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Arctic energy development— how “sustainability” can fit?

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ABSTRACT

The purpose of this paper is to investigate how the concept of sustainability has developed in the politico-economic context of Russia and in the Russian Arctic energy industry. This paper provides a substantial overview of sustainability priorities developed in Russia and then, based on state and media perspectives on Russian Arctic energy, it analyzes the critical directions of concept development in this context. The rhetoric of the sustainability concept in the country and in the context of Arctic energy may not necessarily develop in the same way. The priorities may focus on industrial technology and transport modernization, energy and environmental security, an emergency preparedness system and coordination, governance, international partnerships on Arctic governance and maritime issues, preventing pollution and waste, sustainable management, improving quality of life of indigenous people, and scientific research issues that are crucial for this context. The paper concludes that the politico-economic context itself has strongly influenced the development of the sustainability concept in Russia. Furthermore, based on the results of this study, it is suggested that, in a context of the Russian Arctic, legitimization is more dependent on the state position than on that of the media.

Keywords: sustainability priorities, Russian Arctic, energy industry

1 INTRODUCTION

Today, the Arctic has become a strategic arena for northern countries. In particular, Russia has significant plans for exploration and development of Arctic oil and gas fields. The country recently asserted interest in claiming areas as far north as the North Pole (Staalesen, 2015).

At the same time, the Russian economy remains largely inefficient. Its energy intensity per unit of gross domestic product remains one of the highest among the world's nations, as are its carbon dioxide (CO₂) emissions (IEA, 2012). Russia's commitment to sustainability and corporate social responsibility (CSR) might become important for all Arctic countries as the possible negative impacts of its economic activity influence the whole territory of the far North.

Sustainability has always been an issue in the energy industry. Energy extraction has become a means of survival for Russia, but it also is potentially harmful. Russia's energy industry employs millions of people. Oil exploration and drilling are increasing. With this growth may come multiple industrial accidents with possible life-threatening and environmental consequences. Taken together, this environmental and social damage, Russia's inefficient use of natural resources, the continuing growth of its energy-intensive industries, and interruptions to its energy supply impede Russia's economic development. The energy industry worldwide is prominent in corporate social responsibility (CSR) and sustainability statistics (Siveter et al., 2012; Dong and Burritt, 2010; Wood and Ross, 2008; Milne and Gray, 2007; Kolk et al., 2001).

Prior literature concludes that Russia's history has influenced the quality and characteristics of sustainability and CSR efforts (Preuss and Barkemeyer, 2011). However, there has been little research linking the country's politico-economic factors and the development of the concept rhetoric itself, as well as the specific sustainability-related aspects developing in a given context. Thus, the purpose of this paper is to investigate how the sustainability idea has been developed in the politico-economic context of Russia and how the sustainability priorities are related to the Arctic energy industry.

The paper starts by presenting a conceptual background for the sustainability phenomenon and theoretical considerations of legitimacy theory that are typically used to address the concept development. After a summary of prior studies of the legitimacy issue in Russia, the methodology section suggests the analytical framework for discussing the results of this study and the research method. The empirical results present the sustainability priorities developed in Russian governmental policy documents. Then it examines how the sustainability priorities are regarded by state policy documents in the Arctic energy sector and by Russian Arctic media. The paper proceeds to discuss how the development of the sustainability idea has been influenced by the politico-economic context in Russia and which sustainability-related priorities are important for Arctic energy development. The last part draws conclusions about implications of the sustainability idea in the energy industry in the Russian Arctic and about relevance of the legitimacy perspective in this field.

2 LITERATURE

2.1 The sustainability concept

Sustainability is a broad concept that, on an organizational level, considers corporate performance in all respects as an index of the capacity to endure. There are many interpretations of sustainability. The most often quoted definition of sustainability remains

similar to the “sustainable development” concept presented by the World Commission on Environment and Development in its report “Our Common Future.” “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland et al., 1987, p.43). In 1992, at the United Nations Conference on Environment and Development, the “Rio Declaration” presented the principles of sustainable development and explained that the concept of sustainability focuses on achieving a balance between social, environmental, and financial responsibilities, as well as the performance of organizations (UN, 1992). This is rather challenging because of the uncertainties brought about by incorporating this idea into practice by organizations. A major debate regarding the correct interpretation of the term sustainability in scientific literature refers to the “vague” meaning of the concept (Kliucininkas, 2001), estimating up to three hundred definitions of sustainability and sustainable development in the field of environmental management and in the other disciplines associated with it (Johnson et al., 2007). On source even observes that, besides confusion, the broadness provides the opportunity for disingenuity (Aras & Crowther, 2009).

