrov 2013). Government budgets have also faced remarkable changes. A comprehensive study of budget reforms at the central level in Russia from 2000 until 2015 (Khodachek and Timoshenko 2018) suggests the presence of all four previously formulated public sector reform ideologies – PA, NPM, NPG, and NWS – in government budgeting norms. These ideologies tend to co-exist and may lead to hybridization:

Although the Russian setting is distinct from that of OECD countries, the similar processes of hybridization and “nationalization” of NPM-like arrangements are apparent. However, unlike previous studies regarding Russia’s public sector reforms (e.g. Timoshenko 2008; Antipova and Bourmistrov 2013), this study raises doubts as to whether the NPM ideology served as a prototype or a normative model for Russia’s policy-makers to implement changes. It is argued in this paper that, along with the NPM trend, the nascent system of governmental budgeting is a result of other public sector reform discourses and certain ideas that were inherited from the Soviet past and the strong ideological rhetoric of Russia’s political elite, aimed to boost the image of the Russian state as a modern and progressive player in the international arena. The empirical evidence demonstrates that Russia’s budgetary framework possesses inherent features that are pertinent to each paradigm. These features include, but are not limited to, NPM-like performance measurement and performance management, a strong reliance on legislation that is more reminiscent of PA tradition than NPM, and elements of NPG and the NWS such as consolidated budgets and reports, participatory budgeting and the role of the state as the primary provider of welfare. Therefore, it is very likely that all the four public sector discourses have acted in concert to transform Russia’s budgetary framework, with the power and potency of each paradigm varying over time, given the particular set of actors and circumstances in place. (Khodachek and Timoshenko 2018, 471).

These features add to the complexity of the context and may create space for local autonomy in implementing reforms on the regional level. The reform, initiated in 2004, was focused on performance-oriented budgeting (Timoshenko 2008). The financial crisis of 2007–2008 seemed to influence the ambitions of reform designers and reform plans. Broader changes in 2010 were aimed at enhancing performance measurement and performance management in public sector organizations. After 2012, most efforts have been directed at introducing target programmes and programme-based budgets. Instead of budgeting through agencies, the federal budget has since 2014 consisted of 42 state programmes that cover more than 95% of federal budget expenses (Ministry of Finance of the Russian Federation official web portal 2013). At the same time, until 2014 Russian federal legislation stated that changes in governmental budgeting at the regional level could be implemented voluntarily. Nevertheless, the federal government provided financial support and guidelines for these changes.

As federal executives have declared, the next step after adopting a programme-based budgeting technique on the federal level is to adopt it on the regional level. The programme share in regional budgets differs from less than 20% to 100% throughout the country (Ministry of Finance of the Russian Federation official web portal 2013). Some Russian regions started adopting programme-based budgeting at the same time as the federal level, but others continued to use traditional techniques until 2015, when budget programmes became obligatory for regions. In his address to the Federal Assembly in December 2013, Russian President Vladimir Putin stressed that during 2014 and 2015 all levels of the Russian budgetary system would adopt programme-based budgeting (Annual Address of President of the Russian Federation to Federal Assembly 2013). Thus, the period between 2004 and 2014 may show how regions reacted to federal reform agendas and how the regional institutional landscapes informed these reactions.

The next two sections present the cases of Leningrad and Murmansk regions in order to identify the key contextual elements in the regional institutional landscape which may show the diversity of regional contexts and, consequently, the variance in budget reforms.

## THE CASE OF LENINGRAD REGION

### Snapshot of regional economy and regional budget

Leningrad region is named after Leningrad, the Soviet name of the city of Saint Petersburg, which was a regional centre of the North-West of the USSR and remains the second city or, as it is also called, “the Northern Capital of Russia”. The population of Leningrad region today is about 1.8 million, with 1.1 million living in urban areas. The largest cities are Gatchina (population 94,447), Vyborg (77,400), Vsevolozhsk (73,126), Sosnovyi Bor (68,013), Tikhvin (60,102), and Kirishi (50,885) (Petrostat 2018). The permanent population comprises more than 80 ethnic groups with a Russian majority and indigenous minorities such as Vepsy, Vod’, and Izhory. A brief but quite comprehensive analysis of the economy of Leningrad region is found in the Concept of Development of Leningrad Region until 2025 (LO Concept 2025) adopted by the regional government in 2013. To a great extent, the profile of the region is formed by the second largest Russian local market, the city of Saint Petersburg. Other significant factors are naturally determined by its geographical location: borders with the EU (Finland and Estonia) and access to the Baltic Sea. The latter makes Saint Petersburg and Leningrad region together the largest seaport system in Russia. During the Soviet period, Leningrad region fully provided Leningrad city with the main food products. Today agriculture is less significant, but remains an important modern and highly efficient sector. According to official statistics, the main industries are manufacturing, construction, transport, production and distribution of energy, and agriculture. The gross regional product (GRP) growth rates since 2001 exceed those of the North-West and Russian GDP growth as a whole. As stated in the LO Concept 2025, this growth is mainly based on high investment activity.

A major ongoing investment project in Leningrad region is the port of Ust’-Luga located to the south of Saint Petersburg at the mouth of the river Luga. In 2013 its turnover became the fastest growing in Russia and one of the largest at 60 million tons. According to official investment plans, it aims at entering into world’s top 20 largest seaports list with a turnover of 180 million tons (NW Strategy 2025). The closed town of Sosnovyi Bor hosts a large nuclear power plant that produces 40% of all electricity in the North-West Federal District. Its expansion plan forms a huge part of regional investment statistics. However, Leningrad region is also known for its policy of welcoming foreign investors. Among them are European, Japanese, Chinese, Turkish, and American companies. The town of Vsevolozhsk was one of the first in Russia to establish a foreign car production factory (backed by American investors). Vyborg town hosts a shipbuilding factory that focuses on offshore



platforms and oil and gas supply vessels in cooperation with Norwegian producers. Transport infrastructure includes both national/international routes and regional ones. Oil and gas pipelines, railways, roads, and river commercial sailing routes connect Leningrad region with five other Russian regions, thus providing a gateway to Europe for the vast Russian territory lying to the east of Saint Petersburg.

In 2012, the regional budget contributed 13.8% to the GRP, which was lower than in other regions (Elin 2012a). Many Leningrad region inhabitants are used to relying on Saint Petersburg public sector institutions, such as advanced health care or higher education. However, the regional budget is highly “socially oriented”, which means that it is primarily directed to the provision of public services, financing regional public sector institutions and subsidizing municipalities. Although the budget is traditionally planned and executed with a deficit, Leningrad region remains one of eight “donor” regions that send more money to the federal budget than they receive. The budget is planned for three years; since 2014, 93% of its expenses have been under 17 regional state programmes, and performance management issues receive increasing attention from regional political leaders. One of the programmes, “Public finance and public debt management in Leningrad region”, with a planning period until 2016, is devoted to increasing the effectiveness and efficiency of the regional public sector.

### **Budget reforms in 2004–2014**

The most comprehensive concept of budget reforms was launched in 2004 as a part of an application to the federal fund for regional finance reforms. The document was named the “Regional finance reform programme of Leningrad region” (or “LO Programme 2004”). NPM ideas seem to have influenced this document to a great extent. The main aim of the document is to enhance quality of life through increasing the competitiveness of the region. LO Programme 2004 calls for effectiveness and efficiency. A very simple content analysis shows that these words appear 92 times in the 5507-word document. Most often, they refer to the effectiveness of public spending, provision of public services, and efficient public governance. LO Programme 2004 mentions balanced scorecard technology as one of the instruments that should help to achieve the targets of the document. Other ideas mentioned are programme-based budgeting, mid-term planning, and performance management for regional government institutions and public sector organizations (LO Finance Committee 2014). Although this programme may be considered as very innovative for the Russian context of the mid-2000s, Leningrad region did not receive

financial aid from the fund for reforming regional finances. This has to some extent determined further developments of the regional budget. It seems that the regional authorities have been more concerned with the investment climate for enlarging the tax base and thus regional budget revenues rather than seeking effectiveness and efficiency as these were interpreted by the federal powers. It is worth mentioning that the period from 2004 to 2007 is known for introducing a performance-oriented budgeting reform at the Russian federal level, which was later considered a complete failure. However, some informants also explain this by the influence of the strong economic block of regional government in charge until 2012. Apparently, official reform concepts issued in Leningrad region in 2004–2012 actually call for performance-oriented budgeting, but the focus was on enhancing economic growth and the investment climate rather than public sector effectiveness and efficiency.

This situation changed in 2012, when a new governor was appointed, whose team included a vice-governor for finance with a career in the federal Ministry of Finance and government of Saint Petersburg. During 2012 and early 2013, the number of programmes was decreased and the share of programmes in the regional budget was increased. The reform has met strong resistance from regional executives, but has provided a firm foundation for further developments in the regional budget. The programme's share in 2013 was 29%. In the 2014 budget, it was planned to make the figure 93% of all spending.

In 2013, to frame this and further changes, the government of Leningrad region approved the regional state programme “Public finance and public debt management in Leningrad region” for a three-year period starting in 2014. Different forms of the words “effectiveness” and “efficiency” appear 155 times in the 84-page document. Although there is evidence that the ideas in the document rely on NPM logic, the main direction of the programme is towards following the federal guidelines.

### **Key players influencing regional economy, budget, and budget reforms**

During the 2000s, Leningrad region's economic achievements were linked to its natural benefits, its geographical location. However, the effectiveness of the government's economic block was vital for using these benefits in the most appropriate way. Unlike in Saint Petersburg, key appointments were never excessively politicized. Moreover, there was an enduring consensus between the regional elite, federal authorities, and decision-makers in Saint Petersburg on the future vision of Leningrad region.

In 2012, the governor who had been in charge for more than 10 years resigned. It is necessary to mention that from 2004 to 2014, the President used to appoint regional leaders almost directly. Formally, he had to propose several candidates, and regional parliament had to approve one of them. Since 2014, they have again been directly elected. The procedure is similar to the one that existed during the 1990s and the early 2000s. Nevertheless, in 2012, there was a more centralized system, and the forthcoming appointment created tensions among federal groups of influence that supported two candidates. After an intriguing period of negotiations they both became governors, but in different regions. This appointment brought significant changes for Leningrad region. It changed the balance with Saint Petersburg, making the region more self-sufficient in political, economic, and financial decisions.

The new set of key stakeholders may be understood through comparing two lists of major regional investment projects from before 2012 and now. Hereafter the study will refer to the LO Concept 2025.

The list of implemented investment projects includes:

- Deep oil processing plant by Kirishineft<sup>9</sup> (Russia);
- Railway cabin and trolley production factory by ICT Group (Russia) and BARAN (Israel);
- Tyre production factory by Nokian Tyres (Finland);
- Car production factory by Ford Motor Company (USA);
- Off-highway trucks component production factory by Caterpillar (USA);
- Forest processing plant by Svir<sup>10</sup> Timber (Sweden);
- Cigarette production plant by Philip Morris (USA).

The list of major ongoing investment projects includes:

- Ust<sup>11</sup>-Luga deep-water seaport complex with related infrastructure, industrial units, and new settlements for 35,000 inhabitants by Rosmorport federal agency and several consortiums of Russian investors, including Russian Railways, Volga Group, Novatek, Bank “Rossiya”, and other business groups;
- Modernization of the regional railroad system by Russian Railways (Russia);

- Extension of Sosnovyi Bor nuclear power plant by Rosatom (Russia);
- Extension of Baltic oil pipeline system with terminals in Primorsk and Ust'-Luga seaports by Transneft (Russia).

The situation is clear: huge and complex investment programmes with a high share of spending on infrastructure are dominating over single-unit investment projects. Federal agencies, state-owned corporations, and federal business groups are replacing foreign investors. On the one hand, this may be considered as a result of the successful investment policy of the regional authorities. On the other hand, it brings new challenges for them, primarily political. A new set of stakeholders may dominate over regional government, thus leading to a misbalance between federal and regional business groups, federal and regional authorities, and Saint Petersburg.

However, the interest of this paper is in budget reforms. The situation described above shows that the turn to a new stage of reforms took place in 2012 after the appointment of a new governor. To some extent, this coincided with the increasing attention to regional finances by federal authorities, but this may partly also be linked to the new vision of a new set of stakeholders and their work to manage regional development. In any case, the role of the new vice-governor was very important in conceptualizing and operationalizing the budget reforms of programme-based budgeting and mid-term financial planning.

## THE CASE OF MURMANSK REGION

### Snapshot of regional economy and regional budget

Murmansk region is one of the High North regions of European Russia located in the Kola Peninsula. It borders on Norway and Finland and hosts the only Russian non-freezing European seaport, which is the gateway to the trans-Arctic Northern Sailing Route. It is a highly urbanized region, 93% of the population (757,621) live in cities. Around 1600 of them represent the largest regional indigenous minority, the Saami. Although aquaculture, fishing, and agriculture, especially reindeer herding, are significant in the GRP, Murmansk region is highly industrialized territory. As a Soviet legacy, it possesses well developed albeit archaic infrastructure: railways, an energy grid with a nuclear power station in its core, and rather excessive utility complex. The main industries, according to official statistics, are mining, manufacturing, public and military affairs, trade and services, transport, and fishing. Murmansk is the home port of the world's largest and unique fleet of nuclear icebreakers. The closed town of

Severomorsk is the home port of the Russian Northern Fleet that includes an aircraft carrier, the world's three largest surface combatants, nuclear battlecruisers, and dozens of strategic nuclear submarines.

The regional public sector is rather large, representing health care, research, and education as well as other Russian traditional public services. There are 1096 public sector organizations in Murmansk region, 57 of which are accountable to federal level, 186 to the regional government, and the rest are municipal organizations. The share of the consolidated regional budget in the GRP is 23%. The regional budget comprises 17 state programmes that represent more than 99% of regional budget spending. The budget is approved annually as a regional law, usually in November or December, for the following year and for a planning period of a further two years. Most of the budget policy documents stress its performance orientation. However, today it would be more accurate to define it as a mid-term programme-based budget.

### **Budget reforms in 2004–2014**

The starting point for budget reforms in this period was the adoption of the “Regional finance reform programme of Murmansk region” in 2005 (hereafter “Programme 2005”). It was drawn up as part of an application to the fund for regional finance reforms. Murmansk region did not receive federal funding in 2005 and 2006, but the programme was updated and re-approved in 2006, then in 2007, 2008, and 2009. After 2007 it was co-financed and monitored by the fund. All versions of the programme appeal to effectiveness and efficiency. A content analysis shows that these words appear 77 times in the 21,831-word document in its initial version, with minor changes (73 and 92) in other versions. Besides efficiency and effectiveness, there is a strong focus on the following issues:

- Increasing autonomy of, and/or privatizing, public sector organizations that provide public services, however with remarks that this should be done carefully and reasonably.
- Introducing and developing performance measurement and performance management.
- Implementing mid-term budget planning.
- Increasing the share of target-oriented budget programmes in all expenses.

The goals of the programme were achieved by 94.81% and 100% in 2007 and 2008 respectively. Further budget reforms announced after 2008 were less systematic and

were aimed primarily at coping with the consequences of the financial crisis. Recent developments were framed by changes on federal level addressing all Russian regions. Of these, the following should be mentioned:

- New edition of budget code, bringing *de facto* obligatory adoption of a new version of programme-based budgeting on the regional level, developments in tax legislation, and the recently (2014) approved law “On strategic planning in Russia” that puts federal, regional, and local budgets into a wider frame of a forecasting and planning system.
- So-called “President’s May decrees” – a set of targets announced by Vladimir Putin during his election campaign and further adopted as a top-priority political agenda for the Russian state, regions, and municipalities.
- Performance measurement and ranking of regions based on uniform indicators, with a direct impact on governors’ salaries.
- Federal programmes designed at developing so-called macro-regions, for example, Siberia, Russian Far East, and the Russian Arctic zone, leading to further centralization and thus increasing the focus of federal authorities on previously neglected regions.

However, there are some peculiarities that apply to Murmansk region, related to its demographic profile. The region has been depopulating since 1991 and has lost more than 30% of its population over this period. This situation brings challenges not only for the regional labour market, but also for public service provision. Thus the question of reducing the public sector and balancing its capabilities with the current and future needs of the population is still on the agenda, which differentiates Murmansk region from regions in central and southern Russia. The ideas of optimizing the number of government-run public sector organizations and delegating the provision of public services to non-governmental or commercial entities remain on the official reform agenda.

### **Key players influencing regional economy, budget, and budget reforms**

The main profile of Murmansk region during the late Soviet period was formed by military and mining activities, and the role of central power has always been highly significant. With minor changes, this remains true for today. Although the mining industry and commercial sailing have more influence on the regional economy, it seems that the military sector has more influence on the regional budget. This takes

place through so-called closed towns (“ZATO”) built to accommodate the Northern Fleet, strategic missiles, and other military units. For quite a long period after the collapse of Soviet Union, these towns were like “black holes” for regional authorities. It took a while to make them more transparent and accountable to regional government. At the same time, “good shape” and clarity of the regional budget helped Murmansk region to gain federal support after the financial crisis of 2008.

Due to prevailing economic activities, several business groups communicate intensively with the regional government based on their interests in Murmansk region:

- Norilsk Nickel, the world-leading producer of nickel, palladium, and precious metals with resource base in local town of Norilsk.
- EuroChem, one of the world’s largest (top ten) producers of mineral fertilizers, having its resource base in the town of Kovdor and co-owner of the main regional seaport.
- Fosagro, world’s leading producer of phosphate fertilizers with resource base in the town of Apatity.
- Severstal, one of the world’s leading vertically integrated steel and steel-related mining companies and the owner of Olenegorskiy iron ore complex.
- Russian Railways, state-owned railway operator, serving the regional transport demands of the seaport, the mining companies, and other enterprises.
- Gazprom, world’s largest gas producer and the owner of the giant Shtokman gas and gas condensate field in the Barents Sea.
- Rosneft, co-owner of the main regional seaport.
- Rosatom, the owner of the world’s largest fleet of nuclear and diesel icebreakers, based in Murmansk, as well as the operator of a regional nuclear power plant in the town of Polyarnye Zori.

These companies represent the core of the regional economy and are major taxpayers. However, informants say that their influence on the regional budget is limited to lobbying their needs in terms of budget allocation. While their influence does not seem to lead to creating any demand for reforms, the companies do have some influence on political decisions and key appointments. For example, the discussion on delegating public services to private entities may be linked to

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their wish to load their traditionally huge social infrastructure and finance it with regional budget subsidies.

Federal interest in Murmansk region is embodied in a federal state programme devoted to developing Russian Arctic territories, named *Socio-economic development of the Arctic zone of the Russian Federation for the period until 2020*. Its draft was issued at the end of 2013 and promised a budget of around EUR 15 billion for 2015–2020. The approved programme reduces budget spending to the levels planned in other programmes and projects, primarily the state programme of transport system development. Federal and regional government agencies (Ministry of Defence, Ministry of Economic Development, and Ministry of Finance), education and research institutions (Northern Arctic Federal University, Far East Federal University, Murmansk State Technical University, and regional centres and institutions of the Russian Academy of Science), state corporations (Rosatom, Vnesheconombank, United Shipbuilding Corporation, Rosnano), state-owned companies (Russian Railways, Rosneft, and Gazprom) as well as large private companies (Lukoil) are seen as the main actors in the implementation of the programme. As Murmansk region is wholly in the Russian Arctic zone, it makes sense to say a few words about how the programme may influence the regional budget. Some recent developments correspond with the document, including military activities, such as the re-building of Arctic military airports and providing permanent military presence. Secondly, investment activities, such as privatizing Murmansk port, involve international partners to participate in the continental shelf projects and other activities. Thirdly, there is the modernization of the fleet of nuclear icebreakers. Although the share of the budget assigned to military activities in the draft programme was classified and not present in the approved version, we may assume that this share has not been cut; on the contrary, it may have been enlarged. Spending on reviving old Soviet military infrastructure and building new facilities that include ports, airports, permanent bases, as well as search and rescue points, seems to represent the main investments in the Arctic zone, besides oil and gas developments and reviving the Northern Sailing Route navigation system.

The impact of the military sector on Murmansk region was significant during the Soviet period; it decreased after the collapse of the USSR, but remains important today and will increase in the near future, thus influencing its budget too.



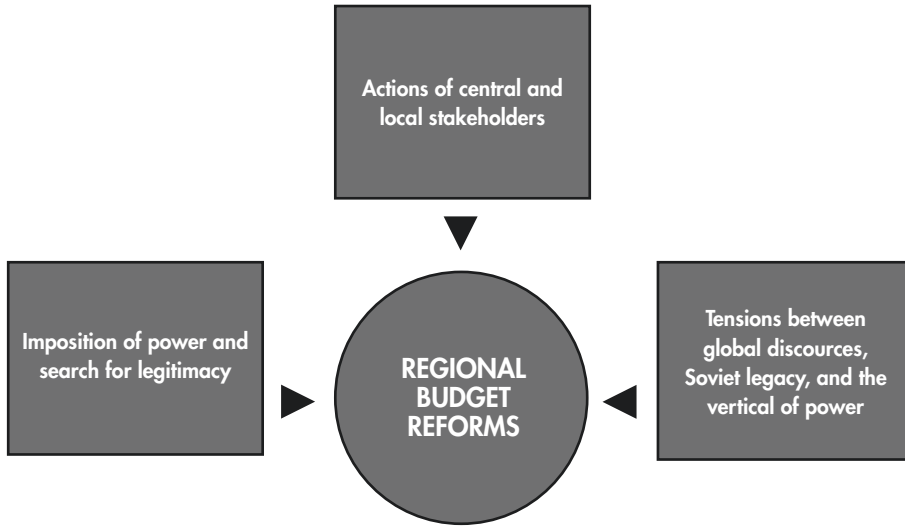
## COMPARISON AND DISCUSSIONS

Researchers claim that changes in governmental accounting and budgeting on Russia's federal level do not serve to enhance instrumentality, but to support the legitimacy of the Russian state on the international arena (Timoshenko 2008; Timoshenko and Adhikari 2010). Such behaviour may be aimed at providing a good image of Russia for supra-national institutions like the International Monetary Fund, foreign investors, and foreign state leaders. Neo-institutional theorists could say that this behaviour is quite expected if these changes are viewed as coming from the top and as an adaptation to the environment (Meyer and Rowan 1977; DiMaggio and Powell 1983). However, in terms of budgeting reforms on the regional level, one may observe diverse situations.

First, keeping in mind what has been said about strong Russian accounting traditions (Bourmistrov 2001; Antipova and Bourmistrov 2013), the reforms can also be seen as conditioned by competing institutional logics, such as global discourses (PA, NPM, etc.), the Soviet legacy, and verticality of power (Khodachek and Timoshenko 2018). The Russian context itself is quite “dense”: there are many strong institutions inherited from the Soviet or Empire past, such as the sediments of accounting norms and practices (Bourmistrov 2001). Another example is the recently adopted federal law “On strategic planning in Russia” that may easily revive the Soviet planning system. The authors of the law call it “Gosplan 2.0”, referring to the name of the Soviet planning government body (Rozhkova 2014).

Second, central and local actors can be more influential on the regional level than global actors on the federal level. Wildavsky and Caiden (2001) suggest that a budget may be regarded as a contract. On the macro level, regional budgets may present a contract between Russia's federal players and Russia's regional elites. On the micro level, in the Russian regional government context, this contract may take place between various federal and regional players, regional government executives, investors, business groups, and sometimes also regional politicians. Their (institutional) work, understood as conscious attempts to make the public sector more manageable, could lead to support of the budget mechanisms they have found appropriate for their needs.

Therefore, when comparing budget reforms in two Russian regions, we need to account for all three sources of influence, starting with international reform ideologies, continuing with the Russian context, and ending with regional contexts.



*Picture 1. Forces that may influence regional budget reforms in Russia*

For the purpose of this paper, this was done through:

- understanding regional economic profiles;
- identifying the most influential stakeholders;
- analysing policy documents, reform concepts and programmes during 2004–2014; and
- describing how the budget appeared in 2014.

To make this clearer, the key features of the two cases are presented in the analytic table below. A brief interpretation of the comparison also follows.

The two regions have many similarities, such as diversified economic profiles and geopolitical importance for federal authorities and neighbouring states. There are also differences in their experience of budget reforms. Overall, federal authorities have traditionally been more influential in Murmansk region than in Leningrad region. Primarily this applies to the federal Ministry of Defence and Ministry of Finance. In Leningrad region, the regional elite has traditionally been very close to Saint Petersburg and during the 1990s and 2000s naturally tried to benefit from its

	Leningrad region	Murmansk region
Economic profile (activities, dominating in GRP)	Manufacturing; Construction; Transport; Production and distribution of energy; Agriculture	Mining; Manufacturing; Public and military affairs; Trade and services; Transport
Key stakeholders (influencers)	Saint-Petersburg; Bank “Rossiya”; Russian Railways; Volga Group; border states (mainly Finland, Estonia) and foreign investors	Ministry of Defence and Ministry of Finance; Norilsk Nickel; EuroChem; Fosagro; Severtal’; Russian Railways; Gazprom; Rosneft; Rosatom; border states (mainly Norway, Finland)
Budget reforms since 2004	NPM-like ideas in 2004 regional finance reform programme, more extreme than federal ideas, further changes in norms are within federal guidelines, but with more focus on investment climate, rapid turn to programme-based budgeting in 2012 followed by dramatic increase of programme share from 29% in 2013 to 93% in 2014, traditional strong influence of Saint Petersburg with growing influence of federal centre	Direct appeal to federal norms, concepts and ideas, in turn linked to NPM, participation in pilot programme of regional finance reform led by federal Ministry of Finance in 2005–2009, strong influence of financial crisis, smooth adoption of programme-based budgeting in 2009–2014, strong influence of federal centre, particularly Ministry of Defence and Ministry of Finance
Budget in 2014	Programme-based with 93% share of programmes, mid-term (three-year) planning, performance oriented	Programme-based with 99% share of programmes, mid-term (three-year) planning, performance oriented

*Table 1. Comparison of budget reforms in Leningrad and Murmansk regions*

huge market and the geographical location. The main difference in the budget reform experience of the two regions is that Murmansk region participated in a federal pilot programme of reforming regional finances in several counties, but Leningrad region did not. Despite this difference in 2014, both regions apply rather similar systems suggested by federal guidelines. Their budgets are approved for three years, the programme share is high in both regions, and the rhetoric of official reform texts is very reminiscent of NPM ideology. Although the role of federal players was previously less significant in Leningrad region, recently it has been seen to increase and dominate the decision-making.

## CONCLUSIONS

This study has sought to contribute to our understanding of the specificity of the High North context through describing and analysing budget reforms on the regional level in Russia.

Budget reforms appear as an important element of the institutional landscape, which, as informed by new institutional theory (DiMaggio and Powell 1983), reflects the penetration of global public sector reform discourses to the regional level. In this process, these competing discourses are accompanied by contradictory elements of the Soviet past and the emerging Russian version of autocratic personalized governance, the verticality of power. Overall, the global discourses, such as New Public Management, the Soviet legacy, and the verticality of power are seen as competing institutional logics (Thornton et al. 2012), framing the budget reforms on the regional level. By contrast, the actions of central and local stakeholders engaged in regional governance and economic activities are seen as institutional work (Lawrence et al. 2009), which contributes to the budget reforms on Russia's regional level and creates unique institutional landscapes in each of the regions.

The main research question of this article was:

- How does the regional context matter in terms of explaining differences in implementing budget reforms and what implications does this have for understanding the High North context?

As suggested by Khodachek (2017), in order to address the regional level of Russia's governance, it is important to consider the federal agendas and their implications for the regional level. Thus, the first sub-question was:

- What are the key features of the Russian context regarding budget reforms and what implications may this have for Russia's regions?

The Russian context is distinct from that of other High North states due to the differences in historical and governance traditions. As suggested by Khodachek (2017), it is complex, dynamic, and controversial. All four global public sector reform ideologies – Public Administration, New Public Management, New Public Governance, and neo-Weberian state – have contributed to central government budgeting norms along with the Soviet legacy and the verticality of power. Seen as

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institutional logics, they tend to co-exist and may lead to hybridization (Khodachek and Timoshenko 2018).

The second sub-question has helped to enhance understanding of the regional contexts – actors, reform agendas, and their reciprocal influence:

- What are the key contextual elements in the regional institutional landscape that may reveal the diversity of regional contexts?

Thus, when it comes to reform perception and implementation on the regional level, there are contextual peculiarities. The comparison presents the economic profile, relations with federal authorities, and a set of local stakeholders as important contextual elements in understanding regional budget reforms. It is hard to say whether reforms are influenced by the regional contexts more than by the federal dictate. A more precise formula would be that the set of reforms is the same and is defined by federal authorities, but the regional contexts influence the manner and the speed of their adoption.

The comparison between the two regions shows that although both regional contexts have been affected by the global public sector reform discourses and have followed the federal reform policies, the differences in the sets of stakeholders may explain the slight variance of the budget reforms. In Murmansk region, located in the High North, the federal stakeholders have been more active than in Leningrad region, which is probably why the initial reform framework was closer to the (initially voluntary) federal guidelines. A very cautious generalization from this study suggests that the governance of the High North regions in Russia is more dependent on the federal level, implying less local autonomy than in non-High North regions with similar economic profile.

The findings of this paper are limited, being bounded by the empirical data collected, which involves just two cases, the contexts analysed, and the theoretical implications. Extending the number of cases to other High North (and non-High North) regions could enrich our understanding of the roles different stakeholders have in shaping institutions on Russia's regional level. Studying the decision-making practices within the corporations and federal state organizations with activities in the High North could be another avenue for further research.

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# Citizens' involvement in financial planning in the Russian North: External pressures and internal dynamics of participatory budgeting experiments

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## ABSTRACT

The ambition of this paper is to contribute to the growing literature of understanding potentials and challenges of citizens' involvement in state financial planning, i.e. participatory budgeting (PB). The paper traces the development and underlying nature of PB experiments in a comparative perspective: we explore whether and how PB experiments form Participatory Governance (PG) in two Northern municipalities of Russia, one in the High North and the other outside the Barents region. Theoretically, we combine previous knowledge on the role of PB in the PG discourse with ideas of neo-institutional theory capturing external pressures and internal dynamics of PB. The findings show that both PB cases formed limited PG practices. Interestingly, despite the comprehensive rhetoric of "local voice" in the case of the High North municipality, there was much less potential for PG in practice than in the middle-sized municipality outside the Barents Region with less rhetoric. We propose that the combination of various institutional aspects influenced the potentials of PB to form PG – and that even though PB in the High North was supposed to involve the local inhabitants, it was rather designed and adopted by mimetic and coercive pressures. As a result, decisions continued to be kept far away from the "local" High North and its internal dynamics. Another PB case, less strategically important than the municipality in the High North, was mainly designed and developed through a

combination of normative pressures and internal managerial logic. Our paper thus shows the significance of existing institutional relations (external pressures and internal dynamics) between the central and local authorities in the formation of participatory mechanisms such as PB.

**Keywords:** *participatory budgeting, Participatory Governance, Russia, municipality, High North*

## INTRODUCTION

There is increasing acknowledgement of citizens' involvement in state governance under the banner of Participatory Governance (PG) and New Public Governance in general. Based on idea(s) of deliberative and direct democracy, PG implies the formation of various mechanisms of broader stakeholder participation and engagement in decision-making on regional and city governance, including strategic, urban, and financial planning (see e.g. Fung 2006, 2015; Grossi and Steccolini 2014; Klijn, 2012). Nevertheless, while the topic of PG and its fostering mechanisms has attracted a considerable body of research related to its effects and challenges (for an overview, see Aleksandrov and Timoshenko 2018; Allegretti and Herzberg 2004; Célérier and Cuenca Botey 2015; Ganuza and Baiocchi 2012; Goldfrank 2012; Kuruppu et al. 2016; Pinnington et al. 2009), the empirical research on the underlying nature of PG initiatives is still limited, especially when it comes to the specific contexts and nature of relations between central and local incentives for PG mechanisms within one country (Bartocci et al. 2018; Sintomer et al. 2016; van Helden and Uddin 2016). Such research is vital given the increasing demands for ensuring sustainable societal development, while acknowledging possible tensions between local and central interests (Bourmistrov et al. 2017).

In this regard, we aim to trace the development and underlying nature of the so-called participatory budgeting (PB<sup>3</sup>) technique, which has become one of the central PG mechanisms/tools across town halls, city administrations, and local governments during the last decade (Fung, 2015). Despite various definitions and possible characteristics (see Sintomer et al. 2008; Sintomer et al. 2016), PB can be defined concisely as a budgeting technique where unelected citizens are allowed to participate in public finance allocation and contribute to the decision-making process of the public budget. Through a comparative perspective, we explore whether and how PB experiments form PG in two Northern municipalities of Russia: one in

the High North (the large Murmansk municipality) and the other outside the Barents Region (a medium-sized municipality in Leningrad region).

The Russian setting represents a critical case for analysing the underlying nature and formation of PB. This is due to radical steps toward experimentation with PG mechanisms on the local level in recent years. PB experiments<sup>4</sup> were launched almost simultaneously by several municipalities in 2013 to test new democratic instruments of citizen involvement and their effects on governance (Beuermann and Amelina 2014; Shulga et al. 2017). The Russian setting is particularly interesting in terms of existing centralized and hierarchical governance mechanisms (Khodachek and Timoshenko 2018; Zhrebtsov 2014), which potentially influence how new PG tools are implemented. While an in-depth examination of PB has already revealed pitfalls in the North West of Russia (Aleksandrov et al. 2018; Aleksandrov & Timoshenko 2018), more general institutional aspects related to PB implementation and relations between central and local authorities are still unresearched. A comparative perspective is therefore valuable in order to capture possible practice-based variations and tensions. While the two selected cases have similar governance structures and rhetorics concerning the development of PG initiatives, their underlying nature may still be different. The particularly engaging case of PG is in the High North region with high resource potential (e.g. oil, gas, fisheries): it has traditionally been seen as an area of global discourses and institutions which pursue the macro interests of influential state and non-state actors (Sinha and Bekkevold 2017; Tamnes and Offerdal 2014). High North governance is increasingly addressed from the local perspective with the promise of considering the values/interests of the population (e.g. Sinha and Bekkevold 2017; Torfing and Triantafyllou 2016). Such an agenda becomes especially relevant under conditions of steady economic growth for the industries in the High North and at the same time depopulation among young people (BIN 2018).

Drawing on documentary analysis, video material, social network data, and semi-structured interviews, the theoretical basis of this paper is a combination of previous knowledge on the role of PB in the PG discourse and the formation of its three dimensions (Fung 2006; Fung and Wright 2003; Klijn 2012) with ideas of neo-institutional theory (DiMaggio and Powell 1983; Meyer and Rowan 1977; Thornton et al. 2012). Such a combination allows for the capture of variations in PB practice and social aspects related to its underlying reasons and rationality in the context of relationships between central authorities and local governments (Mauro et al. 2018). In this regard, our theoretical ambition is to contribute to the literature

in several ways. Firstly, by showing potential institutional challenges connected to the underlying nature of PB and its development for fruitful PG within a scope of relations between central and local incentives, the paper contributes to the growing discussion of PG mechanisms in various countries in general and the High North in particular (Fung 2015; Sinha and Bekkevold 2017; Torfing and Triantafyllou 2016). Secondly, with its comparative perspective and Russian context, the paper responds to recent calls for comparisons of PB practices within countries and for widening the scope of institutional contexts to include emerging economies (Sintomer et al. 2016; van Helden and Uddin 2016).

The remainder of this article is organized as follows: the next section introduces the PB literature and its role in PG and presents insights from neo-institutional theory to guide our comparison. The third section is devoted to some research settings and methodological considerations. Further, empirical findings of PB experiments are presented as a comparison. The last section contains the discussion and conclusion.

### **PARTICIPATORY BUDGETING AS A TOOL FOR PARTICIPATORY GOVERNANCE FROM THE NEO-INSTITUTIONAL THEORY PERSPECTIVE: EXTERNAL PRESSURES AND INTERNAL DYNAMICS**

Participatory Governance (Fung 2006, 2015; Fung and Wright 2003) is closely related to so-called Democratic Governance or Public Governance agendas (Grossi and Steccolini 2014; Klijn 2012; Osborne 2010). Although different aspects might be emphasized, the key principles of the PG agenda can be formulated within three main dimensions: democratic legitimacy, effective governance, and social justice (Fung 2006, 2015). The democratic legitimacy dimension supposes that through participatory practices citizens will start to trust local authorities' actions and decisions as a result of co-production (Fung 2015). The effective governance dimension suggests that through participation citizens can be active contributors to complex problem solving in government by introducing local knowledge (Lovan et al. 2017). And the social justice dimension supposes that participation enables divergent/plural voices to be heard without consideration of people's current social status and wealth (Fung and Wright 2003).

While there is a variety of mechanisms/tools of PG formation (see e.g. Klijn 2012 for a review), one of the best-known approaches is related to citizens' participation in the budgeting process, i.e. PB. Appearing first in Brazil in 1989, PB became a "symbol of democracy" and a successful model of participation around the world

(Sintomer et al. 2008), today found in more than 1500 cities in different continents (Ganuza and Baiocchi 2012). PB develops in space and time, and the practices vary (Sintomer et al. 2016). In general, the process starts with citizens identifying local needs, generating ideas to respond to those needs, and deliberating on the ideas. Based on the deliberations, citizens develop selected ideas into specific projects that address the needs, in collaboration with public officials. Next, residents vote for or negotiate which of these projects to fund and put in the budget (Pinnington et al. 2009). In Europe, PB has become a highly popular process (Sintomer et al. 2008) with, for example, the UK, Germany, Italy, France, and Spain initiating PB practices countrywide (Allegretti and Herzberg 2004). More recently, less developed and developing countries have also started to follow suit (e.g. Aleksandrov et al. 2018; Kuruppu et al. 2016; Uddin et al. 2011).

As it travels around the world, the PB technique is deeply rooted in the three above-mentioned dimensions of PG (Goldfrank, 2012; Pinnington et al., 2009; Sintomer et al., 2008; Sintomer et al., 2016). These scholars discussed broadly these dimensions of PG and their formation through PB by testing them on different countries' settings. Some scholars have shown that PB is able to form all three dimensions of PG, thus becoming a valuable mechanism to ensuring sustainable development in the public sector (e.g. Abers 2001; Allegretti and Herzberg 2004), but an increasing number of critical studies paint a less optimistic picture with various pitfalls of PB in forming PG. For example, PB can be a “shield”, “show”, and “ritual” without real citizen participation (e.g. Davidson and Elstub 2014; Uddin et al. 2011). Others show that PB can be exploited for others' political and economic interests (e.g. Célérier and Cuenca Botey 2015; Harun et al. 2015; Kuruppu et al. 2016) or just developed through the “old way of thinking”, which is rather administratively oriented (He 2011), perhaps leading to a reflexivity trap (Aleksandrov et al. 2018) or to using elements which are not coherent with democratic ideals of PB (Aleksandrov and Timoshenko 2018). By promoting external legitimacy instead of democracy, citizen participation may end up mixing effectiveness with efficiency, as well as developing symbolic social justice with the political elite in place (see Aleksandrov and Timoshenko 2018 for an overview). Such developments point to the generation of more analytical knowledge and the application of novel theories, which can capture the challenges and opportunities of the development of PG practices in specific contexts.

While there are many possible theories to apply to study the underlying challenges related to PB implementation and the formation of PG (for an overview, see Aleksandrov and Timoshenko 2018), we approach the comparative perspective by

drawing upon the ideas of institutional theory, as recently called for by van Helden and Uddin (2016). Explicitly, we draw on ideas of institutional isomorphism (DiMaggio and Powell 1983) and institutional logics (Thornton et al. 2012), which stress various combinations of external pressures and internal dynamics for the formation of PB and therefore its PG dimensions (Bartocci et al. 2018; Mauro et al. 2018).

Institutional isomorphism supposes that organizations adopt similar patterns of practices under particular institutional conditions, thus becoming homogenous (DiMaggio and Powell 1983). In other words, rather than being confined to learning from their own experience by encoding inferences from history into routines guiding their behaviour (Levitt and March 1988), public organizations such as municipalities can find it desirable to be legitimized by others or portray themselves as modern by meeting requirements in resources and securing their survival (Meyer and Rowan 1977). Applied to PB, institutional isomorphism suggests that, in the two PB cases under comparison, legitimated structures and procedures of PB can be transported to municipalities through three separate external forces/pressures or their combinations: coercive, mimetic, and normative (DiMaggio and Powell 1983). Coercive mechanisms are exercised via external pressures exerted by the government, or regulatory or other agencies (e.g. through limiting funding) to adopt certain practices they find appropriate, therefore raising the issue of external legitimacy. Mimetic mechanisms are a result of organizational responses to circumstances of uncertainty when, in the case of PB, municipalities imitate practices of others for institutional survival under uncertainty. Normative mechanisms emphasize the effect of the professions and rational thinking in the adoption of PB (e.g. through the influence of consultants), along with education.

While institutional isomorphism is valuable in capturing external forces/pressures related to PB and its formation of PG, it is still unsuitable for revealing possible internal dynamics in PB design and implementation. In this regard, as proposed by Bartocci et al. (2018), ideas of institutional logics can be useful to interpret internal actors' motivations and processes related to the adoption of PG mechanisms (p. 4). Institutional logics "represent frames of reference that condition actors' choices for sense-making, the vocabulary they use to motivate action, and their sense of self and identity" (Thornton et al. 2012, 2). Applying to PG in particular, multiple logics can create "practice diversity" or internal dynamics by enabling variety in cognitive orientation and contestation over which practices are appropriate (Lounsbury 2008). According to Bartocci et al. (2018), PB design and implementation can be linked to three distinctive underlying logics and their combinations: political, managerial,

and community building. These can in turn be identified with a specific focus on the internal actors (who?), motivations (why?), and processes (how?) in relation to PB (Bartocci et al. 2018). Political logic supposes that the internal dynamics of PB involve politicians (who) and political rationalities in reinventing local democracy (why) where PB is conceived as a highly symbolic tool detached from annual financial planning (how) (Sintomer et al. 2008). Managerial logics involve PB promotion by managers (who) with the idea of improving the public performance of administrations (why), where PB is organized as a more rational process integrated with existing budgeting tools (how) (He 2011). A community building logic supposes that PB is internally constructed by civil society organizations like NGOs or community associations (who) (Sintomer et al. 2008) with the goal of strengthening citizens' sense of belonging to the local community and sociability (why). Based on this logic, PB is organized as management of funds or specific projects in social, environmental, and cultural areas with no explicit reference to the municipal budget (Bartocci et al. 2018; He 2011; Sintomer et al. 2008).

Therefore, combining ideas of institutional isomorphism with an institutional logics approach, we ask how the formation of PG by PB can be explained as a social process with a combination of external pressures (DiMaggio and Powell 1983) and internal dynamics (Bartocci et al. 2018). In this regard, the paper examines and reports the main interpretations of external rationalities for PB (coercive, mimetic, and normative), internal dynamics (“who”, “why” and “how”, which form particular logics or their combinations), and PB effects within PG dimensions (democratic legitimacy, effective governance, and social justice). While we acknowledge the possible critique of the institutional approach in studying challenges of PB (especially internal ones, see Aleksandrov et al. (2018)), we rather stress that it is analytically valuable for studying the more general organizational level of PB development in the scope of relations between central government institutions and local governments (Klimanov and Mikhailova 2011).

## RESEARCH SETTING AND METHOD

Based on the research question and theoretical considerations, this study is qualitative and applies a comparative case-study strategy. The first case represents the PB practice in the municipality X, which attracted attention for the PG rhetoric among local and regional mass media with such headings as “Citizens have looked into the state pocket”. Municipality X is a city with a population of around 70,000 people, located in North-West Russia (Leningrad region). The municipal budget

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was around three billion roubles in 2013. More than 500 large, medium, and small companies operate in the municipality, with different business areas and forms of ownership, including the use of advanced technology. Major industries are manufacturing, construction, science, transport, and communications. There are around 29 educational institutions.