Since the concept was introduced to the business community and discussed by NGOs and accountancy firms (WBCSD, 2002, p.7; GRI, 2002, p.1; KPMG, 2002, p.7), academic literature has begun to treat the concept of corporate sustainability and the CSR concept as synonyms (van Marrewijk, 2003; Keijzers, 2003). Both concepts refer to the integration of social and environmental concerns into management systems and business activities. The definitions consider corporate sustainability as the ultimate goal, associating it with various aspects of value creation, environmental management, environmentally friendly production systems, human capital management, etc. CSR is considered an intermediate stage associated with aspects of a communion of people and businesses, such as stakeholder dialogue and sustainability reporting (van Marrewijk, 2003). In light of this, adopting the term sustainability for this paper seems reasonable in order to benefit from the significant research work already done in the field of CSR as reported in academic literature, while also facilitating the inclusion of analysis of more relevant aspects.

For organizations, the uncertain meaning of the term sustainability influences the way they practice it. The ultimate sustainability goal differs from the traditional one of maximizing profit, so implementing sustainability-related activity is complex and challenging for businesses (Baumgartner, 2014; Epstein and Buhovac, 2014; Bansal, 2005). Therefore, it is important to address sustainability priorities relevant to a particular geographical and industrial setting. The flexibility of referring to various social and environmental concerns within the sustainability idea has led to the recognition of a special setting of a corporation. Sustainability is applied differently across different cultural, industrial, geographical, and political contexts (Gjøllberg, 2009; Halme et al., 2009).

The energy industry plays a distinguishing role in Russia, as it also does for the developing sustainability phenomenon. According to statistics provided by The Russian Union of Industrialists and Entrepreneurs (RUIE, 2012), oil and gas companies are, compared to other industries, leaders in publishing non-financial reports and “sustainability” reports. Literature also indicates that large Russian corporations in extractive industries have developed CSR

generally aligned with global trends (Kuznetsov et al., 2009; Blagov, 2008). One analysis of mining and metals, oil and gas, and utility companies by Preuss and Barkemeyer (2011) ranks the quality of sustainability reports close to industrialized countries, at least in terms of the overall coverage of Global Reporting Initiative indicators. Similar to the worldwide rhetoric of CSR, sustainability priorities for energy or natural resource companies in Russia include minimizing environmental damage or providing local education and healthcare support (UC RUSAL, 2008). Another case study of a strategic large oil company in Russia by Andreassen (2013) shows that sustainability reporting practice is even more advanced in disclosing production safety issues than available reporting norms themselves.

Geographical or industrial trends can be criticized for being biased toward the overall picture of the phenomenon in the country, but they do highlight the main directions for the big idea development. The emphasis on specific sustainability-related aspects in a given context may help shape country-specific sustainability efforts (Preuss & Barkemeyer, 2011; Kolk, 2005). As the energy industry is important for the country's security and its sustainable development, the sustainability priorities, in a strategic context, will complement the development phenomenon in the country. Therefore, it is important to understand the sustainability-related directions that fit in the strategic context.

2.2 Perspectives of legitimacy theory

The existing literature suggests that the sustainability phenomenon is addressed with a variety of theoretical perspectives, and the common reference points are derived from legitimacy theory. Legitimacy is generally defined in literature as congruence between an organization's value system and the value system of the larger social system of which the organization is a part (Gray et al., 1995; Dowling and Pfeffer, 1975). When corporate image and the expectations of a larger social system are not perceived as being congruent, a "legitimacy gap" occurs (O'Donovan, 2002; Nasi et al., 1997; Sethi, 1977; Dowling and Pfeffer, 1975). The organization then makes all necessary effort to gain or preserve their image as a legitimate business with legitimate aims and methods of achieving them (de Villiers and van Staden, 2006). Sustainability or CSR efforts become a tool for influencing organizational stability in response to increasing requirements to demonstrate satisfactory performance within sustainability or major events influencing their legitimacy (e.g., Adams, 2008; Deegan, 2007; Deegan et al., 2002; Patten, 1992).