The second case represents PB practice in the municipality of Murmansk (Barents region) with a “3D Budget”. The name comes from three Russian words beginning with the letter “D”, literally translated as “let’s divide the money”. Murmansk, with a population of around 300,000, is located within the Arctic Circle and has strategic significance in the development of resources and economic growth in the Arctic as the largest port on the shores of the Arctic. All large enterprises are connected with fisheries and fish processing, ship repair, sea transport, metal working, rail and automobile transportation, the food industry, and sea geology. Murmansk has around 227 educational institutions. The municipal budget was ten billion roubles in 2013.

There are thus some differences between these two municipalities in terms of geographical position, size, economy, and finance, but both municipalities’ budgeting practices are regulated by a set of similar norms on the federal level.<sup>5</sup> Thus, we expect these two cases to be suitable to compare. As the main data sources, we draw on documentary analysis, video material, social network data, and semi-structured interviews. Most of the data were collected and analysed during 2013–2014. All data were collected in the Russian language with subsequent translation into English.

To understand the context and preconditions of PB, we accessed a variety of written material (scientific literature and newspaper articles) and official documents (budget and tax law books, documents of, for example, the Ministry of Regional Development, Ministry of Finance and Economic Development Ministry) as well as internal documentation and texts suggested by the interviewees. In our two cases, texts and other data from official websites (municipalities) were also taken into consideration. In both cases, we analysed some official documents regarding PB, local newspaper articles and interviews with PB participants which were available online.

In the case of municipality X, we collected videotape data of internal PB processes (meetings of PB participants) and social network data. This was possible thanks to a special online group created in the social networking service vk.com<sup>6</sup>. It enabled the exchange and communication of information in relation to the PB project. In



total, the Internet portal had around 160 participants for 2014 and open access. The Internet portal contains video material of the PB process, such as PB participants' meetings and presentations from April 2013 to May 2014. In total, we analysed around 32 hours of video material. Social network data for analysis included online discussion texts/lines and texts/lines of comments related to PB processes published in an online group of vk.com. In the case of Murmansk municipality, we tracked the forum discussions and comments of citizens on the official website and vk.com social network of the city administration in relation to PB.

In addition to documentary analysis, videotape, and social network data, we conducted two semi-structured interviews, one with the PB coordinator of municipality X in May 2014 and the other with the head of the Murmansk municipal finance committee in August 2014. Each interview lasted about 60 minutes (only one was tape-recorded). The interview guide was structured by a number of questions on several sub-topics: general idea, reasons/rationality for PB experimentation, guiding principles of the process along with its challenges, and general results. The interviews were transcribed, and a summary was sent to interviewees for additional feedback.

The data analysis was primarily guided by our theoretical framework based on ideas of institutional isomorphism (DiMaggio and Powell 1983), institutional logics (Bartocci et al. 2018), and PG (Fung 2006, 2015; Fung and Wright 2003). Therefore, we highlighted and coded interview transcripts, documents, and notes according to the fields of our study interests, i.e. external pressures for PB, internal dynamics, and PB effects within PG dimensions. Below, we present key findings in this regard.

## **EMPIRICAL FINDINGS: PB FORMATION OF PG AS A SOCIAL PROCESS OF EXTERNAL PRESSURES AND INTERNAL DYNAMICS**

### **External pressures for PB**

The collected data shows that both cases report several combinations of external rationalities for the introduction of PB (Table 1).

Both cases reported similar mimetic pressures evident in general reference to PB and other experiments as a possible way to involve local citizens in local financial planning and in this way to gain legitimacy in the eyes of central authorities by exercising the transparency law. Social network data and documents reported that in both cases the initiative for PB was linked to the current Russian federal legislation

PRESSURES	MEDIUM-SIZED MUNICIPALITY IN LENINGRAD REGION (municipality x)	LARGE MUNICIPALITY OF MURMANSK
Coercive		Funds and strategy dependence
Mimetic	The transparency law International experiences of PB	The transparency law International experiences of PB
Normative	Intervention of research group	

*Table 1: Summary of external pressures in two municipalities*

calling for transparency and the openness of financial information, namely FZ №8 2009, “On providing access to information about the activities of state bodies and local self-government”. The idea of this law is that municipalities should be more transparent and open to their citizens regarding financial information. Thus, in both cases, we can argue that PB has become a good way to respond to current legislation by imitating others’ experiences of PB. Specifically, it is evident in both cases that several municipalities’ documents in relation to PB refer to the transparency law and to the classical PB experiences of Brazil (Sintomer et al. 2008).

Along with the similarities, the external rationalities for PB were somewhat more nuanced in both cases in terms of normative and coercive pressures. Specifically, the case of the medium-sized municipality of Leningrad Region showed the core element of normative pressure in PB. This was evident in the form of external research group intervention for PB experimentation. As a part of the research centre at one of the prestigious private universities in Russia and in receipt of financial support from a powerful non-commercial foundation, the research group became an important external initiator and further advisor for PB in municipality X. As the documents and the interview highlighted, the nature of the PB experiment was to test whether PB and Western democratic ideas were applicable to Russian practices. Referring to the work of Sintomer et al. (2008), the World Bank report on the Brazilian case, the external research group developed the methodological guidelines for PB implementation in Russian settings, based on rather rational and practical thinking

(e.g. evidence of preliminary observations by the research group in the municipality and awareness of bureaucratic procedures in the municipality; for more detail see Shulga et al. (2017)).

In the Murmansk case, while there was no evidence of normative pressures in relation to PB, coercive pressures appeared to be crucial for PB initiation. Specifically, compared to municipality X, the documents highlighted that most of the budget funds for the development of Murmansk were handled as subsidiaries from federal and regional governments. This in turn dictated the main conditions and priority areas of budget policy spending for Murmansk as a key strategic city under the agenda of Arctic governance, security, and the development of sea routes. In this regard, the Murmansk case was a little more nuanced in terms of searching for extra legitimacy from the central authorities in relation to funds and at the same time following the priorities set for the development of Murmansk region according to transparency and the involvement of local inhabitants in governance. This problematic concern was also evident in an interview with the head of the finance committee who stressed that he was “following both local dimensions and central strategic priorities in governance”.

### **Internal dynamics of PB**

As suggested by the literature, along with external pressures for PB, the internal dynamics can be reflected by particular institutional logics of PB and their combinations (Bartocci et al. 2018). Based on data collected, we found several distinctive combinations of logics in both cases (Table 2).

In the case of municipality X, the internal dynamics of PB was formed within a combination of managerial and community building logics. Specifically, with regard to the main internal rationality for PB, the head of the administration and budget committee department played a central role in the decision to adopt PB by working with the research group to “internalize” PB guidelines for municipality routines. The documentary analysis, videotapes, and social network data also highlighted the involvement of NGOs and activist groups – in addition to public managers – in PB development in the municipality as active participation in the PB process. In this way, the data demonstrated a combination of several internal justifications for PB, including conceiving citizens’ involvement as a rational tool of solving the “legitimacy gap” between local administration and citizens and therefore of increasing the effectiveness of local budget formation and further empowering local

CASES	POLITICAL LOGIC	MANAGERIAL LOGIC	COMMUNITY BUILDING LOGIC
Medium-sized municipality in Leningrad region (municipality X)		<p><b>Who:</b> Public managers                      Why: Search for rational problem-solving of “legitimacy gap” and effectiveness  <b>How:</b> Mini-group participation, micro-projects, limited budget funds (approx. 1.5%), budget lectures, meetings, discussions and voting</p>	<p><b>Who:</b> NGOs and activists  <b>Why:</b> Sense of belonging to the city  <b>How:</b> Thematic dominance of civil organizations’ agenda</p>
Large municipality of Murmansk	<p><b>Who:</b> Mayor  <b>Why:</b> Citizens’ empowerment for democracy  <b>How:</b> Broad-based participation with high symbolism, comparatively large amount of budget funds (approx. 10%), only voting for budget directions</p>	<p><b>Who:</b> Public managers  <b>Why:</b> Effective governance  <b>How:</b> Use of questionnaires, mass media, online feedback form</p>	

*Table 2. Summary of underlying logics of PB in two municipalities*

communities in city management. Such a combination of actors and motivations led to the design of the PB initiative jointly by the administration and research group while civil organizations dominated the PB process itself.

The PB process was organized in a rational form of mini-public participation where 15 citizen-participants and 15 “backup” citizens (in case participants from the main group withdrew) were randomly selected into a PB commission to decide how to spend around 1.5% of the municipal budget. For that purpose, the PB commission

operated during May and June in meetings moderated by a member of the research group. During those meetings, the citizen-participants exchanged and deliberated project ideas for budget applications, and discussed them with administrative departments. Educational aspects were also evident in the form of open lectures on the municipal budget process, governance structure, and urban management organized by the administration and the research group. The meetings were followed by final discussions and voting for particular project ideas among the commission members and subsequent implementation within the municipal budget. As the video and social network data demonstrated, within such a design, the PB process was dominated by mini-projects with thematic dominance of the agenda of civil organizations, including environmental issues (e.g. budget spending for local battery recycling), capital budgeting in sport (e.g. construction of cycling paths), or common urban space construction (e.g. multifunctional park areas).

Both municipalities wielded a sort of PR campaign before experimenting with PB, but the Murmansk municipality clearly chose a more prominent rhetoric in conjunction with its PB initiative; it also encouraged local citizens to participate in the upcoming initiative with such slogans as “You decide how to slice (= distribute) the budget”.

In the case of Murmansk, the internal PB dynamics was different, revealing a combination of political and managerial logics in place. With regard to the main internal actors, PB was initiated by the mayor with the support of the head of administration and the council of deputies. The public council of the city served as a communication channel, and the mass media provided a PR company. Further, the documentary analysis and interview demonstrated a combination of several internal justifications for PB, including citizens’ empowerment to increase democracy and effective governance. Specifically, the head of the finance committee reflected that PB was intended as “...a form of work with the population which allows the opinion of citizens to be considered at the discussion of distribution of the budgetary funds” along with making it possible to “...identify the most significant social problems from the standpoint of Murmansk citizens”.

The PB process in Murmansk was organized in a combination of rational administrative thinking and large-scale rhetoric on citizen participation as a symbol of direct democracy. Specifically, according to available accounts, it was expected that all citizens of Murmansk would decide how to spend 10% of the municipal budget in two

stages: an extensive questionnaire (September 2013) and a public event (4 November 2013). The questionnaire could be filled in on paper or online and was designed with two subsequent parts. Firstly, citizens were asked what expenditures they considered as priorities for the city of Murmansk in 2014 (for example education, health, sport, or social housing). Secondly, people were asked whether they supported the social projects of the administration. The public event was organized on the central square of the city with the so-called “slicing [or sawing] the budget” approach: the organizers prepared a beam there that symbolized the budget of the city. The beam was divided into nine parts (the same ones as in the questionnaire, e.g. education, health, etc.) with 12,500 small holes and 12,500 sticks prepared for voting. Every citizen could get one stick to put it in a specific hole. A few hours later, the beam looked like a big hedgehog. Then the beam was sawn into nine pieces of different length.

### **PB effects within PG dimensions**

As suggested by our theoretical frame of reference, specific external rationalities and internal dynamics of PB can lead to the formation of PG in general (Bartocci et al. 2018; DiMaggio and Powell 1983; He 2011) and its three dimensions in particular (Fung 2006, 2015; Fung and Wright 2003). Based on the collected data, this paper reports several distinctive potentials of PG formation in this regard (Table 3).

In municipality X, several potentials for PG formation were evident. Within the democratic legitimacy dimension of PG, the collected data demonstrated that PB had become a valuable tool in citizens’ learning about local government and the budgetary process, as evidenced by more sophisticated questions and issues raised by PB participants with the administration. As the videotape observations demonstrated, by understanding the budget process, the participants started to understand and discuss project ideas with officials rather than only blaming them. Therefore, it can be argued that PB has led to the formation of citizens’ trust in local authorities and has become a good communication channel between citizens and local authorities: “... People got used to seeing officials as their enemies, but when they work together on something, they change the style of conversation and ideas about the work. People begin to offer constructive ideas.” [PB coordinator]

Regarding the formation of the effective governance dimension of PG in municipality X, the data sources reported several examples of citizens’ contributing to local governance with their knowledge (Lovan et al. 2017). Specifically, the PB commission created a number of interesting capital budgeting projects such as a multifunctional

PG DIMENSIONS	MEDIUM-SIZED MUNICIPALITY IN LENINGRAD REGION (municipality x)	LARGE MUNICIPALITY OF MURMANSK
Democratic legitimacy	Citizens' learning, trust formation and communication channel	Negative discussions in local mass media, decrease of citizens' trust
Effective governance	Interesting effective projects Future officials (experts) from citizens New PB cycle	Extensive questionnaire data and public meeting but these were not used further No plan to repeat PB again
Social justice	Limited decisions with few participants, BUT discussions of municipality governance beyond PB	"No comments" for citizens' budget decision to be taken into consideration

*Table 3. Summary of PB formation of PG dimensions in two municipalities*

playground or cycling area in the city centre. As the PB coordinator reflected, such projects are usually marginalized by the administration which is too busy with other government responsibilities and the implementation of more standard capital projects. In this way, citizen involvement led to a more effective response to the local needs in creating the city environment. In addition, as observations and documents revealed, the municipality gained new “experts” among the citizens, who applied to be municipal council members. Such effective governance results have led to the transformation of the PB experiment into established practice in municipality X since 2014.

Last but not least, the PB in municipality X also had implications for the social justice dimension of PG to some extent. In particular, the data revealed that, while PB produced limited decisions (only 1.5% of the municipal budget) with few participants (15 commission members), such a weak form of participation has also led to discussions of municipality governance beyond PB. Such observations were evident especially on the Internet portal/network, where not only PB commission members but, importantly, other citizens discussed project ideas. For example, the discussion of a new playground capital project has led to parallel questioning of the city administration actions in relation to nearby territories and park reconstruction.

In Murmansk municipality, potentials for PG formation were hardly evident. As the data revealed, the PB initiative instead led to decreased democratic legitimacy and unclear effects on effective governance and social justice. Specifically, after the public event of “slicing the budget”, the administration gave a very positive assessment on the project, as the experiment showed that citizens (about 25,000 people) were very active and interested in deciding on budget allocations of the city. However, there was no disclosure of how big a part of the budget (10%) would be formed in accordance with the wishes of the citizens. In this regard, the administration maintained a “no comments” position, where the results of the questionnaire and public event were kept but not used further. This resulted in rather decreased trust of citizens in their local authorities and negative assessments in local mass media and internet forums with such headings as: *“It is not clear if the ‘3D Budget’ project really influenced the budget decisions”*, *“The experiment is obviously not finished”*, *“The idea is good, but the execution spoiled everything”*. Others expressed their opinion more strongly: *“While we were slicing the beam, they [officials] were slicing the real budget”*, *“The officials used citizens as a mindless stage prop”*, *“The administration showed extreme disrespect for us”*, *“They reported on results and forgot about us”*. It seems that the administration was satisfied with the intermediate result, that is, establishment of “feedback” with the citizens concerning budgeting. Nevertheless, the reflection of the head of the Murmansk municipal finance committee was more nuanced on that issue. Accurately, he/she reflected on the fact that *“even though we have a general idea of such initiatives as PB to be adopted through looking at others’ examples, we are too much dependent in our actions on federal and regional orders and priorities”*. To some extent, the head of the Murmansk municipal finance committee agreed with the criticism of the citizens that the PB was unfinished and symbolic. However, she/he emphasized the general strategic orientation of Murmansk and funds being mostly exploited for specific purposes connected to the Arctic development. Indeed, we found several strategic documents and programme documents which challenged the possibility to consider the results of citizens’ decisions, even to the extent of 10% of the total budget. Therefore, as one of the participating citizens reflected in the social media: *“participation was only for participation”*. As a result, there are no plans to repeat such an experiment in Murmansk yet.



	EXTERNAL PRESSURES	INTERNAL DYNAMICS	PARTICIPATORY GOVERNANCE
<b>MEDIUM-SIZED MUNICIPALITY IN LENINGRAD REGION</b>	1. Normative 2. Mimetic 3. Coercive	1. Managerial logic 2. Community-building logic	Increased democratic legitimacy Limited effective governance Limited social justice
<b>LARGE MUNICIPALITY OF MURMANSK</b>	1. Coercive 2. Mimetic	1. Political logic 2. Managerial logic	Decreased democratic legitimacy Unclear effective governance Unclear social justice

Figure 1. Comparison of PB experiments and their formation of PG

## DISCUSSION AND CONCLUSION

This paper responds to the recent calls to study the underlying nature of PG in terms of the specific contexts and nature of relations between the central and local incentives toward PG mechanisms within one country (Bartocci et al. 2018; Sintomer et al. 2016; van Helden and Uddin 2016). In this regard, the paper has traced the development and underlying nature of the PB technique as a central mechanism/tool in forming PG (Fung, 2015). Specifically, we have explored whether and how PB experiments formed PG in two Northern municipalities of Russia: one in the High North (the large Murmansk municipality) and the other outside the Barents Region (a medium-sized municipality in Leningrad region).

The findings show that both PB cases formed limited PG practices based on its three main dimensions: democratic legitimacy, effective governance, and social justice (Fung 2006, 2015; Fung and Wright 2003; Lovan et al. 2017). Such observations concur with previous observations in the literature on the problematic nature of PB in the PG discourse (e.g. Aleksandrov et al. 2018; Célérier and Cuenca Botey 2015; Harun et al. 2015; He 2011; Kuruppu et al. 2016; Uddin et al. 2011). Nevertheless, the internal country comparison perspective brings exciting insights into the nature of relations between the central and local incentives toward PG mechanisms. PB formation of PG is clearly a social process combining external pressures (DiMaggio and Powell, 1983) and internal dynamics (Bartocci et al. 2018) (see Figure 1).

As revealed in the Murmansk case, even though the general content of PB was guided by PG intent, the results of citizens' incentives toward the budget were hidden under the general budget-drafting process related to key priorities of the regional and federal development of the Arctic. These findings agree with recent claims that strategic and financial planning continues to be far removed from the really "local" High North (Bourmistrov et al. 2017). Such symbolic actions and ignorance (e.g. Davidson and Elstub 2014; Uddin et al. 2011) led to rather decreased democratic legitimacy in Murmansk. The same applied to other dimensions of PG in Murmansk, because the PB potential of forming effective governance and social justice was blurred. In the medium-sized municipality X, even though the PB experiment was much smaller in terms of scope and funding, the potential continued to grow with stronger engagement by the local inhabitants. Here, the PB experiment was comparable with the general content of PB practices (Sintomer et al. 2008; Sintomer et al. 2012; Sintomer et al. 2016), adding local flavours such as coordination by the external research group and the lecture component. As we discovered, this PB experiment had more potentials to form PG but with limited dimensions of effective governance and social justice. Such internal challenges of PB have already been revealed by previous studies in general (Harun et al. 2015; Lovan et al. 2017; Sintomer et al. 2016) and on Russia in particular (Aleksandrov et al. 2018; Aleksandrov and Timoshenko 2018). At the same time, the result of the experiment also has some potential in this regard such as the creation of future experts among citizens who then become deputies or officials, along with discussions of municipality governance beyond PB.

Summing up, even though both municipalities' initial rhetoric was related to forming PG through the introduction of PB, its potentials in practice were entirely different. Paradoxically, the medium-sized municipality with less rhetorical and less comprehensive PB content in terms of the scope of citizens' participation and funds to be distributed formed a more fruitful PG discourse than the large municipality of Murmansk, which had more initial open incentives for citizens' involvement on a more significant scale and with a larger budget.

In order to explain such observations, we propose that particular relations between the PB external pressures (DiMaggio and Powell 1983) and internal dynamics (Bartocci et al. 2018; DiMaggio and Powell 1983; Meyer and Rowan 1977) have influenced the potential for PG formation in both cases. Specifically, in the case of Murmansk municipality, even though PB in the High North was supposed to involve the local inhabitants' dimension, it was rather designed and adopted by mimetic

and mainly coercive pressures, which kept decisions far away from the “local” High North. Those pressures were juxtaposed with the external dynamics of PB. These are driven by a political and managerial logic, where the intentionality and actions related to PB have high PG potential. The other PB case, less strategically important than the municipality in the High North, was mainly designed and developed through a combination of normative pressures and internal managerial logic.

Therefore, the central argument in our paper is the importance of considering the possible relations between external pressures and internal dynamics (Mauro et al. 2018) of such PG mechanisms as PB, for this influences the potential of PB to form PG in particular contexts. As our paper has shown, the lack of alignment between external pressures and internal dynamics can lead to limited PG potential of PB. When applied to the High North, paradoxically, the development of PG mechanisms is challenging because the High North context offers both opportunities and constraints from an institutional point of view. Strong political and managerial incentives toward PG cannot guarantee that the practice will succeed. Crucially, the High North is a part of global opportunities for resource exploitation. Its strategic importance limits the development of participatory practices even though local incentives toward such practices have high potential. The High North thus becomes a setting where all local initiatives are still much more about global discourses.

With these findings, the paper contributes to the growing literature of potentials and challenges of PB as a mechanism for securing sustainable societal development in various countries in general and the High North in particular (Aleksandrov et al. 2018; Aleksandrov and Timoshenko 2018; Bartocci et al. 2018; Beuermann and Amelina 2014; Fung 2015; Sinha and Bekkevold 2017; Torfing and Triantafyllou 2016). Specifically, we contribute to this literature by showing possible tensions between external pressures and internal dynamics of PB, which potentially limit PG development in terms of relations between central and local governments (Bourmistrov et al. 2017). Secondly, by adopting a comparative perspective and involving the Russian context, the paper responds to the recent calls for comparison of PB practices within countries and for widening the scope of institutional contexts to include emerging economies (Sintomer et al. 2016; van Helden and Uddin 2016).

Our study has several limitations. The first limitation is connected with the generalization of the findings in relation to Russia as a whole. While we have attempted theoretical generalization by presenting a comparison of two cases, we

would encourage future studies to examine in more detail, including internal and cross-country comparisons, the PB potentials and challenges in forming PG in the High North and beyond. Secondly, our comparative approach with the use of institutional theory is entirely limited to capturing in detail the differences in the internal actors' roles and actions in PB potentials for PG. While such in-depth studies have already taken place in the Russian setting as single-case studies (Aleksandrov et al. 2018; Aleksandrov and Timoshenko 2018), we encourage future research to bring novel theories that capture underlying internal processes of PB and external pressures in a comparative perspective involving more than one country.

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## FOOTNOTES

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<sup>3</sup> We use the term participatory budgeting to describe one of the mechanisms of participatory governance in the context of the public sector.

<sup>4</sup> The term ‘experiment’ is used to emphasize the pilot nature of the development of PB practices with an unclear understanding of whether the practice will be established on a permanent basis.

<sup>5</sup> Federal Law No. 131 On the General Organizational Principles of Local Self-Government in the Russian Federation and Budget Code of the Russian Federation.

<sup>6</sup> The Russian equivalent of Facebook.

# The rhetoric and practice of business research collaboration among High North universities

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## ABSTRACT

International research collaboration and business development in the High North have become hot topics at the governmental policy level in many countries. However, despite prior research on cooperation between Nordic universities, there is a dearth of research specifically addressing the practice of High North research collaboration in business studies. We ask the following research question: how are the prospects for business research collaboration among High North universities portrayed in national policy documents and to what extent is business research in the High North collaborative in practice? We address this question by analyses and comparisons of publicly available governmental Arctic strategies and bibliographic data on joint publications between researchers from High North universities in Finland, Norway, and Sweden. The empirical results reveal diverging yet far-reaching national aspirations at the policy level which do not match the rather modest research collaboration in practice evidenced by our bibliographic data. Our conclusions suggest that the rhetoric of High North business research collaboration and the practice of actual collaboration among High North universities are decoupled from each other. We theorize about explanatory circumstances behind decoupling in the area of research collaboration and provide suggestions for further research.

**Keywords:** *High North, Nordic Universities, cooperation, business research.*

## INTRODUCTION

We address the following research question: how are the prospects for business research collaboration among High North universities portrayed in national policy documents and to what extent is business research in the High North collaborative in practice?

The Nordic High North region is frequently pinpointed as an important component of the Arctic agenda, where opportunities associated with natural resources and alternative sea routes need to be balanced with human development and environmental considerations (e.g., Iskanius and Pohjola 2016). Arguably, the challenges are especially noticeable because, even in a narrow Nordic sense, the Arctic is a transnational construct. The transnational character of the Nordic High North and the global implications of its development make international research collaboration in this region particularly desirable.

We focus here on the Nordic High North universities located in the administrative entities of Northern Norway, Northern Sweden, and Northern Finland, and concentrate specifically on business research collaboration. Given the transnational and political nature of issues related to the High North, international research collaboration discussions are not restricted to academia. Indeed, policymakers are also keen to contemplate what might be the “best” approach towards a strategic, coherent, and policy-relevant Arctic science (Tesar, Dubois, and Shestakov 2016).

It is apparent to us as the members of the Arctic Council that the governments of Norway, Sweden, and Finland make it their priority to develop High North policies for their respective countries. In these policies, international cooperation and business development are portrayed as important conditions for peaceful and sustainable development in the Arctic. In addition, knowledge-sharing across national borders is emphasized as an important step in the cultivation of regional identities during a perceived time of global challenges related to the economy, the environment, and society in general (Gürüz in Sundet et al. 2017, 1). From a political point of view, business research collaboration between universities in the High North ought therefore to be an essential part of producing and generating necessary knowledge about, and for, businesses in the Arctic. However, the practices of researchers may only be loosely coupled with governmental policies, and research collaboration tends to be habitual and based on strong ties between the collaborators (see, e.g., Trondal 2010). We are therefore interested in understanding whether the practice of business research col-



laboration in the High North corresponds to the lofty ideals that often characterize political visions and national policies.

First, we describe the national policies for the High North regions of Norway, Finland, and Sweden with a special reference to statements related to research collaboration in general and business research in particular (“the rhetoric”). We then present a bibliographic analysis of joint publications by researchers in the universities of the High North (“the practice”). The final section discusses the existing patterns of business research collaboration and explanatory factors behind the results we find. Finally, we suggest promising areas of further research about business research collaboration in the High North.

## THE HIGH NORTH REGION

The High North (in the context of this paper, referring to Northern Norway, Northern Sweden, and Northern Finland) is a cross-border area with its own reasons, purposes, and process dynamics. High North policies are developed on a national level (National Arctic/High North policies), intergovernmental level (Arctic Council, Barents Secretariat), and international level (EU Arctic Policy). We are interested in policies because they provide interesting clues to the kind of research collaboration that policy-makers deem valuable in the High North.

We analyse research collaboration in practice between universities located in the High North: in Norway, Nord University (NordU), UiT – The Arctic University of Norway (UiT); in Sweden, Luleå University of Technology (LTU) and Umeå University (UmeåU); and in Finland, the University of Lapland (UnivLap) and the University of Oulu (OU). We focus exclusively on High North universities and their business research collaboration as we are concerned with their role and involvement in producing and generating knowledge that is needed about, and for, businesses in the High North and the Arctic.

Over several years, some initiatives and common projects (e.g., the Arctic Economic Council, the University of the Arctic) have promoted High North cooperation. In spite of this, there are still those who voice concerns suggesting that “... the process of organizing Arctic research is fragmented. A strong mechanism is needed to steer some of the science agendas toward policy and management” (Tesar, Dubois, and Shestakov 2016, 1369). Our aim is to contribute to the discussion on the nature of the

relationship between policies and practices of research collaboration when it comes to the High North and the Arctic.

## METHODS

To answer our research question we analysed publicly available data sources including governmental Arctic strategies and joint publications between researchers from High North universities. For the analysis of each country's national strategies, we used Nvivo 11 software to measure frequencies and to identify how research collaboration was addressed in the documents. For an overview see Table 1 below.

COUNTRY	GOVERNMENTAL ARCTIC STRATEGY
Finland	Finland's Strategy for the Arctic Region (2013)
Sweden	Sweden's Strategy for the Arctic Region (2011)
Norway	Norway's Arctic Strategy (2017)

*Table 1. National Arctic strategies*

As shown in Table 1, national strategies for the Arctic region are available for all three countries. Interestingly, in the case of Norway, the government published Norway's High North Strategy in 2006, Norway's Arctic Policy in 2014, and Norway's Arctic Strategy in 2017. One interpretation of this is that Norway is particularly active in Arctic-related issues.

To address our research question on how the prospects for business research collaboration among High North universities are presented in national policy documents and to what extent this vision corresponds to the practice of business research in the High North, we applied a bibliometric approach. We used the Web of Science Core

Collection that contains regional citation indices, patent data, specialized subject indices, and an index of research datasets, totalling over 33,000 journals.

## EMPIRICAL RESULTS

In the first section, we present the national policies for development of the High North. In the second, we measure actual research collaboration between High North universities.

### National policies for the High North in Finland, Sweden, and Norway

#### *Finland*

The content analysis reveals that research is the eighth most common word used in Finland's *Strategy for the Arctic region* (2013). Moreover, the concepts of expertise and cooperation emerge from the coding of contexts associated with research.

#### *Expert*

For Finland, maintaining and developing a high standard of expertise and research are of primary importance. The following quote is illustrative: "Finland's ambition is to set an example as an Arctic expert both in research and in the responsible commercial exploitation of such expertise" (p. 17).

#### *Cooperation*

The Finnish Arctic strategy supports communication and collaboration between research institutes and universities involved in research. The strategy also states that the offering of Arctic instruction must increase and improve. Moreover, because of the limited and fragmentary availability of research data on the Arctic, networking and broad-based international cooperation between countries both within and beyond the Arctic region are considered crucial.

The Finnish strategy makes no distinction between institutions located in the Arctic and in the southern areas of the country. Because of Finland's northern location, nearly all areas of research are considered to be in some way linked to cold climate expertise and accordingly to Arctic conditions. Higher education institutions and research institutes engaged in Arctic research and their respective special fields are listed in a publication by the Ministry for Foreign Affairs, entitled *Arctic expertise in Finland*.

### *Sweden*

*In Sweden's strategy for the Arctic region* (2011), the word research occurs as the fourth most important word (93 counts, 0.98% of the text).

Sweden's Arctic strategy states that interaction between research, higher education, politics, and society is essential for the Arctic. According to the policy, Sweden will promote and support international research cooperation in areas relevant for the Arctic, such as mineral research, environmental technology, and sustainable natural use (Regeringskansliet 2011). "[C]ooperation among small and slightly larger institutions across national borders in the North is an effective way of ensuring good resource use and increasing the quality of education and research, which can help to secure access to relevant skills in the area" (Regeringskansliet 2011, 40).

Economic development and industrial policy interests are stressed as some of the priorities of Sweden in the Arctic region. Sweden has resources that include experience, skills, and systems that are important for sustainable business development in the Arctic. As part of its Arctic strategy, Sweden aims to improve initiative and responsibility focusing on research and education as the strategy is "...based on the special conditions, opportunities and local knowledge offered in the High North" (Regeringskansliet 2011, 39).

### *Norway*

In Norway's Arctic strategy, cooperation and research are mentioned frequently. Cooperation is the fourth most frequent word with 80 occurrences (1.4% of the text), while research is the 26th most mentioned word with 24 occurrences (0.42% of the text). The Government of Norway assigns high priority to building on the existing expertise in maritime operations, research, and innovation in the High North. The following areas are discussed in the document: international cooperation, business development, knowledge development, infrastructure, environmental protection, and emergency preparedness. For our paper we consider international cooperation and knowledge development, two issues connected to research and the potential for research collaboration.

#### *International cooperation*

The Arctic Council and the Barents Euro-Arctic Region are considered the most important channels for cooperation in the High North. Here the Norwegian government wants to retain its active role and participate in joint knowledge development

on Arctic-related topics. There is also an important reference to further supporting Barents cooperation and to continue financing cooperation projects via *Arctic 2030*<sup>2</sup>. The intention is to promote Norway's role as a leader in knowledge development in and about the Arctic and the High North, and in particular in the areas of environmental protection and resource management.

Thereafter active participation in broad Nordic cooperation is emphasized as a priority. This includes bilateral agreements, collaboration within the Nordic Council of Ministries in the areas of knowledge and business development, infrastructure, climate change and environmental protection, and security policy and cooperation with the EU.

The Norwegian Government will also promote cooperation on indigenous peoples as part of Arctic Council, Barents, and Nordic cooperation.

Lastly, work on enhancing the legal framework for the Arctic Ocean is stated as one of the priorities of the strategy. The Government of Norway wants to develop knowledge about the United Nations Convention on the Law of the Sea (UNCLOS) as the legal framework for the Arctic Ocean.

#### *Knowledge development*

As the main goal for knowledge development in the High North, the Norwegian Government stipulates that Norway will be “leading in knowledge about, for and in the High North” (p. 35). It also states that access to such knowledge and competence will be improved in order to increase innovation and value creation for businesses in the High North. The following thematic areas are defined as priorities for knowledge development: ocean, climate and environment, and knowledge about business and social development in the High North. Here, the Norwegian Government's High North strategy is to strengthen the capacity and quality of Norwegian Arctic research through the mobilization of Norwegian participation in the EU's research programme Horizon 2020. Also, the aim is to continue research with High North relevance via research programmes and schemes of the Research Council of Norway. It is further stated that the Norwegian Government wants to continue research on climate change in the Arctic as the foundation for environmental management, long-term social planning, business development, and understanding the consequences of global climate change. As one of the goals for High North strategy in knowledge development, the white paper stresses support for Northern Norway's expertise and competence milieus that contribute to the research and innovation relevant for businesses, society, and public authorities.

### Business research collaboration among High North universities

Our analysis of collaboration in practice between universities located in the High North spans the years 2010–2017, when most High North and Arctic-related initiatives emerged in Finland, Norway, and Sweden, and in the international arena. We obtained an estimate of recent High North research collaboration by investigating the quantity of joint publications in all fields and, in particular, in business studies.

We analysed the publications on a bilateral basis, studying two pairs of universities at a time. The results include the total volume of publications in terms of article publications in scientific journals, the number of collaborations with each High North university, and the prominence of High North collaboration as a percentage of the total volume of publications (Table 2).

The results presented in Table 2 above reveal that the University of Umeå is at the top with 13,392 publications, followed by the University of Oulu. The University of

University	Total publications (all disciplines)	LTU	UmeåU	NordU	UiT	OU	UnivLap	% of High North collaboration
UmeåU	13 392	216	-	2	440	174	13	6%
OU	10 119	55	174	6	103	-	35	4%
UiT	8396	79	440	108	-	103	13	9%
LTU	3855	-	216	0	79	55	7	9%
NordU	894	0	2	-	108	6	-	13%
UnivLap	420	7	13	-	13	35	-	16%
<b>Total</b>	37 076	1251 (total unique collaborations)						3%

Notes: Data: retrieved from the Web of Science Core Collection. LTU=Luleå University of Technology, UmeåU=Umeå University, NordU=Nord University, UiT=UiT – The Arctic University of Norway, OU=University of Oulu, UnivLap=University of Lapland

*Table 2. Research output per institution through research collaboration among High North universities, 2010–2017<sup>3</sup>.*

Umeå’s best collaboration partners among the universities in the High North are UiT – The Arctic University of Norway, and the University of Oulu. However, measured as a percentage, the level of High North collaboration varies from 4% of all publications (University of Oulu) to 16% (University of Lapland). In addition, we see that the percentage of unique High North collaboration in all publications among High North universities amounts to 3%.

The next analysis concerns business research publications on a bilateral basis in which two pairs of universities are studied at a time. The search was conducted using the keywords management, business, economics, social sciences, interdisciplinary, and business finance. Again, it yields only 3% for High North collaboration in business studies.

While analysing collaborative articles in business studies between High North universities we had to exclude articles that were not relevant for business studies (three articles), and articles in which one of the co-authors was simultaneously affiliated to two High North universities (e.g., both at LTU and UnivLap) (two articles). This left us with a sample of 26 articles in business studies written by researchers at High North universities.

University	Total Business Publications	LTU	UmeåU	NordU	UiT	OU	UnivLap	% of High North collaboration
UmeåU	313	19	-	0	0	0	0	6%
LTU	217	-	19	0	1	1	2	10%
OU	205	1	0	0	-	-	2	1%
UiT	188	1	0	6	0	0	0	4%
NordU	56	0	0	-	0	0	0	11%
UnivLap	28	2	0	0	2	2	-	14%
Total	1007	31 (total unique collaborations)						3%

*Table 3. Research output per institution through research collaboration in business studies among High North universities, 2010–2017.*

FIELD OF SCIENCE	Cooperative pairs of universities	% of total unique collaborative
Business studies	<b>Unique collaborative articles (26)</b>	
	LTU – UmeåU NordU – UiT	61% 19%
Environmental studies	<b>Unique collaborative articles (69)</b>	
	LTU – UmeåU	30%
	UmeåU – OU UmeåU – UiT	25% 16%
Medical science	<b>Unique collaborative articles (206)</b>	
	UmeåU – UiT	90%
	UmeåU – OU NordU – UiT	5% 2.5%

*Table 4. Comparison between collaborative research publications in business research studies, environmental studies, and medical sciences, 2010–2017.*

It also seemed relevant to compare unique collaboration in business research studies among High North universities with the fields of environmental and medical sciences with a benchmark of the most cooperative publications and most productive pairs of universities (Table 4).

Table 4 reveals two collaborative Swedish universities and two collaborative Norwegian universities within the field of business studies, with no patterns of collaboration between countries. Of 26 unique collaborative papers in the field of business studies, 19 (61%) were produced by researchers affiliated with LTU – UmeåU universities. The Norwegian universities of NordU – UiT had six (19%) unique collaborative articles.

Environmental sciences, however, exhibits stronger patterns of cross-border collaboration, for example between Sweden and Finland, where UmeåU – OU produced 25% of all unique collaborative publications. In medical sciences, a striking percentage of 90% of all unique collaborative publications are pursued within the Swedish and Norwegian universities of UmeåU – UiT. Different research traditions (Kyvik and Larsen 1997), whereby natural sciences are assumed to be generally more internationally oriented than the social sciences, partially explain these findings.



National Arctic policies define business development as one of the priority areas, and the following keywords are identified in all national Arctic strategies when it comes to business: business development, “new Arctic business activities”, and “resource-based business development”. We therefore conclude that, from a policy point of view, these areas ought to be among the topics of joint research articles published in High North universities. However, what is the reality of business research collaboration that is relevant to the High North/Arctic? The empirical results show that only 1% of the articles (including studies where the empirical context involves the whole country) have relevance for the High North and Arctic context (see Table 5 below).

The publication data shows that the unique research collaboration between High North Universities in business studies accounts for only 3% of all publications. This may not be surprising, but when it comes to all the publications, the percentage of unique collaborative articles is the same. Here it can be seen that the High North universities are trying to change from being outsiders to being insiders (see Johanson and Vahlne 2009), hence they are more likely to collaborate with universities that have long scholarly traditions than with other High North universities. In the last ten years the generation of knowledge about and for economic development in the Arctic in the form of research publications by High North universities consists of only 18 articles (1%). Apparently researchers interested in the High North are not necessarily located in High North universities.

	Total business collaborative research publications between High North universities concerning the High North	Total collaborative business research publications between High North universities	Total business research publications by High North universities
Business research articles co-authored by High North researchers	18	26	1007

*Table 5. High North Universities research collaboration in business studies.*

University	Country	Established	Business school (business programme <i>siviløkonom</i> ) / Faculty of social sciences established
LTU	Sweden	1971	1977 / 1997
UmeåU	Sweden	1965	1989
NordU	Norway	1994 / 2016	1985
UiT	Norway	1968	2004
OU	Finland	1958	1959 / 2000 <sup>5</sup>
UnivLap	Finland	1979	1982

*Table 6. High North universities and their business schools/faculties of social sciences.*

## DISCUSSION

In our paper, as we discuss business research collaboration, we focus on schools or faculties with research and education in business studies in the High North universities. Most of these institutions are relatively young (see Table 6), thus they do not have strong research traditions in business studies<sup>4</sup> compared, for example, with their counterparts in Uppsala, Helsinki, or Bergen.

High North universities, being peripherally located, may face some challenges when conducting research collaboration. These universities may encounter problems in the recruitment and relocating of desirable prolific international academics, and difficulties in competing on the world publication stage if they do not team up with more established universities. There is a lack of high-quality scholarly journals that will accept contributions on the High North, and funding for such research is relatively new in the business area, while traditionally strong in environmental or medical sciences. The insufficient attention given to the Arctic and High North has been recognized as one of the challenges in the management sciences (Whiteman and Yamashev 2018).

High North and the Arctic research (including business studies) has been on the agenda of governments, funding bodies, and international research organizations

for several years. In fact, it became fashionable to do research about High North and Arctic issues once global warming and sustainable economic development in the Arctic hit the political agenda. In this paper we are interested in comparing the policy and practice levels regarding the extent of business research collaboration in the High North and the factors which can explain this picture.

Evidently, High North policies, which have been approved by governments in Norway, Sweden, and Finland, support and promote cooperation between universities in the High North. Their aim is to widen the store of knowledge about sustainable economic development in the High North. However, as our empirical data shows, most of the co-authored papers in business studies (noted in Table 3) are the result of collaboration between researchers in the same county and only a few of partnerships between countries. It therefore seems that the rhetoric of governmental policies is decoupled from the practice of business research collaboration in the High North.

The discussion by Bromley and Powell (2012) about decoupling as the gap between policy and practice can be a useful framework to understanding what might explain the existing picture of business research collaboration between High North universities. Meyer and Rowan (1977) argue that organizations are deeply interpenetrated by their external environment. Here, the universities in the High North and the Arctic comprise institutions that need to follow not only national (e.g., ministerial) and international (e.g., EU) policies, but also regional ones (e.g., High North and Arctic). In this view, universities then seek legitimacy and are pressed to introduce elements from the external environment, such as research priorities from governmental policies for the Arctic that may yield additional benefits (funding, research positions, etc.). Bromley and Powell (2012) maintain that “studies of policy–practice decoupling make the observation that policies are rarely a strong predictor of daily activities” (p. 489). In our case, one can observe the gap between the current rhetoric on High North issues and the existing business research cooperation pattern. High North policies comprise many statements such as “active participation in knowledge development about High North and Arctic” (Departementene 2017, 19) or “active High North Nordic cooperation [...] within topics such as knowledge and business development” (Departementene 2017, 21). However, our empirical data about collaborative business research publications shows a very different picture, wherein only 1% of all publications concern the High North context. As shown in our paper, some research fields are much stronger in research collaboration than business studies.

In our further research, we would like to study the relationship between external funding opportunities made available to researchers in the High North and the amount of collaborative publications. In addition, we argue that because all the business schools of High North universities are fairly young compared with the old and established Nordic business schools, they need to change from being “outsiders” to being “insiders” (see Johanson and Vahlne 2009). Hence, they are drawn to collaborate with business schools that have long traditions rather than with other High North business schools.

As to the factors explaining the capacity to change the existing pattern of collaboration among universities, one of the factors possibly explaining the decoupling between the rhetoric and practice of research collaboration in the High North universities is the need for more professionals interested in High North issues. Bromley and Powell (2012) state that “professionals often act through informal channels to promote the goals of their respective subunits” (p. 505). In addition, governmental Arctic policies can be deemed one of those factors, as such policies seldom provide additional funding opportunities and thus can be symbolically implemented in the universities without real research cooperation, which causes policy and practice to be decoupled (see, e.g., Boxenbaum and Jonsson 2017). The characteristics and structures of High North universities may be also linked to the degree of policy–practice decoupling. Our research demonstrates that High North universities fail to exploit their northern location and proximity to societal and business processes as strategic advantages for building “Arctic expert” capabilities.