Numerous studies have been conducted embracing legitimacy theory, which is often seen from connecting points with other theories such as stakeholders theory and political economy (see, e.g., reviews of Mahadeo et al., 2011; Spence, 2010; Owen, 2008; Unerman, 2007; Deegan, 2002). At most, studies overwhelmingly employ legitimacy theory to explain the motivations for CSR efforts (e.g., Kuznetsov et al., 2009; Islam and Deegan, 2008; O'Dwyer, 2002; O'Donovan, 2002). The studies also handle CSR efforts as a communication tool to demonstrate what the companies have managed to do in accordance with public expectations. This perspective of legitimacy theory is interlinked with the stakeholders engagement and is complimented by stakeholders theory considerations (de Villiers and van Staden, 2006; Deegan, 2002, Milne and Patten, 2002).

Stakeholders theory attempts to identify those affected by sustainability efforts, their perceptions of sustainability, and to investigate stakeholder engagement. The stakeholder theory literature seeks to link reporting strategies to particular stakeholders groups (Adams, 2008). However, the goal of capturing as many stakeholders' needs as possible can lead to a situation in which efforts and disclosures become overloaded with information and, therefore, not as valuable (Adams, 2010). Therefore, at this point, stakeholders theory is often replaced by legitimacy theory in order to focus on stakeholders who are considered to have a critical impact on the company.

Hybels (1995) suggests that a useful model of organizational legitimacy must examine the relevant stakeholders. Critical stakeholders whose approval is necessary for the fulfillment of an organization's functions are: (1) the state, (2) the public, (3) the financial community, and (4) the media. The financial community and investors are considered to be an important and influential group for company decision-making (Deegan and Rankin, 1997). However, in many cases, the state controls critical resources such as grants, contracts, regulation, and legislation (Hybels, 1995). The media is considered to have a powerful influence on the decisions of the other three groups of stakeholders. Some studies argue the strategic importance of media in communication with the public, which, in turn, supports community or industrial interests (Deegan et al., 2002; Ader, 1995; Patten, 1992) or influence resource flow to the organization (Tilling and Tilt, 2010). The public or society variable of legitimacy theory is, however, also criticized for being "clumsy" (Spence et al., 2010). Indeed, various values among special interests, in centers of power, and that underly public opinion can differ according to their context. Therefore, looking more like a circle rather than a connecting point, legitimacy theory is returning to stakeholders-theory explanations to embrace different categories of the given "public."

A similar critique of relatively unspecified constructs of "society" and "the public" leads legitimacy-theory explanations to another perspective connecting it with political economy theory. Political economy theory is employed when the sustainability phenomenon is studied in relation to the political, social, and institutional framework of the economy. The theory itself has a different focus than stakeholder and legitimacy theories. While stakeholders and legitimacy theories deal with the legitimacy of firms, political economy theory deals with the legitimacy of the system and structural conflicts within society (Spence et al., 2010; Deegan, 2007; Tinker and Neimark, 1987). Legitimacy theory is considered to be derived from political economy, but solely does not consider the structural and institutional arrangements within society, the role of the state, or large powerful corporations (Spence et al., 2010). That is why there are some calls in the literature for conceptualizing legitimacy as linked to the politico-economic context and to explore the institutional arrangements and structural factors within society that give rise to stakeholder management and legitimacy pressures (Spence et al., 2010; Gray, 2002).

Legitimacy is, hence, a dynamic construct (Mahadeo et al., 2011; Tilling & Tilt, 2010). It addresses the development of sustainability phenomenon not only by providing evidence of changing organizational efforts in order to remain legitimate (i.e. Adams, 2008; O'Donovan, 2002), but also by exploring factors of a broader politico-economic context and expectations

of the critical stakeholders. The positions of the critical stakeholders may be prerequisites for legitimacy pressures influencing sustainability idea development.

2.3 Legitimacy issue in Russia

Prior empirical studies in the context of Russia have discussed some critical stakeholders of Hybels (1995), which may influence the development of CSR or sustainability efforts.

The people in general were mentioned in the study of Kuznetsov et al. (2009) in a discussion of the legitimacy gap characterized by a low level of trust among the people, business, and the state. Their analysis of managerial motivations for CSR activities shows that firms appear not to believe that CSR activities can benefit them in any way, not even by increasing the prestige of the firm in the eye of the public. Therefore, the public can hardly contribute to initiation of legitimacy pressures. The study by Kuznetsov and Kuznetsova (2010) also concludes that the wider society has barely any significance for an influential dialogue with firms on the CSR phenomenon.

The limitations of the investors or shareholders were also discussed by Kuznetsov and Kuznetsova (2010). The economic situation in Russia, including low liquidity after the privatization period, restricted both shareholder benefits and shareholder influence on CSR behavior. Consequently, the current system of corporate governance is not so much in relationship to investors.

Prior studies typically blame the state and the legal system for the lack of legitimacy pressures for CSR in Russia. The state has been discussed by Kuznetsov et al. (2009) as the only possible case when a legitimacy issue works, also in line with expert opinion that in Russia the economy is particularly prone to state control (Robinson, 2002). Belal and Lubinin (2009) believe that incentives from the state and other pressure groups in Russia can improve CSR disclosure. Studies link possible pressures to governmental regulation (Polishchuk, 2014), governmental encouragement in the form of funding for socially significant projects, and private-public partnerships (Soboleva, 2006), or further to economic regimes and state policies (Preuss & Barkemeyer, 2011). Archel et al. (2009) explains that the state position toward the sustainability phenomenon should be discovered in an interplay with a broader political environment.

There is a lack of empirical studies emphasizing the significance of media publications on sustainability-related issues in Russia. In a broader context, government “blessing” and media acceptance are mentioned among important terms for legitimacy pressure (Mahadeo et al. 2011).

3 METHOD

Following the presentation of views of legitimacy theory, the complex issue of sustainability can be linked to ideas of a broader politico-economic context. Besides the overall context, developments in a strategic industry and region can influence the development of the

sustainability idea. The critical stakeholders may regard the ideas and create legitimacy pressures for the phenomenon. Utilizing the notion of the critical stakeholders of Hybels (1995) and prior studies on the legitimacy issue in Russia, the paper operationalizes the construct of legitimacy by using factors of the politico-economic context and the positions of the state and the media in the particular context.

Figure 1. Analytical model

The paper uses documentary search for identifying sustainability priorities and issues related to sustainability. The sample consists of all relevant policy documents for the sustainable development concept in Russia; these are presidential decrees and governmental orders. The next step includes qualitative content analysis of the relevant legal documents on Russian state policies for further development of the Arctic and energy, which are the governmental Strategy on Arctic Development, Fundamentals of State Policy in the Arctic, and the Energy Strategy. Finally, the same type of analysis is done with all articles freely available online from the two media agencies focused on the Arctic. The first is the Arctic news feed of RIA Novosti, owned by “Russia Today,” which is available at <http://ria.ru/arctic>. The second is the online information portal “News of the Arctic World,” which brings together materials about the most important events in the political, social, and economic life of the Arctic region, available at <http://arcticworldnews.org/ru/>. The sample comprises 198 of the latest news releases starting from 2014. Coding was undertaken manually and focused on issues related to the sustainability concept in general and on sustainability priorities identified during the first step. All the documents studied are available only in Russian language.

4 RESULTS

4.1 The emerged framework for the sustainability concept in Russia and the sustainability priorities

It is generally considered that the terminology of the sustainable development concept first appeared in Russia after the 1992 Rio Declaration (Koptyug et al., 2000). The importance of introducing the principles of sustainable development was recognized by the Russian government. In 1994, the Russian government issued a presidential decree regarding State Strategy on Environmental Protection and Sustainable Development (The Decree of the President of the Russian Federation No. 236, 04.02.1994). In 1996, a presidential decree concerning Russia’s transition toward the sustainable development concept was introduced (The Decree of the President of Russian Federation No. 440, 01.04.1996). The main priorities of sustainable development are defined in the “State Strategy” from 1994: ensuring environmental safety in industry development; sustainable management of natural resources; improvement of waste management; improvement in emergency management and prevention of accidents; ensuring a healthy environment for populations in urban and rural areas, including improvement of food, air, water quality, and ozone layer protection;

prevention of harmful impacts on the environment from emergencies and elimination of chemical and nuclear weapons; environmental education; recovery of the ecosystem in damaged regions of Russia, including restoration of ecosystems and species in the Arctic region; biodiversity and forest protection; participation in cross-border environmental problem-solving; and solving global maritime problems.