In general, High North collaboration can be considered an established organizational idea, as it is promoted by the regional, national, and international actors. Røvik (2002, 142) lists several factors that can influence the capacity of an organizational idea to flow and gain acceptance among organizations. For the purposes of this paper, we will focus on social authorization, timing, and individualizing. Røvik (2002) presents social authorization as “clearly linked to and associated with one or more widely reputed organizations” (p. 142). High North and Arctic issues are of global interest, and the influence of the Arctic Council is an important element in what kind of research topics are deemed relevant. In addition, the High North business schools need to be accepted in the global arena. Research collaboration between High North universities in Norway, Sweden, and Finland is perceived as unproblematic (due to similar research traditions) and easier to perform (language, distance, etc.). However, High North business schools are evaluated according to

the number of publications they produce and their quality. This compels them to seek cooperation with prestigious universities instead of with partners in the High North. When it comes to timing, High North and Arctic issues can be considered as capturing “the spirit of time” (Røvik 2002, 133) and as a “modern and future oriented answer to ongoing processes of environmental changes” (Røvik 2002, 142). Finally, individualizing is an important factor, as research collaboration is done first and foremost by individual researchers. Many individual researchers have their own ideas about what is interesting to study, and many argue that their discretion is key to progress and prosperity. Nevertheless, High North business cooperation can be seen as an “appealing offer of exciting jobs, a career, and personal development” (Røvik 2002, 143). However, as we show here, High North universities, as young institutions, may experience challenges in attracting desirable international academics.

## CONCLUSION

This paper reveals that there are certain explicit national priorities and strategies in the development of the High North and that these differ between Finland, Norway, and Sweden. In turn, it would seem that these national aspirations are likely to have implications for the kind of High North-themed research collaboration between these countries that can be initiated and sustained with the support of the national research funding designated for such purposes. However, we observe that the rhetoric of the national policies and the practice of business research collaboration are decoupled from each other.

As our empirical data shows, most collaborative papers (see Table 3) are joint efforts by researchers in the same county, with only a few the result of partnerships between countries. This shows that international collaboration in business studies is decoupled irrespective of the policies pursued.

In all cases, it would seem that research is viewed as a suitable instrument for the realization of national strategies for the Arctic. Finland appears to be seeking an expert role while emphasizing research cooperation and positioning practically all academic institutions in the nation under the umbrella term of “The Arctic”. The Swedish strategy appears more diverse and perhaps less research-oriented, emphasizing the role of knowledge from the High North in Arctic-related cooperation in research, education, and business development. The Norwegian strategy, for its part, appears comparatively elaborate, stressing international cooperation in general and

cooperation with Finland in particular; regional policy, research and innovation, and knowledge development are its cornerstones. However, as shown here, the governmental policies are decoupled from the practices of existing collaboration patterns among High North universities.

Regarding ideas for further research, it would be interesting to scrutinize the correlation between available research funding for High North business studies and the actual realization of joint publications. The implementation of the institutional strategies of High North universities for research collaboration in business studies on the Arctic, and in the Arctic, would be a promising research idea.

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## FOOTNOTES

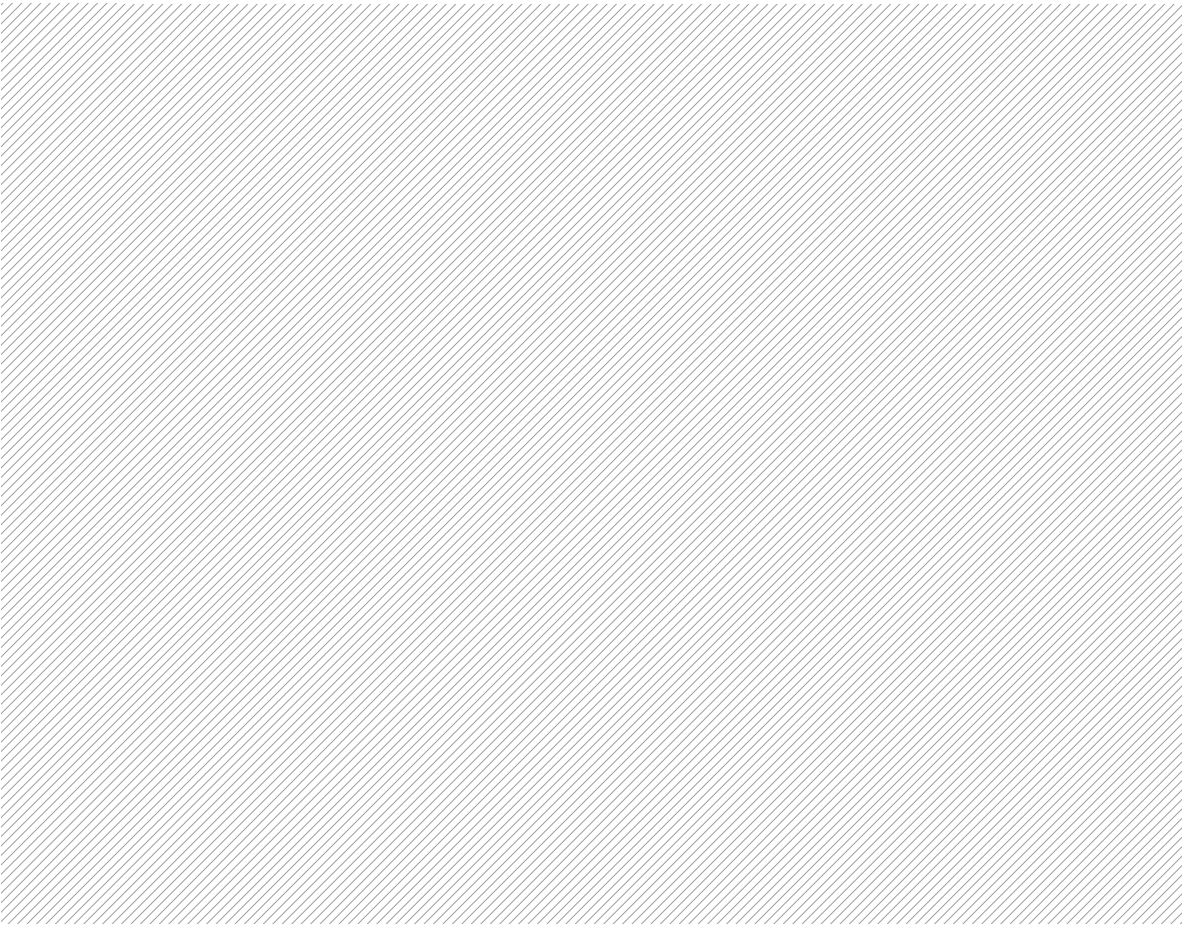
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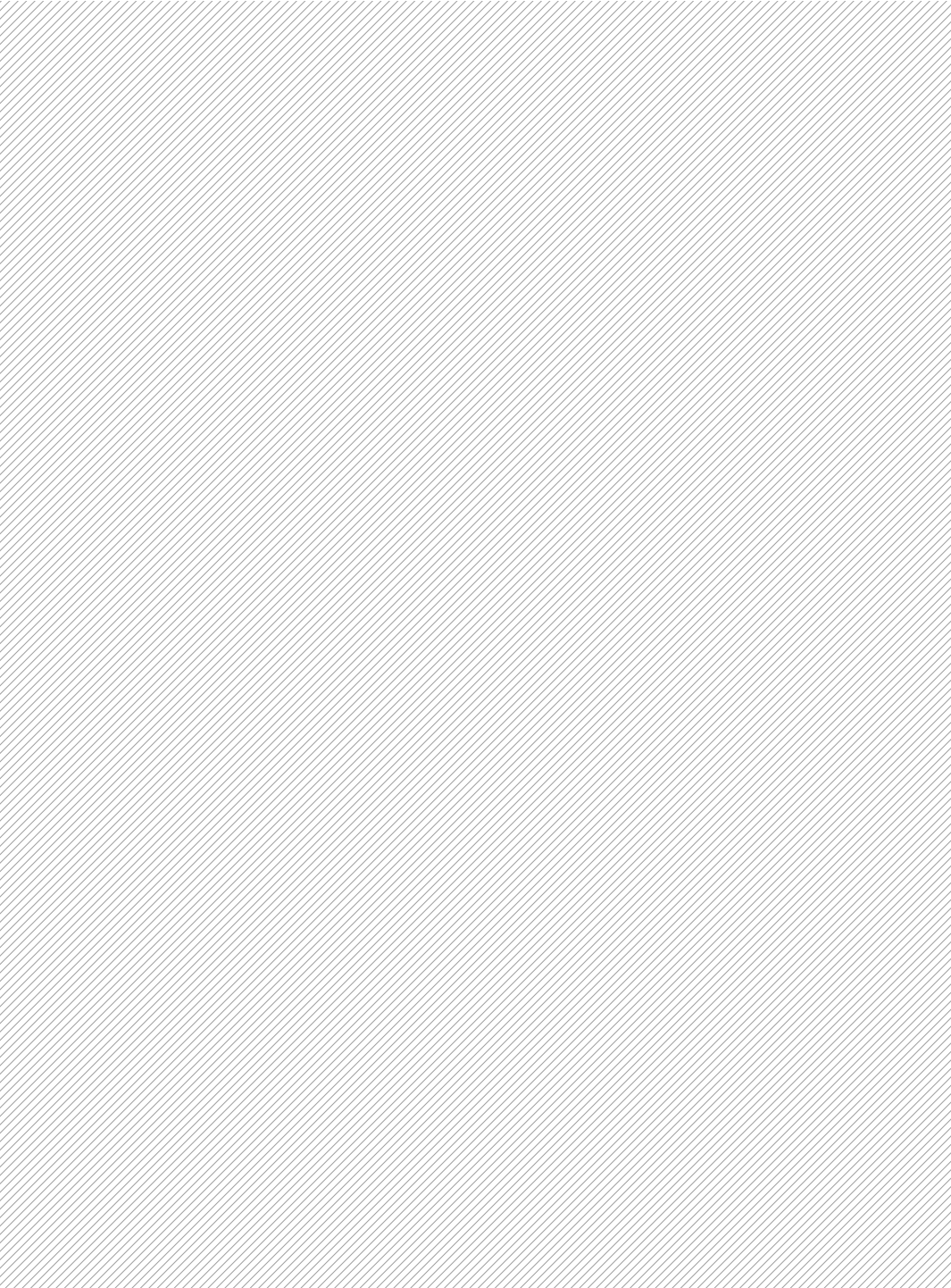
<sup>2</sup> Arctic 2030 (Arktis 2030) – is the Norwegian Ministry of Foreign Affairs grant scheme in the High North. More info: <https://www.regjeringen.no/no/aktuelt/arktis-2030/id2356599/>

<sup>3</sup> The results obtained by bibliometric analysis are only indicative and provide a gross number of publications without examining their quality.

<sup>4</sup> Here we refer to all areas of business studies in general, without distinguishing separate sub-areas of the discipline.

<sup>5</sup> A professorship in Economics was established at the University of Oulu in 1959, while a fully-fledged Faculty of Economics and Business Administration was only established in 2000.







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# Framing the High North: The role of socio-economic information

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## **ABSTRACT**

This paper analyses how socio-economic information is used to build different frames of the High North, and seeks to understand how this may affect different actors with an interest in the region. Framing can be understood as an interpretation that gives meaning to an issue by emphasizing some aspects while omitting others. Our empirical material comes from front-line messages from the *Business Index North* (BIN) reports, which is disseminated to different stakeholders in print and online; public presentations; and registered feedback from potential BIN users. Our analytical approach builds upon the theory of framing combined with studies of accounting as social and institutional practice. We identify three different ways in which socio-economic information is used to build different frames of the High North: “signalling the gap”, “creating a new positive image of the North”, and “projecting the future”. Our findings suggest that the building of frames based on a mix of competing information sources has the potential to contribute to a learning process and to stimulate debate about regional development in the High North. This adds a new perspective to the mainstream public opinion literature which often views framing negatively and as a source of bias.

**Key words:** *Framing, High North development, Arctic, socio-economic information*

## **INTRODUCTION**

The Arctic regions, with their extremely rich yet somewhat difficult-to-attain natural resources, have in the last ten years attracted a lot of attention from states, global businesses, and international policy-makers. Developing the High North has become

a key issue in the governmental strategies and policies of the Arctic countries<sup>1</sup> – Russia, Norway, the United States, Canada, Sweden, Iceland, Finland, and Denmark – and also a primary concern for supranational organizations like the EU. Even non-Arctic countries, especially those in Asia, have developed active approaches to the region (see, e.g., The State Council Information Office of the People’s Republic of China 2018). National and global corporations, including oil and gas companies, shipping and shipbuilding firms, and other companies dealing with the extraction of natural resources, have increased their activities in the circumpolar Arctic.

These trends have resonated with opinion leaders, such as media outlets and scientific expert circles, making the Arctic a topic of constant interest. The search engine Google shows that the numbers of news items about the Arctic and the High North doubled in 2017 compared to 2015, while in 2015 there were 2.64 times more news items about these issues than in 2013. Google Scholar shows that since 2010 the annual number of scientific publications related to the topic has ranged between 30,000 and 40,000 (the corresponding figures for 2005 and 2000 were 18,600 and 11,800).<sup>2</sup>

A similar trend is to be observed in the appearance of many comprehensive reports (hereafter “Arctic reports”) on issues of socio-economic development in the Arctic and the High North regions, supported by international institutions such as the Arctic Council, the Arctic Economic Council, the Nordic Council of Ministers, OECD, as well as the Arctic states. The most recent reports include topics of human development (Nyman and Fondahl 2014), northern sparsely populated areas (*OECD Territorial Reviews*), and recommendations for an interconnected Arctic (*Arctic Economic Council Broadband Report*). Furthermore, the Arctic reports have examined socio-economic drivers of change in the Arctic (*Arctic Monitoring and Assessment Programme*), the economy of the North (Glomsrød, Duhaime and Aslaksen 2017), sustainable business development in the Nordic Arctic (NORDREGIO reports), Business Index North (Bullvåg, Mineev et al. 2017; Middleton, Hersinger et al. 2018), and European High North business and investments (*Arctic Business Forum Yearbooks*).

Without exception, all the Arctic reports above describe developments and build their statements by reference to, and visualizations of, statistics and numbers. This information is socio-economic in nature, normally derived from data in areas such as demography, education, financial numbers, infrastructure, and more. With these Arctic reports in mind, we discuss the opportunities and challenges associated with the presentation and use of such socio-economic information.

Presenting socio-economic development in numbers and graphs helps to eliminate the great complexity of the world by focusing on a particular (presumably more important) issue while seemingly abandoning others deemed to be less important. Yet this may lead to confusion and misconceptions. The use of calculations and numbers as representations of operational activity is an object of research in business and management studies under the general term of accounting. The accounting literature shows that the intended function of accounting is to support control and decision-making processes by reducing uncertainty (Mellemvik, Monsen, and Olson 1988). Scholars have also shown that accounting information can play a facilitative role in managerial work, because information produced by accounting can have an effect on people in both public and private sector organizations (Gerdin, Messner, and Mouritsen 2014; Mouritsen 2014). Recent studies discuss how accounting can act as a powerful communication device (Lorino, Mourey, and Schmidt 2017; Mouritsen and Kreiner 2016).

What function do these Arctic reports serve in presenting their information? Do they provide crucial and important data for those who demand decision-making information and knowledge about the Arctic? Do the reports reach their target audience? These questions have to be taken seriously by those who produce the reports if they really want to influence opinions, attitudes, and decisions, and not become a part of “a new cottage industry of report writers” as Michael Porter and Mark Kramer describe it in their influential *Harvard Business Review* article on corporate social responsibility (CSR) reporting (Kramer and Porter 2006).

This paper analyses how socio-economic information is used to build different frames of the High North, and seeks to understand how this affects different actors with an interest in the region. In doing so we analyse two issues of the *Business Index North* (BIN) reports. The BIN periodic reports issued in 2017 and 2018 provide a set of comparable, mostly quantitative, indicators of the socio-economic development of the Norwegian, Swedish, Finnish, and North-West Russian territories of the Arctic region. Although these territories are only a small part (10–15%) of the whole circumpolar Arctic, they are inhabited by some 3.5 million people out of a total Arctic population of approximately 10 million.

To analyse BIN, we use the concept of *framing*. The premise of framing theory is that an issue can be viewed from a variety of perspectives and be construed as having implications for multiple values and considerations (Chong and Druckman 2007, 104). Furthermore, according to Chong and Druckman, framing refers to the process

whereby people develop a particular conceptualization of an issue or reorient their thinking about it. As socio-economic information is the basis of the framing of the High North in the BIN report, our analysis involves recent elaborations of the accounting research field highlighting the communicative power of financial information: the socio-economic information in the BIN report can be compared to KPIs<sup>3</sup> and accounting data. Our research question is twofold: How is the socio-economic information in BIN used in the framing of the High North, and with what potential effects for users?<sup>4</sup>

The remainder of the paper is structured as follows: Section 2 briefly outlines the premises of framing theory and relates it to recent developments in the accounting literature; this combines to form the analytical framework for our study. Section 3 presents the context of the BIN project and the method of analysis. Section 4 presents the findings in terms of frames identified in the BIN reports and typical representations of the socio-economic information they are based upon. This section moreover reports the potential effects of the BIN presentation on its users. Section 5 presents a discussion of our findings, and in section 6 we summarize the paper and draw some conclusions about the theoretical and practical implications of the paper, while also conceding certain limitations and proposing avenues for further research.

## **ANALYTICAL FRAMEWORK**

### **What is framing and how does it work?**

Frames can be understood as messages that impart meaning or perspectives to a given issue. In this paper we deploy a generic framework developed by Chong and Druckman (2007). Their analysis is mostly based on the literature on public opinion in democratic societies, but also on the literature on social movements. Chong and Druckman argue (p. 105) that a more precise definition of framing starts with a conventional expectancy value model of an individual's attitude. An attitude towards an object or issue at stake, in this view, is the weighted sum of a series of evaluative beliefs about it. Furthermore, the set of dimensions influencing an individual's evaluation constitutes his/her "frame in thought" (ibid.). For example, some people believe that oil exploration in the North is important for economic development and prosperity, while others believe it is detrimental to the environment and to other industries such as fisheries and tourism. Thus, if we look at representatives from both groups, their frames in thought may have similar weights for their evaluative beliefs about the importance of socio-economic development, but the weights of their evaluative beliefs differ when it comes to the capability of modern technology to

handle the environmental risks associated with oil exploration. As a result, they have different attitudes.

Framing is a powerful method of influencing people to change their attitudes on an issue. Such a change of attitude, named the *framing effect*, has psychological foundations. To explain this effect, we present in Figure 1 our graphic interpretation of the framing model developed by Chong and Druckman.

As shown in Figure 1, *frame in thought* can be affected by *frame in communication*. The latter can be roughly described as a persuasive message which triggers the revision of evaluative beliefs and their weights in the frame in thought. As a result of the successful design and the communication of frames, people may change their attitudes towards issues at stake in a way favourable for those who stand behind the construction of the frames. The framing effect is thus a change of attitude resulting in a renewed frame in thought.

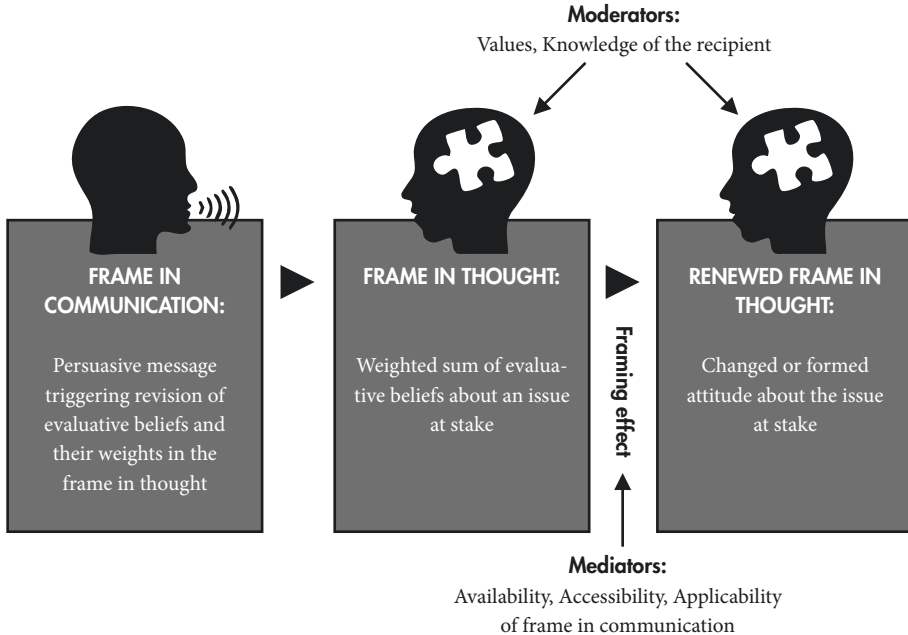


Figure 1. Our graphic interpretation of Chong and Druckman's (2007) framing model

Frames are produced by opinion leaders such as political parties, mass media, scientific circles, leaders of social movements, marketing and communication strategists in private and public sector organizations, etc. All these parties have their target audiences. For example, Pincus and Ali (2016) showed how the US media outlets headlines framed the Arctic for the general public as a theatre of conflict. According to these researchers, three different clusters of conflict frames were present: the “race (or scramble) for the Arctic”, which implies a broad sense of conflict and competition for the region; a more military-specific “new Cold War” between the US and Russia; and a specific conflict between the oil industry and environmentalists over the extraction of petroleum.

According to Chong and Druckman (2007), framing effects are attributable to three mediators: availability, accessibility, and applicability. Availability means that a framed consideration needs to be familiar to the recipients of the message. For example, the concept of sustainability is probably too fuzzy to be used in frames. An alternative – the triple bottom line – would not be familiar to most people. However, using the concepts of saving nature, people’s health, and economic growth greatly increases the likelihood of getting the message across to a mass audience.

Accessibility means that the framed consideration must be retrieved from long-term memory. This can be achieved by a strong emphasis or even by dramatization (e.g., claiming that nature is in danger), or directing attention to an issue. Repeating the issue to an audience makes the frame more accessible. A person who seldom thinks about the dangers of oil extraction in the Arctic needs more exposure to the issue of environmentalism in the Arctic before it comes accessible (Chong and Druckman 2007, 639).

The perceived applicability of a given frame, and thus the likelihood that it will affect an individual’s opinion, increases with the perception of its strength or relevance (Eagly and Chaiken 1993, 330, as cited by Chong and Druckman 2007, 110). People tend to consciously assess applicability when they are motivated (e.g., if they are concerned professionally with the issue at stake) or when confronted with conflicting considerations either induced or directly presented by the frame.

A number of studies also identify moderator variables that condition framing effects. Chong and Druckman conclude that perhaps the clearest limitation of the framing effect is provided by individual predispositions such as values. They also point out that frames that invoke long-standing cultural values are more likely to transform opinions. Studies of other moderators – knowledge, for example – exemplified by these authors produced conflicting results.

## The communicative power of accounting information

Here we adopt a broad view of accounting it as the systematic gathering, processing, and use of information of any kind (Mouritsen 2014). Apart from being a technical practice, during the second half of the 20th century accounting evolved into a social and institutional practice (Hopwood and Miller 1994), important for the development of organizations and society as a whole (Mouritsen and Kreiner 2016). Mouritsen and Kreiner posit that accounting has acquired a role beyond the one traditionally assigned to it (a representation of operational activities able to reduce uncertainty to support decision-making):

What kind of machination is accounting if it is neither truth nor lie? It is a machination of a future: of “what is regarded as problematic [and] what can be deemed a credible solution” (Burchell et al. 1980, 17). It is not a description of the actual world but an account of (selected) problems and solutions for the future. It may be expected that under such a condition, accounting does not efface ambiguity and uncertainty. Indeed, as it does not describe the world it cannot reduce uncertainty. Instead it asks people to do something. (Mouritsen and Kreiner 2016, 24)

The purpose of this approach, also referred to as “the promissory economy”, is to mobilize people to take joint decisions and actions, and assume responsibilities for future developments. An example of accounting as a machination of the future is the United Nations 17 sustainability goals, and corresponding targets, which aim “to transform our world” through numbers.<sup>5</sup>

What, then, makes accounting information a tool for managing cooperation and what constitutes its communicative power? Two properties are particularly important: mediation and the ability to direct attention. The description of these properties is based on the Special Issue of the *Scandinavian Journal of Management* (2014, Vol. 30, Issue 4), in particular the editorial by Gerdin et al. (2014).

Mediation: When a particular group of actors interpret a particular number or metric, they contextualize it through relating it to some already established knowledge. Therefore, accounting information can automatically bring to mind different concerns not explicitly stated in the reports. For example, one of the authors of this paper once attended an oil and gas conference in Russia and observed a keynote speaker displaying a table comparing the numbers of offshore vessels in Norway and Russia. In this comparison Norway had a clear advantage. That simple table provo-

ked a debate between experts from different sectors, such as authorities, business, and academia. A distinguished professor stressed that comparing capacities would also require considerations of the Russian onshore oil industry and its links to the strategic political goals of the two countries. Thus the onshore industry and politics immediately came to mind as triggered by an accounting representation which did not address these issues explicitly.

Furthermore, the property of mediation has a semiotic nature (Lorino, Mourey, and Schmidt 2017, 34–35). In this respect, accounting information serves as a language of meaning-making. Warren Buffett famously said that accounting is the language of business. Accounting reports make it possible for different actors within and outside an organization to communicate, cooperate, and make decisions based on their understanding of that language.

Direction of attention happens when the social and the material contexts are omitted in the accounting numbers, and attention is devoted to the production of just a single key figure (or a set of these). Often, when taking decisions, people tend to simplify their contexts. In this respect we tend to rely on accounting, which helps to direct our attention to “the most important” issues. It is easier to direct the counterparts’ attention if it is possible to quote a set of key figures. For example, checking the presentations of industrial parks, regional clusters, or other collaborations taking place in High North regions reveals that those entities often speak of themselves by pointing to key numbers such as total turnover, exports, and total number of employees, etc. These totalities can be used for strategic positioning, and in presentations and negotiations to gain status by showing “how big and important we are”. Synthetic measures for things like quality of life, innovations, and corruption are also widely used. The names of such measures are normally buzzwords inculcated in people’s minds, convincing them that focus on a particular metric is important.

### **Communication of socio-economic information through framing**

Chong and Druckman note that frames can be construed in both positive and negative ways. They can serve as a strategy to manipulate and deceive individuals, or as a way of contributing to a learning process through which people acquire common beliefs and overcome collective problems. This is done by developing shared frames about a predicament and agreeing on the best course of action (Chong and Druckman 2007, 120). Our study of the framing of the High North is built upon



the assumption that framing can be positive (framing as a learning process). We are therefore interested in exploring what might be a good framing of the High North and how to avoid the dangers associated with the manipulative aspect of a framing process. The communicative powers of socio-economic information (which is, in fact, accounting information) inherent in the properties of mediation and directing attention are included in our framework. In particular, we assume that mediation can work in the development of representations, which are both available to and applicable by multiple stakeholders. If such representations are made, mutual learning and dialogue become possible. Directing attention is more important in order to improve the accessibility of frames.

## CONTEXT AND RESEARCH METHOD

### **Context: the BIN project**

*Business Index North* (BIN) is a project that aims to contribute to sustainable development and value creation in the Arctic.<sup>6</sup> The overall goal is to set up a recurring, knowledge-based, systematic information tool for stakeholders such as businesses, academics, governments, and regional authorities, as well as media outlets in the Arctic states. The further plan for BIN is to involve partners from Alaska/US, Canada, Greenland/Denmark, and Iceland, and provide analyses of all territories of the circumpolar Arctic.

The first *Business Index North* periodic analytical report (issued in April 2017) focused on socio-economic developments in eight northern regions of Norway (Finnmark fylkeskommune, Troms fylkeskommune, Nordland fylkeskommune), Sweden (Norrbottens län and Västerbottens län), and Finland (Lapin maakunta, Pohjois-Pohjanmaan maakunta, Kainuun maakunta). In addition to these regions, the second BIN report (issued in April 2018) also included Murmansk Oblast and Arkhangelsk Oblast in North-West Russia. Altogether, the ten regions in the report are referred to as the BIN area (Figure 2). The project definition of the BIN area correlates with the EU concept of a macro-region – an area including the territory of a number of Member States or regions associated with one or more common features and challenges (EU definition).

This image is widely used in the BIN project. It also presents the BIN area in terms of its total Gross Regional Product (GRP) and number of people as a percentage of corresponding totals for Norway, Sweden, Finland, and the North-West Federal District

of Russia taken together. Green and red arrows indicate trends of economic growth and declining population in the BIN area.

Through a set of socio-economic indicators and index numbers, the report compares the BIN area as a whole to the national averages of Norway, Sweden, Finland, and the northwestern Federal Districts of Russia. Further, the BIN regions within the area are compared to each other, and each BIN region is compared to the index of its corresponding country. The text of the reports is organized mainly in notes around key figures/graphs. Each chapter has a short summary presenting implications for practitioners. As stated in the second BIN report (p. 5):

The present report gives both an overview and a detailed picture of the socio-economic development and business opportunities within the BIN area and highlights the following topics of major relevance for the area: People, Life, Work, Performance of Business, Innovations, Connectivity, and Maritime Transportation through the Northern Sea Route. Businesses

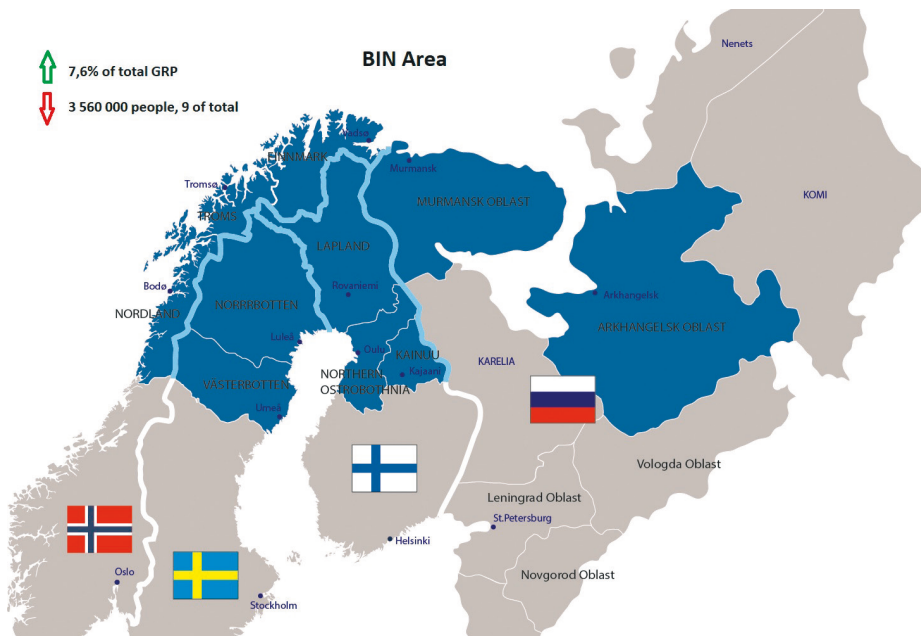


Figure 2. "BIN area" on the map, excerpt from the BIN presentation.

should be able to use it to learn more about economic developments, investment opportunities and challenges. Local, regional and national authorities will be able to identify problems and regional development opportunities, and take decisions for political and regulatory support focused on the BIN area as a whole. For media stakeholders the report will make it easier to describe the development in a reliable way.

BIN is an ambitious project as it targets multiple international stakeholders, covers a broad spectrum of analytical topics, and looks in considerable detail at various territories of the High North. In this regard, High North Development frames are built into the project and deserve particular attention.

### **Methods**

Our work with the empirical material started by generating two datasets: (1) front-line messages used in the BIN reports, for part one of the research question, that is, “how is the socio-economic information in BIN used in the framing of the High North?”; and (2) registered feedback from the potential BIN users, for part two; “and with what potential effects for users?”

To form the first dataset we looked at phrases and symbolic/graphic representations of the High North development in the executive summaries of the BIN-1 and BIN-2 reports, summaries, infographics, and implications for practitioners from each chapter in both reports, and basic PowerPoint presentations of BIN-1 and BIN-2 with key figures/graphs and statements. As the first step of the analysis of this dataset we selected and documented the strongest equivalence and emphasis framings. According to the persuasion psychologist Bart Shultz<sup>7</sup>:

Equivalence framing is the purposely stating or portraying of – logically equivalent – information in such a way that it encourages certain interpretations of the meaningful context, and discourages certain others. These “different, but logically equivalent frames” cause us to alter our preferences. Equivalency frames are often worded in opposite terms. Like “gains” versus “losses”, “full” versus “empty”, “fat” versus “fat-free”, etcetera.

Emphasis framing is a persuasion technique where focus is placed on those specific aspects of a solution that encourage certain interpretations of the meaningful context and discourage certain others. This way the meaningful context in which the choice at hand will be evaluated is influenced.

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Our criteria for evaluating the strength of a frame were – according to framing theory – connectedness to recognized public debate, appealing to the values of the putative audience, criteria of availability and accessibility, provoking critical thinking, and providing a clear link to available evidence.

The second dataset included the track record of public BIN presentations available to us from the BIN project (this record included information about the audience and their reaction to the presentations), summaries of interviews with potential users of the BIN reports, and media articles about BIN produced by journalists. The first step in our analysis of this dataset was the summarizing of feedback by user group. The following groups were covered: central government bodies in Norway and Russia, regional authorities in Norway, business people and development actors in Northern Norway, students and experts interested in issues of the High North (Norwegian, Russian, and Finnish), pressure groups (environmentalist organizations in Norway and North-West Russia), and media covering the High North.

Further analysis included examination and reflection of the summaries from both datasets. We then grouped identified frames into inductively developed categories: “signalling the gap”, “creating a new image of the North”, and “projecting the future”. “Signalling the gap” is about presenting the High North regions in terms of losses and disadvantages compared with the capital areas of the BIN countries and the countries’ respective averages. “Creating a new positive image of the High North” refers to directing attention to positive things happening in the High North and attempting to change conventional views of the High North from being solely a natural resource base to something more. “Projecting the future” includes visualizations of development plans and future projects which, if implemented, are assumed to make the High North a better place.

Next we assessed the potential effects of these categories on users in terms of Availability, Accessibility, and Applicability (the terms are described in section 2). This analysis provided the background material for our next step: discussion of the role of Mediation and Direction of attention in the framing of the High North, thus addressing the umbrella research problem of this study. Table 1 presents a summary of our work with the empirical material.

RESEARCH QUESTION		
	Part 1 – How is the socio-economic information in BIN used in the framing of the High North?	Part 2 – and with what potential effects for users?
Data sources	Front-line messages of the BIN reports	Feedback from potential users
Data material	<p><b>Dataset 1</b></p> <p>Summaries and key figures/graphs from each chapter of the BIN-1 and BIN-2 reports, including executive summaries (74 pages of text, 16 chapter summaries);</p> <p>Basic PowerPoint presentations of BIN-1 and BIN-2 (69 slides)</p>	<p><b>Dataset 2</b></p> <p>Summaries of feedback received from audiences during BIN presentations (23 presentations January 2017 – March 2018)</p> <p>Interviews with potential users of the BIN report (8 interviews conducted winter/summer 2018)</p> <p>Media mentions of BIN findings (3 articles produced by professional journalists)</p>
Data Analysis step 1	Identification of strong emphasis and equivalency frames	Summary of feedback by user group
Data Analysis step 2	<p>Grouping of frames into three categories: “Signalling the gap”, “Creating a new positive image of the North”, “Projecting the future”</p> <p>Summary of accounting-based representations for each category</p> <p>Assessment of potential effects on users in terms of Availability, Accessibility, Applicability</p>	
Conceptual discussion	Role of Mediation and Direction of attention in framing of the High North	
	<p><b>What are the opportunities and challenges associated with the use of socio-economic information for shaping the attitudes of the stakeholders involved in development of the High North?</b></p>	
	<p><b>Umbrella research problem</b></p>	

*Table 1. Work with the empirical material from the research question to the umbrella problem statement.*

<b>TYPE OF FRAMING</b>	Signalling the gap	Creating a new positive image of the High North	Projecting the future
<b>FRAMING OF THE HIGH NORTH</b>	Area full of losses and disadvantages compared with capital areas	Area of growth and innovation	Area to become central for world logistics and data exchange.
<b>KEY TOPICS ADDRESSED</b>	People, Life, and Work	Businesses and innovations	Infrastructure
<b>MAIN PRESENTATION METHOD</b>	Symbols and colours in infographics, “profit and loss” and “BIN-negative” benchmarks graphs, negative trend graphs, emphasis and equivalence phrasing.	Innovation maps, cake diagrams and other BIN aggregating graphs, “BIN-positive” benchmarks graphs, positive trend graphs, emphasis phrasing.	Infrastructure maps, emphasis and equivalence phrasing.
<b>TARGET AUDIENCE</b>	Wake-up call to national politicians	Inspiration to regional actors, advice to investors	Advice to investors and politicians

Table 2. Three types of framing used in BIN

## FINDINGS

### Types of framing used in BIN

We start this section by presenting an overview of the three types of framing identified for the High North: “signalling the gap”, “creating a new positive image of the High North”, and “projecting the future” (Table 2). These statistics and metrics are socio-economic in character, and corresponding phrasing was extensively used. We provide examples for each type of framing and present findings regarding their potential effects on users.

### Signalling the gap

Figures 3 and 4 below are illustrations of how the BIN reports present a problematic situation of the demographics in the North. The terms in Figure 3 are a rather strong equivalency frame based on the graph. An alternative and weaker phrasing could be: The alteration of the population in the Nordic BIN area is 3.4% less than in the Nordic countries as a whole, or growth in BIN is 2.6% while for Nordics as a whole it is 7%.

Index 2007=100, 2007 – 2016

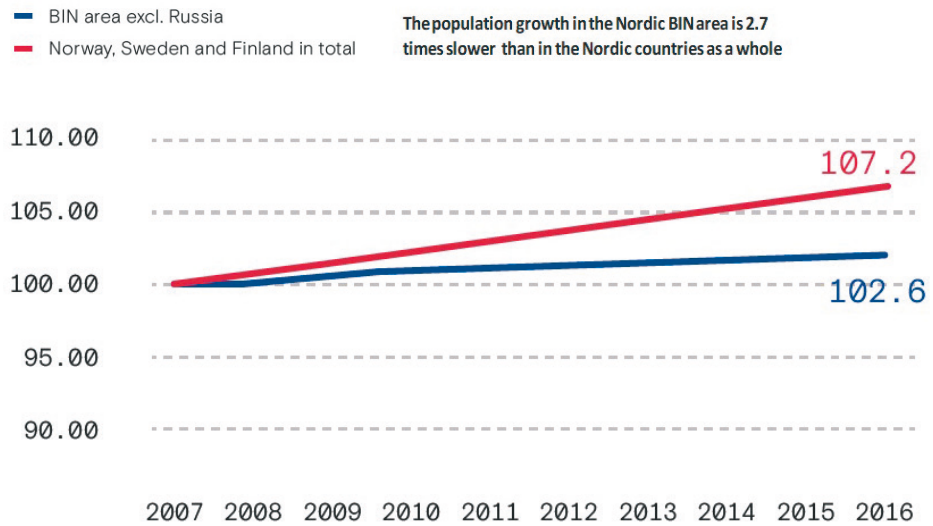


Figure 3. BIN area population development in 2007–2016 (excluding Russia): infographics and attached connected text (based on BIN-2 report and presentation.)

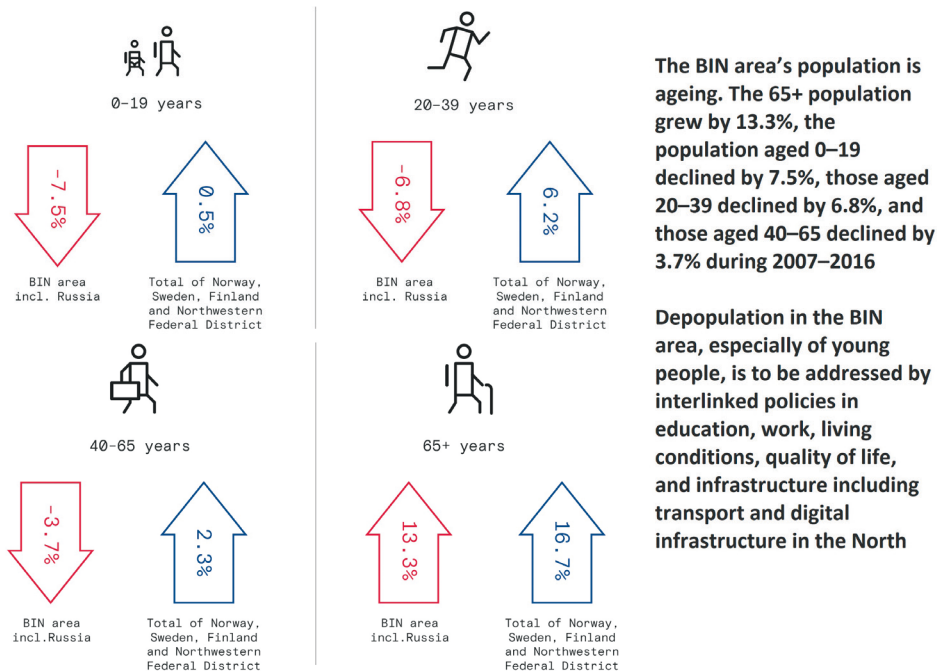
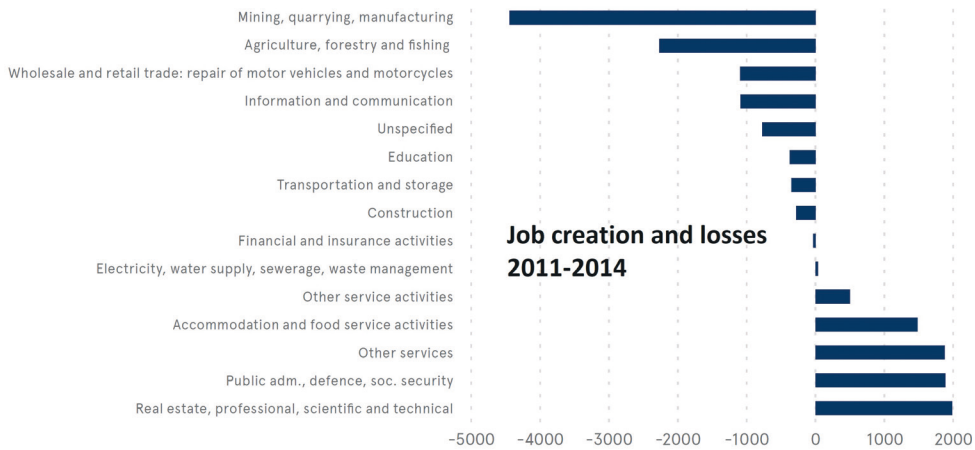


Figure 4. BIN area population development in 2007–2016 (including Russia): infographics and attached connected text (based on BIN-2 report and presentation.)



**Job creation speed in the BIN area is less than half the average speed in the Nordic countries; employment in the BIN area is affected by the loss of jobs in mining, quarrying, and manufacturing, and jobs creation in the services.**

*Figure 5. Nordic BIN-area employment development in 2011–2014: graph and attached connected text (based on BIN-1 report and presentation).*

The terms used in Figure 4 are quite long and detailed. However, they demonstrate the depths of the BIN information base. The strength here is in the symbolic interpretation of losses in the North compared with gains in the South.

Figure 5 illustrates the development of employment in terms of a profit and loss statement used in traditional accounting. This builds upon job creation and losses (emphasis frame) and uses a similar argument as in Figure 3 based on comparative measure: a positive development in the number of jobs is presented as negative, because the speed is slower than “it could be”.

### **Creating a new positive image of the High North**

In this type of framing, attention is directed to positive developments. Socio-economic information serves to show the “sound results” of the whole BIN area, positioning it as an area of success. This is done to offer a new view of the High North – a contrast to conventional notions, which consider the region to be merely a base for natural resources or just a sparsely populated area. In this way, the information presented directs attention to innovation in terms of brands from the High North (Figure 6), and to economic growth (Figure 7).