The main point of the 1996 decree was to underline the need to introduce the sustainable development concept to the Russian economy, which, during the period of reforms, turned out to be distorted and inefficient. The presented perspective of a balanced development in all respects, which is in line with the 1992 United Nations principles, are: environmental performance, societal responsibility, and economic contribution. The country still has large territories which are not utilized by any industry, so the sustainability priorities are defined as: organization of an international partnership to address the transition to sustainable development, defining the measures to promote the normalization of human impact on the biosphere, active participation in international research programs on issues of sustainable development, establishment of effective and environmentally safe mechanisms for dealing with cross-border transportation of hazardous substances, increasing environmentally responsible investments in Russia, and ensuring environmental interests of the country in foreign trade activities (The Decree of the President of Russian Federation No. 440, 01.04.1996). The same document also predicts that the sustainable development concept will be changed and refined during a long transition process.

In 2002, the Order of the Government of the Russian Federation approved the Ecological Doctrine that prioritizes sustainable use of natural resources, reduction of environmental pollution, biodiversity, ensuring environmental safety in emergency situations, improving the quality of life and the health of the population, preventing and reducing environmental impacts of emergencies, and control over alien species and genetically modified organisms (The Order of the Government of Russian Federation No. 1225-R, 31.08.2002).

In 2003, the ministers of environment of the 12 countries of Eastern Europe, Caucasus, and Central Asia (EECCA) adopted the EECCA Environmental Strategy, which is aimed at promoting sustainable development through environmental policy reform and environmental partnerships (OECD, 2003). Even though the basic legal and policy frameworks are being improved, there is still an implementation gap and a need for further national reforms. The key priorities aim for the improvement of environmental legislation, policies, and institutional frameworks; preventing air and water pollution in urban areas; improving waste management practices, sustainable management of natural resources, and biodiversity; integration of environmental considerations into strategic industries development; mobilizing financial resources to achieve environmental goals; improving environmental monitoring and stakeholders dialogue, environmental education, and the strengthening of international cooperation and partnerships (OECD, 2003).

Some of the suggested sustainability priorities are similar among the documents. Still, the idea of sustainability has a range of directions. They are listed in the Appendix.

4.2 Sustainability-related priorities in the Arctic energy industry

4.2.1 *The state position*

In 2009, the government laid out ambitious plans to raise oil and gas production and exports by 2030. Russian Energy Strategy for the period up to 2030 aims to create an innovative and effective energy sector highlighting its central role for the development of the Russian economy, national security, and external economic relations (The Order of the Government of Russian Federation 1715-R, 13.11.2009). Ensuring energy security and sustainable development in the long term is mentioned in regard to the development of energy on the Arctic continental shelf and northern territories of Russia. The region is intended to play a stabilizing role in the dynamics of energy extraction by compensating possible decreases of production in the traditional oil and gas regions of Western Siberia in the period 2015-2030 (The Order of the Government of Russian Federation 1715-R, 13.11.2009, p.28).

The priorities of state policy in the field of socio-economic development in the Arctic are defined by two main documents. The Fundamentals of State Policy of Russian Federation in the Arctic region for the period up to 2020 were approved by the President in 2008. The Strategy of the Russian Federation for Arctic development and national security for the period up to 2020 was approved by the president of Russian Federation in 2013.

The 2008 Fundamentals of state policy in the Arctic disclose strategic priorities of state policy in the Arctic regarding the socio-economic development of the Arctic region.

The 2013 Arctic strategy defines sustainable development of the Arctic as development that is based on interaction between government, business, NGOs, and civil society by using mechanisms of private-public partnerships, state involvement in solving economic and social problems, and creating incentives for economic activity.

The state documents do not address all the sustainability priorities defined in the previous section (see Appendix). Environmental safety is focused on modernization of industrial infrastructure, including safe transportation. Interests of the state are directed at improving economic activity, ensuring energy and environmental security and the budget efficiency of energy. Sustainable management of natural resources is mentioned in light of technologic development in order to ensure the balance between energy production, consumption, and export. Strengthening efforts of Arctic states in a search-and-rescue system and emergency management, preventing disasters and pollution from emergencies and energy production is another sustainability-related priority of development in the Arctic. Improving the quality of life brought attention to the indigenous population. Strengthening of cross-border cooperation focuses on environmental protection issues, international partnerships in the Arctic, and partnerships between the energy industry and society, with a focus on human capital. Scientific research on governance and technology issues is going to be increased. The state improves governance in the Arctic and energy policy; it promotes investments in the field of energy efficiency and strengthens international dialogue in the global market.