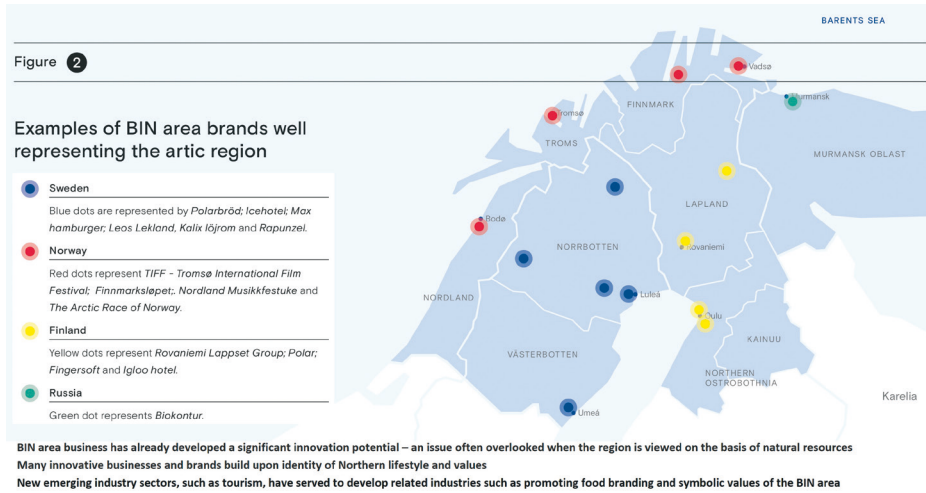
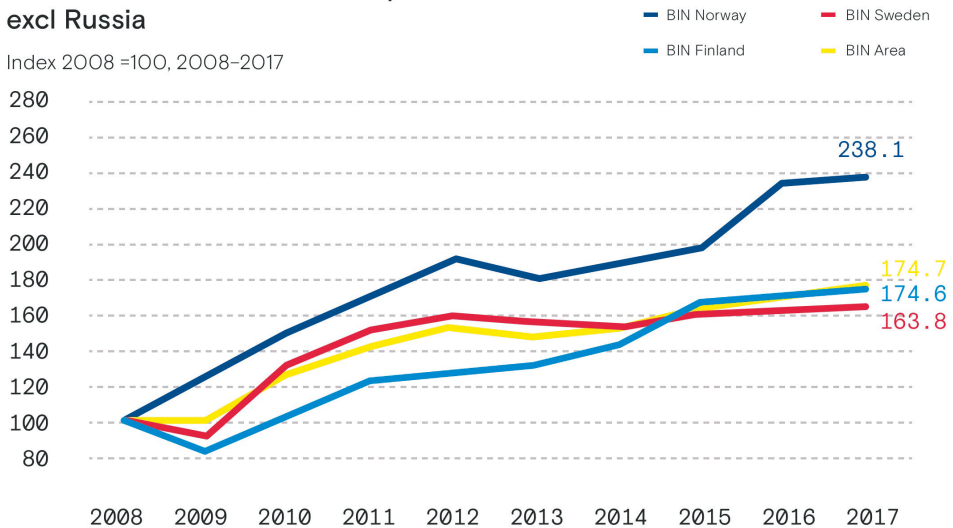


Figure 6. Innovations in the North illustrated by examples of BIN area brands: map and attached connected text (based on BIN-2 report and presentation).

### Growth in Turnover in current prices BIN area excl Russia

Index 2008 =100, 2008-2017



**A substantial economy is present in the North with obvious expansion opportunities if more people and resources were mobilized.**

**Without growing businesses and high-value creation, the Arctic regions will fail to attract investments and innovation.**

Figure 7. Focus on economic growth in the North: graphs and connected text (based on BIN-2 report and presentation)

Figure 6 raises an interesting point; many innovative businesses and brands build upon identity with Northern life and values. The mapping of these firms may leverage the branding of the whole geographic area.

Figure 7 capitalizes on the ability of accounting to make aggregations. Industries have different growth rates in different regions, but presenting the results as a sum total and visualizing it as a positive development over time helps to keep the focus on economic growth.

The information presented in Figures 6 and 7 has different data backgrounds (qualitatively selected examples vs. quantitatively assessed totalities). Presenting these two things together may add value to the whole framing of the High North as an area of innovation and economic success.

### **Projecting the future**

Infrastructure maps showing ongoing and potential activities serve as a good device to publicize future developments. For example, figure 8 illustrates a baseline for the development of maritime logistics. The most recent BIN report states (2018, page 7): “Business opportunities brought by the Northern Sea Route are to be addressed in the perspective of the whole transport infrastructure development in the BIN area, including a Finnish railway project and digital infrastructure projects.” This can be seen as an attempt to set a joint development agenda for multiple stakeholders. If many actors consider using the sea route and building connecting infrastructure, everybody will benefit.

Figure 9 is concerned with international sub-sea fibre initiatives for broadband data transfers to and from the BIN area. Messages attached to the map of future projects establish a view of the area currently lacking a direct connection to the USA and Asia, framing BIN as a “disconnected area”. At the same time it is suggested that connectivity is a prerequisite for future development, a must which multiple stakeholders need to achieve through coordinated effort.

These two illustrations fit the idea of a promissory economy when the result is objectified (often with the help of accounting-like socio-economic information), and actors are “invited to agree” on the course of future action. The information in this respect describes some facts but also imaginings, thus making it possible to talk about the future.

**Next huge innovation Maritime Transportation in the North**

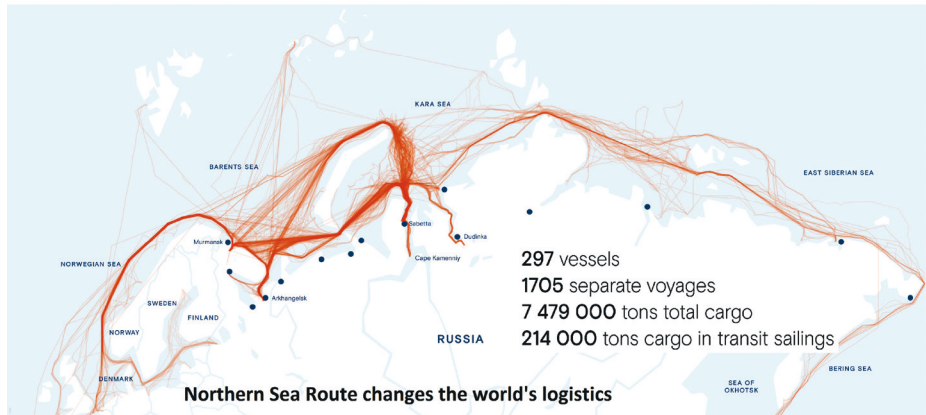
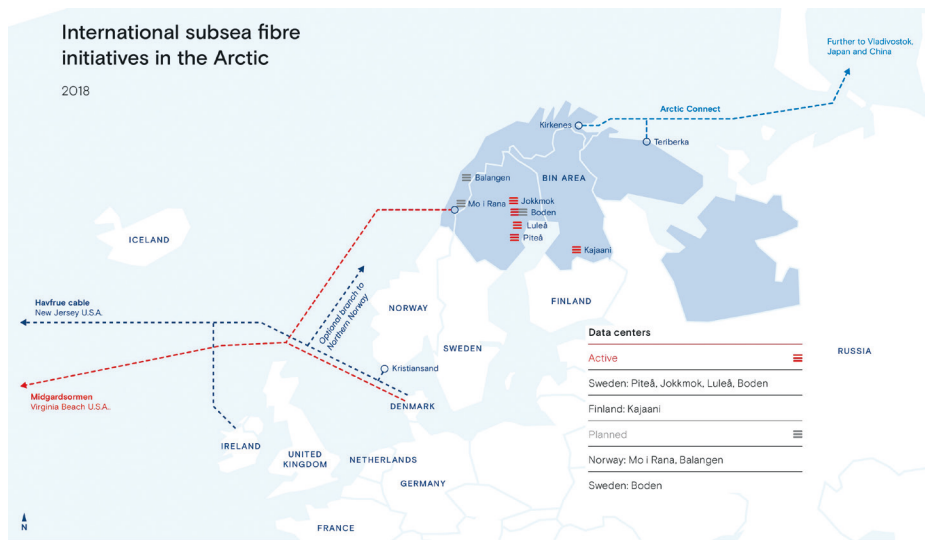


Figure 8. Maritime transportation in the North: shipping lanes tracked using satellite data, corresponding numbers and phrasing (replica of a slide from the BIN-2 report)



**Connectivity in the North**

A prerequisite for economic development in the North

Connectivity of the BIN area should be addressed at the government level, including the interests of different stakeholders such as communities, businesses, and academia

The BIN region requires improved connectivity with the USA and Asia.

Figure 9. Map of international sub-sea fiber initiatives with potential effect on the BIN area, data centres, in the European Arctic, attached connected text (based on BIN-2 report and presentation)

### Potential effect on users

As follows from our analysis of the users' feedback, availability is fairly high in BIN messages. Most people like the way BIN is presented through figures and graphs with short analytical notes attached. This helps keep the focus on the issue, and the information is both visualized and briefly explained. Accessibility of BIN messages in public presentations is fairly high for the user groups studied. From the track record of BIN presentations, BIN appears to be becoming a recognized brand. The presentations normally raise a lot of interest and good discussions. However, accessibility of BIN messages in the printed report and the BIN website was assessed as rather low. Several users mentioned that the report is quite long and difficult to navigate. So far, the BIN project has provided no technical user-customized interfaces for selecting and presenting relevant data. However, members of the project team adjust their presentations according to the preferences of the users and the feedback they receive. This also applies to the selection of analytical topics for the report.

Table 3 below presents a summarized assessment of the value and applicability of BIN based on our interviews with the users. This, however, is only a potential effect on users. The degree of applicability is our interpretation of their feedback.

When it comes to the practical use of BIN, we have data from only one user group, the media. Journalists use BIN as background material, and some journalists have retranslated the report frames to the public, as in the following selected headlines and supporting phrases from a newspaper article about the BIN report (translated from Norwegian). The headline of this article has a strong emphasis in terms of availability and accessibility through dramatization. For analytical purposes, we make a distinction between messages with negative or positive connotations.

Taken together, the negative connotations resemble the framing described earlier as "signalling the gap", while the positive ones relate to "creating a new positive image of the High North". Elements of framing such as "projecting the future" appear on both sides. On the gap side, there is a warning of negative future consequences of unchanged policy, and on the positive side are development plans and some persuasion points to help the audience think positively of the High North. In the newspaper text

*Table 3. Potential effect of the  
BIN report on users*

USER GROUP	PERCEIVED VALUE OF BIN	DEGREE OF APPLICABILITY
Central government bodies in Norway and Russia	Information about key issues of the High North development to be addressed at a central political level	<p><b>Rather high</b></p> <p>BIN presentations raised a lot of interest among these users. The project was invited several times to make presentations to ministries in Oslo and Moscow.</p>
Regional authorities in Norway	Information about various sectors like demographics and businesses to prepare background for political decisions	<p><b>Medium</b></p> <p>Comparison between regions is important to build arguments for central politicians; otherwise it adds rather little to their knowledge of the region.</p>
Businesses people and development actors in Northern Norway	Overview of major issues of the High North	<p><b>Low</b></p> <p>This group needs more detailed and more relevant information for specific industries. This is derived from customers and more specific studies. Often they possess contextual knowledge of their own region in the High North and therefore the information in BIN is not a big surprise for them.</p>
Media in the High North	Background material	<p><b>Medium</b></p> <p>Media outlets are interested in the information presented in BIN, they tend to develop emphasis frames (mostly dramatized versions of signalling gaps) and they reframe key messages in the report.</p>
Students and experts interested in issues of the High North (Norwegian, Russian, Finnish, international)	Information about key trends in the High North	<p><b>Medium to high</b></p> <p>During the BIN presentations this group asks a lot of questions and show interest in the figures. It is clear that those who want to get introductory knowledge of the High North find it in BIN presentations.</p> <p>Numerical information on key topics is helpful in developing a structured view of the North. Not least, these people find it easy to connect to the discussions about BIN figures/graphs by drawing on their own perspectives and life experiences.</p> <p>This user group is mostly motivated to go into the details of the report.</p>
Pressure groups: environmentalist organizations in Norway and North-West Russia	Solid statistical overview	<p><b>Low</b></p> <p>BIN in its current form is unlikely to be relevant for this user group as it has neither direct information on environmental hazards nor first-hand information on development decisions to be made by high level political and business actors.</p>

“WARNING AGAINST A GIANT ROBBERY IN THE NORTH” (HEADLINE OF THE ARTICLE)

(negative connotations):

**More and more of the northern areas are drained of resources**

There is a screaming shortage of people of working age, including a lack of men with higher education.

There is a decline in all the productive groups in the population, while the number of people older 65 rises in all countries.

...we need a whole new thinking around the High North with a new policy framework. The worst thing that can happen is that natural resources are increasingly harvested without new jobs and settlements being created in these northern areas.

It will be a big loss for all nations

“The medicine does not work” – High North policies of the states are neither efficient nor effective

**The state leaves**

In Norway and Sweden, the role of the state has deteriorated sharply. This is in contrast to Finland... Russia also has a stronger public influence because there are regions with extensive self-government.

(positive connotations):

**An enormous economic potential and growth opportunities** [in Northern Norway, Northern Sweden, Northern Finland, and the Murmansk and Arkhangelsk regions in Russia]

**More than ore and fish**

There is also no shortage of brands or solid financial results.

The North is a big financial success. It is about much more than ore and fish. Forestry, tourism, and various industries have created growth in several places.

Identity and culture must be built, we need to decide to be positive when we talk about what it is like to live here.

**New sea route gives hope**

Shipping speeds up every year, and the new sea route is creating a year-round passage from China to Kirkenes. This can have an enormous impact on the High North.

Figure 10. Example of competing frames of the High North (made in a newspaper article<sup>8</sup> about BIN).

all the frames were mixed, thus offering the reader competing considerations. This is good for the applicability of frames, as conflicting yet informed representations are known to induce critical thinking and more conscious opinions. Accounting information was not the only type used in the article to support the statements. However, without access to the numbers and figures in the BIN report and reference to it, such fairly strong qualitative statements would not be possible.

### **Summary of the findings**

In this section we have shown that the information in BIN is used in at least three types of framing of the High North: “signalling the gap”, “creating a new positive image of the High North”, and “projecting the future”. Socio-economic statistics and metrics and phrasing connected to the information make it possible for the BIN reports to communicate these frames. Also, the different frames in the BIN reports have the potential to initiate a learning process, assuming that the users are motivated and involved in the development of the Northern regions. At the end of the section we have highlighted an example of how a media actor (newspaper) could retranslate all the three BIN frames in a short article.

In the following discussion section we explore the opportunities and challenges associated with the use of socio-economic information for shaping the attitudes of the stakeholders involved in the development of the High North.

### **DISCUSSION: THE ROLE OF SOCIO-ECONOMIC INFORMATION IN FRAMING THE HIGH NORTH**

Our findings suggest that socio-economic information can be used to develop informed, contrasting, and even competing frames of the High North. If presented in a proper way, this information can serve as a language to communicate development opportunities and challenges. The communication happens through directing attention and mediation. The former has the ability to make aggregations with emphasis on issues of interest (the power to direct and redirect attention). The latter makes it possible to construct applicable frames for these issues by addressing various stakeholders such as politicians, investors, the media, and other experts. Generic representations such as innovation or infrastructure maps can provide communication (mediation) between the stakeholders. KPIs such as the index number of a single indicator (like population growth or employment development) can trigger critical thinking, as individuals may experience conflicts between their own frame in thought and the frame communicated to them.

The possibility to combine different yet informed frames is a prerequisite of framing as a learning process. In this regard, we show that framing can be a positive thing, where accounting information and accounting techniques can help. This adds to the studies in the public opinion literature domain, as most of them assume that framing is a purely negative phenomenon and a source of bias.

The challenge lies in the potential temptation to use socio-economic information in a one-sided way. For example, if gain–loss narratives dominate or are extensively used in framing, there is a risk of establishing an image of the High North in terms of a zero-sum game. A zero-sum bias judges a situation to be zero-sum (i.e., resources gained by one party are matched by corresponding losses to another) when it is actually non-zero-sum (Meegan 2010). Following this line of reasoning, people may believe that development of the capital regions inevitably involves costs for the High North. If, in turn, the emphasis is solely on a positive image or projected future, then there is a trap of neglecting important development limitations. The solution rather lies in a counterbalanced use of socio-economic information in the framing of the High North.

Our study did not find that the BIN reports are highly relevant to the core business activities of the interviewed users. Instead, the BIN reports and their numerical information have the potential of becoming a tool to facilitate debate among the actors involved in the development of the High North. In this respect, we were able to draw confirmatory conclusions regarding the theory that views accounting-type information as a language of meaning-making (Lorino et al. 2017) and as a machination to communicate about the future (e.g., Mouritsen and Kreiner 2016). Is accounting-type information the most efficient tool to use in debates about joint decisions and actions leading to regional development in the High North? All the high-priority goals declared in the prestigious *Arctic investment protocol* of the World Economic Forum (2015) are quantified as targets and performance indicators using socio-economic information.

The High North is still a prospective area not directly familiar to most people. This means that attitudes to its development “stored” in people’s frames in thought may still be in the process of formation. The strategies of opinion leaders may be directed towards the formation of more conscious and consistent attitudes and offering good questions to both those interested in and those less familiar with the High North. The comparative approach to the High North regions applied in the studied BIN reports is a step in this direction. This approach allows for various aggregations and disaggregations of socio-economic information and thus juxtaposes different units of analysis. For example, the different BIN regions could be compared with the BIN area as a whole or to metrics of their respective countries. This makes it possible to frame the High North in various ways.



## CONCLUSIONS

In this paper we have identified three different ways in which socio-economic information can be used to create different frames of the High North. These three ways are: “signalling the gap”, “creating a new positive image of the High North”, and “projecting the future”. We have shown that the building of frames on a mix of competing considerations has the potential to contribute to a learning process and an informed debate on the development of the High North. This adds to the mainstream public opinion literature which often considers framing to be something negative and a source of bias.

High North development is a seemingly complex issue. Despite numerous attempts to express it in terms of numbers, a complete and consistent representation is unlikely. Various stakeholders will need specific tools to handle their core business and organizational tasks. Socio-economic information has the potential to contribute to those representations by facilitating communication and joint agenda setting.

Actors involved in the development of the High North should be careful when dealing with information and analyses presented to them. They need to avoid superficial reviews, one-sided frames in communication, and impassioned debates, but rather seek informed views scrutinizing competing considerations. Furthermore, we encourage them to look for information which may connect them with other actors interested in the region, a search which might initiate a learning process.

The research presented has several limitations and therefore corresponding opportunities for further research. Firstly, while paying much attention to the structure of frames in communication, we have established only a tenuous link between these frames and their effect on users. Further research could therefore focus on feedback from potential users of the High North reports and the effects of the socio-economic information have on their frames in thought. This would necessitate a wider sample of respondents and types of stakeholders using a standardized selection of frames in communication from more High North reports.

Secondly, we have not paid much attention to other analytical and informational products than *Business Index North*. Further research can benefit from a comparative analysis of these reports and from the identification of more types of framing of High North development than the three identified in our research. Further research would also benefit from considering stakeholders from other regions (apart from those co-

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vered by the BIN reports), such as Alaska in the US, territories of Northern Canada, Greenland, Iceland, and eastern territories of Arctic Russia.

Thirdly, the identification of, and search for, important stakeholders could also be done in a more proactive, analytically supported manner. We suggest that future research use the network perspective of stakeholder theory to identify which and how many such stakeholders are connected to a particular issue (for example a mega-project like the Northern Sea Route or the new sub-sea data cable project in the Arctic). Such an issue-centred approach would contribute to a better understanding of what kind of framing is needed, and how socio-economic and technological information can facilitate cooperation and mutual learning among stakeholders.

Finally, our analysis has not included important visual carriers of frames such as symbols and other illustrations like pictures, cartoons, and photographs. What type of framing of the High North can (or do) they facilitate and how? How can different stakeholders work together using socio-economic information? These questions may merit particular attention if we wish to facilitate a strong, informed, and constructive framing of the Arctic and the High North.

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## FOOTNOTES

<sup>1</sup> For documents, see Government of Russia (2008), Norwegian Ministries (2017), The White House (2013), Government of Canada (2017), Prime Minister's Office, Finland (2013), Ministry of Foreign Affairs of Denmark, Government of Greenland, Government of Faroes (2013), and European Union External Action (2017). Links to the documents are available in the list of references at the end of this paper.

<sup>2</sup> The authors conducted these searches on 24 August 2018.

<sup>3</sup> KPI is an abbreviation for Key Performance Indicator – a measurable evaluation of performance, a target – a widely used concept in business and management practice.