4.2.2 *The media position*

News stories published by the Arctic media state that the development of the Arctic shelf is the basis of the long-term sustainability of the global oil supply and a priority for the Russian economy, state budget planning, and regional development. Sustainability issues are mentioned mainly in the context of plans for ensuring the biodiversity of Arctic resources, improving social and environmental ethics, preventing the growing number of manmade disasters, improving interplay between the state and society, taking care of indigenous cultures, further development of the Northern Sea route, and protecting vulnerable areas from oil spills.

Not all the sustainability-related priorities are mentioned by the media (see Appendix). Environmental safety in the region and in the industry should be ensured by developing transport capacity and port infrastructure along the Northern Sea Route. Environmental security is central to the sustainability interests of the region. Emergency prevention is addressed by plans for the development of rescue and fire equipment and the opening of new rescue centers. The question of cleaning industrial and radioactive waste is important, especially on the Arctic islands where the ecosphere is damaged by litter. A human aspect is addressed in the announcement of a new monitoring program for the indigenous population. Education among young specialists focuses on cooperation in study expeditions. Scientific research questions discuss drifting stations and new platforms and vessels. International cooperation and partnership will focus on Arctic governance and prevention of maritime pollution. There is news about improving environmental dialogue with the Arctic Council and about the opening of an environmental monitoring center and research sites at oil and gas installations.

5 DISCUSSION

5.1 Development of the sustainability idea in the politico-economic context of Russia

There is an opinion that unique socio-economic and political conditions have resulted in distinctive development of the sustainability idea in Russian businesses (Preuss and Barkemeyer, 2011; Kuznetsov et al., 2009; Soboleva, 2006).

When the first Russian legal documents on sustainable development came into force (Decrees 1994, 1996), the Russian economy was characterized by depletion of natural resources, criminalization of the economy, speculation in the capital market, wage-cutting, and increasing the population's poverty rate. It is believed that this happened mostly as a result of the privatization of the huge governmental stake, rapid enrichment in the private sector, bankruptcies, and the so-called "shock therapy" reform period of 1992-1998 (Koptuyug et al., 2000). Nekipelov (1999) summarizes the period as characterized by price liberalization, followed by growth of fuel and energy prices, and governmental reforms to control the rate of inflation by the strict limitation of domestic demand. This resulted in a financial crash in 1998, which was caused by the budget deficit, growing state debt, inflation, and increased poverty (Nekipelov, 1999). Russian industry faced reduction of production and numerous barriers during the reforms (Fourçans and Franck, 2003). The so-called "protectionist policy"

was applied to the “privileged” industries of energy resources and transport. The strategy was to keep prices fixed in those sectors (Koptuyug et al., 2000). The oil and gas industry had constituted a large share of national exports and receipts (Fourçans and Franck, 2003). At the same time, the reduction in state ownership led to a lack of governmental support for social programs in education, research, health, and culture (Kozlova et al., 1999). Kuznetsov et al. (2009) characterized the result as a period that generated a lack of mutual trust among people, businesses, and authorities. Many reforms were made during the transition period, but they did not improve the economic situation and social wellbeing in Russia. Not surprisingly, the presidential calls of the 1994 and 1996 decrees for implementing the concept of sustainable development to Russian companies did not lead to any changes in corporate policies at that time.

CSR efforts in Russian companies first appeared almost 10 years after the introduction of the international concept of sustainable development. After the 1998 financial crisis, Russia’s economy began to grow steadily and stabilize, thus contributing to a favorable situation on the international commodity markets (Gavrilentov et al., 2004). The analysis by Belal and Lubinin (2009) characterizes CSR disclosure in earlier corporate reports during that decade in Russia as generally poor. A shallow corporate grasp of the concept and the absence of any legal regulation presented barriers to the understanding of the value of corporate responsibility. The Russian business community responded, for example, by suggesting as CSR options the paying of a monthly salary, paying taxes, and providing health insurance for their employees. Sometimes, their early responses were limited to statements about future charity events and commercials about protecting the environment and rare species (Kuznetsov et al., 2009; Bizyaeva, 2009; Vyphanova, 2005). The priorities of the Ecological Doctrine of 2002 and the EECCA Environmental Strategy have enabled the first steps toward disclosure on websites and in corporate information reports about general CSR policies using labels such “CSR,” “Corporate Responsibility,” “Environmental,” “Sustainable Development,” etc. Russia’s practice of publishing sustainability reports is valuable (UC RUSAL, 2008). As a result, the quality of CSR in Russia has risen slowly in the first decade of the 21st century.