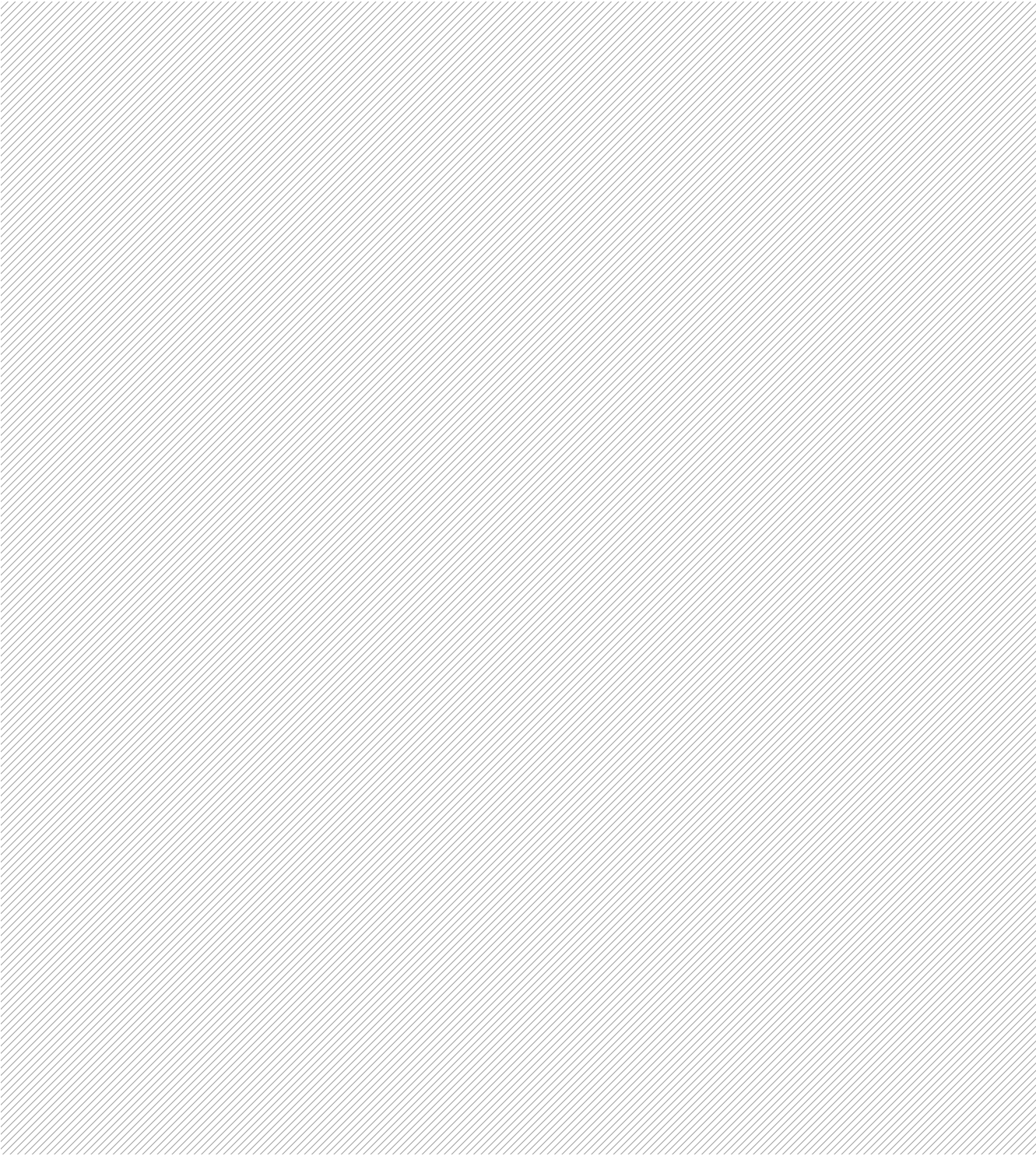
<sup>4</sup> Alternatively, studies on the framing of the Arctic and the High North could focus on the role of other types of information also widely used, such as news headlines and stories, cartoons, and visual imagery. See, for example, Pincus and Ali (2016).

<sup>5</sup> <http://www.un.org/sustainabledevelopment/>

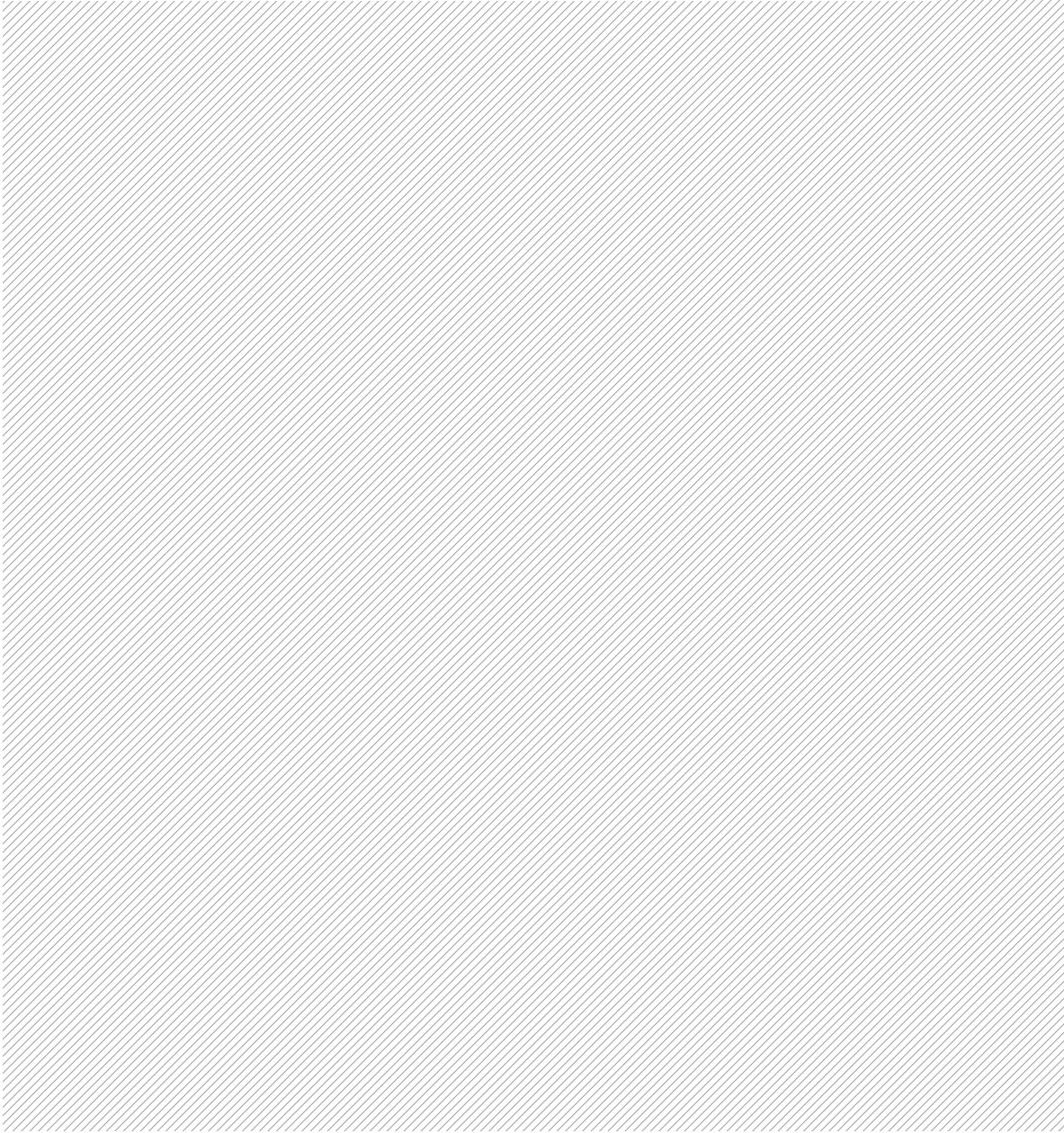
<sup>6</sup> For more information about BIN see [www.businessindexnorth.com](http://www.businessindexnorth.com).

<sup>7</sup> Published on his website *The wheel of persuasion* (<http://www.wheelofpersuasion.com/?s=framing>). Schultz's explanations of emphasis and equivalency framing are based on Nelson, Clawson, and Oxley (1997) and Tversky and Kahneman (1981).

<sup>8</sup> Avisa Nordland, 17. april 2018: <https://www.an.no/naringsliv/utdanning/bodo/advarer-mot-et-gigantisk-ran-i-nord/s/5-4-742839>



# YOUNG RESEARCHERS OF THE BARENTS REGION





## Svetlana Kuznetcova

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My field of research is in emergency management generally and in environmental risk assessment and management of oil spills in the Arctic in particular. The importance of increasing emergency preparedness for unwanted incidents is emphasized both by commercial actors and governments. Actors involved in activities such as hydrocarbon drilling, transportation and cargo transport have to focus on safety and risk assessments.

My PhD thesis is entitled “Risk assessment and management of hydrocarbon transportation in the Barents Sea”. There is no complete study currently available of relative risks and impacts associated with oil transportation that systematically considers all the factors for each mode of transport – economic consequences, incident rates, fatality rates, long-term environmental damages, etc. I believe that a study of relative risks is necessary and should include risk assessments using scenario-based research and focusing on the distinctive risks and impacts for each mode of transport. Transportation of oil and gas on the sea characterizes challenges from a safety viewpoint. The marine transportation of these scarce natural riches in turbulent environments involves risks, which may lead to many losses: wasting oil and gas, injuries to people, damaging ships and properties, and damaging environment. These represent challenges to the emergency preparedness system. In particular, the Arctic may experience turbulent weather, especially in winter. The consequences of accidents may be severe owing to long distances, cold climate and limited local resources. The main purpose of my thesis is to evaluate the risks, hazards, and accidents during transportation of oil and gas in Arctic waters, to ensure a proper level of emergency response and to develop improved emergency management. Hence, a better understanding of these risks and hazards can contribute to decrease of addressed losses and enhance emergency management.

Risk management has intrigued me since my master’s studies when I examined risk management of oil spills in the Arctic. In my master’s thesis, I tried to assess the risk probability of oil spills in the Barents and Kara Seas, worked out probable oil spill scenarios and provided risk matrixes to persuade decision-makers by visualizing the results for the first time. This formed a synthesis of what kind of information is required for the risk management under oil spill threat.



“The main purpose of my thesis is to evaluate the risks, hazards, and accidents during transportation of oil and gas in Arctic waters, to ensure a proper level of emergency response and to develop improved emergency management.”

My master's thesis was based in particular on the reflections of the international project Marpart "Maritime preparedness and International Partnership in the High North". The Marpart-consortium studies Arctic maritime activity patterns and the potential risks of maritime traffic in High North environments as a platform for understanding organization and management challenges related to maritime preparedness. The Marpart team included researchers from Norway, Sweden, Iceland, Denmark, and Russia under the leadership of Nord University. Marpart investigated how joint operations are organized and coordinated in different parts of the emergency response chain. Project researchers look into tactical level on-scene coordination, operational level command systems, and strategic level management structures. I got involved in the Marpart research activities in 2014 and became a thematic leader in Russia within the Marpart project. My research work has also been related to my job activities as I am employed at the Rescue service of the Arkhangelsk region.

I used qualitative analysis and risk matrixes based on an expert assessment as accidents are rare in the Atlantic Arctic and there are limited statistics available. The Marpart researchers referred to my analysis in the paper "Arctic Shipping and Risks: Emergency Categories and Response Capacities". In this study, the frequency level of different types of incidents with different types of vessels and the severity of consequences for human beings and the environment were shown under critical factors such as harsh weather, ice conditions, remoteness and vulnerability of nature in the Arctic. A certain element of qualitative expert evaluations on specific vessels, risk areas or defined situations of hazard and accident served as the basis for the risk matrixes. The estimation of consequences was based on case studies of the effects of real accidents in different parts of the world illuminating accidents with different types of vessels. The analyses were also based on results from exercises showing the capabilities of mitigating the negative effects of accidents in Arctic waters.

The coordination of the broad range of actors included in a maritime incident both in the air, at sea and ashore with several institutions and management levels included for large scale emergencies was considered in the paper "Emergency Management in Maritime Mass Rescue Operations: The Case of the High Arctic"

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in the book *Sustainable Shipping in a Changing Arctic* published by Springer. We described the incorporation of host nation support from neighboring countries and illustrated the organizational structure of such operations and the coordinating roles at different levels. The paper reflections were built upon the experiences from the accident of the cruise ship “Maxim Gorkiy” in the ice South-West of Svalbard.

As a professional involved in emergency preparedness, I can confirm that improved risk management provides a critical first step in protecting the Arctic given the extreme conditions of the region, the increased volume of shipping traffic, and the continued and growing presence of oil and gas extraction and transportation activities. As a researcher, I am an enthusiast advocating for correlation with best practices and innovations related to emergency management that the academic world can ensure.

"We can no longer afford to think nature and human nature as differentiated ecologies."

## **Berta Morata**

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As an interdisciplinary architect and urbanist working at the intersection of urban theory, geospatial analysis, design and ecology, I am primarily interested in the spatiality and representation of urbanization processes. I am currently researching the extreme territories of urbanization in Northern Sweden and Norway in the Arctic.

My research interest focuses on the exploration of the remote Northern spaces commonly understood as untouched, empty or pristine. Through the lenses of the notion that Henri Lefebvre anticipated in the early 1970s of “a complete urbanization of society”. The main focus is to study urbanization as a process, instead of urbanism traditionally understood as mere static concentrated forms (cities), but the extended operational landscapes that support the worldwide urban network. The enquiry is to investigate how the processes of urbanization are transforming the apparent most remote places of the planet, and specifically the Arctic regions - where environmental disruptions and climate change are taking place two times the speed of anywhere else.

Added to this is the contradiction of being one of the most sparsely populated regions on earth with a wealth of natural resources. Going beyond and step by step, I am becoming more and more of an enthusiast explorer deciphering and appreciating the complex structures and flux syntaxes of the Arctic!

The first territory I am now studying is the one stretching from Luleå to Narvik. With a special interest in the trans-border condition, working with the bioregion, in the large technological systems of resource extraction. From here, two actual provocations to common understanding figures prominently: *approximately 97% of the forestry under the alpine mountains boundary is productive in Norrbotten county, also 90% of Europe's extracted iron ore comes from the mines of Malmberget and Kiruna.* Such a system is thus a very good example of how the modern visions led to the large built infrastructure networks by the state to extract high quality resources, which in turn helped the building of the welfare state. They are very much inserted in the global systems, and since late 1970s and after 2008, play new key roles in the worldwide urban fabric.

If for a newcomer it might seem that this northern territory is “empty”, it is clearly not, the Sami people have been living here for more than 9000 years between the countries of Sweden, Norway, Finland and Russia. One's discovery is another's

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dispossession, and as inequalities keep increasing, so do environmental disruptions. I try to describe it with cartographies that move through scales, and using the landscape urbanism approach. While we expand the worldwide urban fabric always to the next resource extraction frontier, we urgently need to rethink the socio-environmental metabolisms linked to it. That is, the technical systems historically overlapped to the biophysical systems cannot be understood conventionally anymore. The human ecology model has to be thought of within the ecological model, and not apart. We can no longer afford to think nature and human nature as differentiated ecologies.

I have had by now the opportunity to present some investigations at the Urbanism & Urbanization in Ghent in 2018, as well as at the Arctic Circle conference in Reykjavík. Being part of the ARCUM and APECS research networks, as well as joining interdisciplinary groups like REXSAC is further enriching discussions and perspectives. Research and pedagogy merge at LTU University, where we aim to collectively reinterpret and advance understanding in shaping the contemporary processes of urbanization with the 5th year students in the design studio course. Furthermore, I have started to complement the line of investigation with extra-academic environments, collaborating with artistic practices (see, for example, the participation in the Luleå Biennial 2018 “Tidal Ground”, with Anja Örn). This sphere provides the freedom of experimentation and discussion sometimes difficult to locate in the university environment.



Photo by Maria Paldanius

## Mirva Salminen

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I am currently working in the project “Enablement besides Constraints: Human Security and a Cyber Multi-disciplinary Framework in the European High North (ECoHuCy)”, in which we examine digitalisation and cybersecurity from a human security perspective in the northernmost areas of Norway, Sweden and Finland. This NordForsk funded project began in January 2017 and it lasts until the end of 2019. The Northern Institute for Environmental and Minority Law (NIEM) at the Arctic Centre has the project lead, while other consortium partners include UiT – The Arctic University of Norway, Swansea University (UK) and the Institute for Security and Development Policy (SE). After the project, I will defend my doctoral thesis on the same topic.

My disciplinary background is in political science, international relations, security studies, and art of war. The subject of my Master’s thesis was security commercialisation and the social construction of the state in the American discussion on private military and security corporations operating in Iraq. I became interested in cybersecurity six or seven years ago when I was co-editing a book on cyber defence for the National Defence University. The next step was working for a cybersecurity corporation – again on a book project, which then led to the next project and to the next project. In the summer of 2016, the preparations for ECoHuCy began and I started my job at the Arctic Centre. Simultaneously, the topic of my doctoral research changed from security commercialisation to cybersecurity.

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"I most enjoy examining complicated, security-related phenomena, for which understanding calls for strong theoretical basis, yet produces results grounded in empirically emergent problems or questions."

I knew little about the Arctic at the time, but I have found it very interesting and exciting to learn new things during the project. At NIEM, we have a team of three researchers and the project leader working on the topic. In addition, cooperation within the consortium, as well as with a wider pool of researchers affiliated with ECoHuCy, has brought forth many new perspectives in cybersecurity in people's everyday life.

We carry out three main theoretical and empirical interventions in mainstream cybersecurity research. First, we examine (national) digitalisation and cybersecurity policies together, instead of considering them as two separate policy- or issue-areas. By doing so, we aim to highlight that the positive sides of digitalisation, usually uttered in digitalisation programmes, and the negative sides, usually expressed in cybersecurity programmes, are interdependent. Second, we propose to bring the human being to the heart of digitalisation (instead of, for example, economic benefits and opportunities), both as the object to be secured (the referent object) and as the subject securing the smoothness of everyday life. In our view,

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digitalisation should serve primarily the interests of the people whose lives it transforms. They should have a say in the decision-making about the direction which digitalisation is taking. Human wellbeing hence ought to be the desired end state of cybersecurity policies, programmes, frameworks and measures (alongside, for example, undisrupted functioning of infrastructures deemed as critical). Furthermore, instead of highlighting solely the importance of technical security solutions or nationwide cybersecurity policies and their implementation, the security measures should also recognise the importance of human beings as security actors in their ever-digitalising environment. Finally, we scrutinise the ongoing societal digital transformations in the context of the European High North. The reason for making such interventions is our certitude that a wider, more inclusive cybersecurity framework, which also considers regional particularities, is required for understanding the societal transformations that ever-deepening digitalisation brings with it.

My role in the project is two-fold: to develop the theory of a human security perspective to digitalisation and cybersecurity, as well as to carry out empirical research in the region. By the time of writing, I have just returned from Enontekiö after having carried out two workshops there. The purpose of these workshops was to discuss with the local people about their interests, wishes, fears and concerns related to digitalisation. The conversations carried out over a cup of coffee produced an insightful picture of the role of information and communication technologies (ICTs) in people's everyday life. A colleague from UiT has carried out a similar workshop in Tromsø, and it will be interesting to see how different or similar findings these conversations produce.

After the ECoHuCy project, and having defended my dissertation, I hope to continue research on security- and digitalisation-related topics. Alongside the doctoral research, I have contributed to studies, for example, at Aalto University on the organisation of national cybersecurity in Finland (two VN TEAS studies) and at SaferGlobe (an independent peace and security think tank based in Helsinki) on the effectiveness of capabilities in European Union conflict prevention (IECEU project). I most enjoy examining complicated, security-related phenomena, for which understanding calls for strong theoretical basis, yet produces results grounded in empirically emergent problems or questions. In my view, the European High North, the Barents Region, and the Arctic provide an interesting case study on developments that take place globally.

# Inga Marie O. Skavhaug

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In Northern Norway, there has been an increase in nature-based tourism. The authorities have promoted more activity in nature, inclusive of protected areas. As a doctoral student in tourism at UiT – The Arctic University of Norway my project is on protected areas. I explore which discourses have manifested themselves in different interpretations of landscape in two protected areas in North Troms, Norway. In particular, I'm concerned with what values and types of knowledge are emphasized in the management and the development of tourism.

The background for the doctoral project is the political and ideological changes in the management of protected areas. This development also applies for The Barents Region, which has a diversity of protected areas. The management of national parks in the four countries differs in terms of governance and visitor management. In Norway, there has been a development from expert-oriented to more participation-oriented management. At the same time, nature-based tourism is growing and several tourism businesses use national parks in their marketing. In 2003, the Norwegian government introduced what has been called The Mountain Text (Fjellteksten), to enable and increase nature-based tourism in protected areas. In 2009, the Government delegated management responsibilities for large protected areas to regional/ local national park boards and advisory committees. The goal was to transfer more power to the local



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and regional levels, and thus, positions for national park managers were created. The work on management plans and visitor strategies were intensified. Based on this development, professionals in the North-Troms region and at the University of Tromsø initiated a project with the purpose of putting forward ideas for new research and bringing research back to the region. The collaboration is called Forskningsnode Nord Troms (Research Node North Troms).

My disciplinary background is in sociology, and I am concerned with local community development. I wrote my Master's thesis about opportunities and challenges in nature-based farm tourism at Ruralis – Institute for Rural and Regional Research. I examined websites of farm tourism businesses and the way farmers' self-representation meet with different tourism trends. After finishing my Master's degree, I worked at The Centre of Competence on Rural Development (Distriktssenteret), a government agency. My focus was involvement of children and youth in local and regional development, and the municipality as a local democratic arena. My interest in local community development is a driving force also in my work in the doctoral thesis. I am interested in how we can create good places to live, where it is possible to develop businesses and, at the same time, take care of local culture and nature.

The major question for my doctoral project is how the landscape in two protected areas in North Troms is understood. "National park" and "protected area" give different connotations, and it is possible to understand the same nature and landscape in several ways. It can deal with protection of rare plants and animals, cultural landscapes, vulnerable and endangered natural habitats or spectacular tourist attractions. At the same time, protected areas relate to restricted use and control of nature. We define landscape in several ways. An example is how legal and political management influences what different interests emphasize. We also understand landscape as a result of how we use it, or dwell in it. Values and knowledge are central perspectives in my work. Development of marketing and commodification of nature in protected areas affects the perceptions of these areas. The Nature Diversity Act in Norway states that public decisions must be based on scientific knowledge and "generations' experience through use of and interaction with nature". I have approached these questions through analyzing management plans, municipality plans and interviewing different stakeholders in the protected areas, as the members of the management boards and advisory committees. The committees consist of

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“In my research I explore the negotiations between landscape interpretations, values and knowledge in protected areas.”

representatives from reindeer herding, local businesses, municipality, Friends of the Earth Norway and The Norwegian Trekking Association, amongst others. I have had fieldtrips to the areas and spent 1, 5 months at a local center where also the park management for one of the protected areas is located.

The work with this thesis has brought me out in the natural environment in these two protected areas. It has made me curious about the people and the landscapes in this region. There are several assessments done concerning protection of nature, local practices and business development. There are negotiations about values, knowledge and meaning of landscape. This also raises questions related to power. Nature in these areas has always been important, and we might be able to predict future development based on present regulations, management and local practices.

## EDITORIAL

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*Anatoli Bourmistrov and Svein Tvedt Johansen*

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*Hilde Fjellvær, Trude Høgvold Olsen, and Elsa Solstad*



**Does regional context matter? A comparative study of two Russian regions implementing budget reforms**

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