The decade of 1999-2008 in Russia is known as the period of the fastest economic growth in the world (Gyriev & Tsyvinski, 2010). The state strategy of socio-economic development in Russia even expresses the ambition to reach high economic goals and become one of the largest economies in the world (The Order of the Government of Russian Federation No. 1662-R, 17.11.2008). Russian private and state-owned companies were expanding abroad showing a dramatic internationalization of Russian firms (Gyriev & Tsyvinski, 2010). The internationalization process affects many spheres of life and knowledge, including CSR practices (Preuss and Barkemeyer, 2011). Development of the sustainability idea is also signaled by progress in the implementation of the 2003 EECCA Environmental Strategy. OECD (2007) establishes that the Russian Federation has initiated the reform of environmental quality standards, adopted rating schemes to disclose industry’s environmental performance, improved a water tariff-setting framework, and adopted water codes establishing a river basin management approach. The OECD also is actively participating in a pan-European effort to produce biodiversity indicators, has introduced EURO II vehicle emission standards and pilot programs to provide information to farmers, has installed new air quality monitoring stations,

and has launched advisory boards with NGO participation (OECD, 2007). Noticeable progress seems to have been made on compliance assurance, water supply and sanitation, water resources management, and agriculture, while less progress was apparent in waste management, biodiversity, transport, and energy efficiency.

The literature reveals a weak point of integration of CSR into corporate strategy and management in Russia (Blagov, 2008). New discussions have emerged on sustainable development as a new management philosophy in which the decision-making process should weigh the possible economic, environmental, and social impacts (Burchakova, 2009). The country also promotes the CSR idea through international conferences and publications of Russia's leading business lobby group, The Russian Union of Industrialists and Entrepreneurs (or RSPP). The sustainability guidelines developed by RSPP in 2008 provide a wide range of quantitative indicators that are traditionally grouped in three categories: economic, social, and environmental (Shokhin, 2008). The guidelines promote the issuing of non-financial corporate reports of Russian companies. However, the national guidelines are criticized for their generic character resulting from an effort to accommodate companies in different industries and activities (Andreassen, 2013).

The 2008 world financial crisis led Russia to economic recession and made the majority of the country's ambitious economic goals unrealizable. The country continues in particular to promote energy resources and infrastructure development. However, the collapse of world prices for oil and other commodities exposes the downside of Russia's high dependence on production and export of natural resources (Cooper, 2009). The overreliance on energy exports depresses other sectors of the economy by starving them of investments and modernization (Aron, 2013). As a result, exports of other goods and services become more expensive and less competitive in world markets. Frozen credit markets and industrial stagnation are major factors that may also influence development of the sustainability idea. The government does not provide fiscal incentives and does not demand responsibility, relying instead on voluntary practices (Preuss & Barkemeyer, 2011). The central idea of the sustainable literature at this time is that the sustainability concept is practiced differently across various industries and geographical contexts (Halme et al., 2009; Blagov, 2008). The statistics of CSR disclosure in Russia as of 2013 stood at 57% among large and listed companies that report on their corporate responsibilities (KPMG, 2013). The Russian Union of Industrialists and Entrepreneurs reported huge progress in non-financial reporting by Russian companies, at least until 2013. Their register also demonstrates that most of the companies publishing their sustainability reports include only oil and gas, energy, metal and mining, and automotive industries (RSPP, 2015).

The Russian economy continues in recession, inflation is rising, and regions are experiencing economic dissatisfaction (The Economist, 2014). Politico-economic reforms aimed at the modernization of key economic sectors or regional development may influence selective promotion of the sustainability idea and the development of international partnership on sustainability issues on a regional or some industrial level.

5.2 Development of the Arctic energy industry-related sustainability idea in Russia

The analysis demonstrates that the sustainability priorities defined by governmental policy in Russia are unevenly addressed by the state and the media in the context of Russian Arctic energy. A broader politico-economic context is not the only influence on the development of the sustainability idea in Russia. The nation also has differing characteristics of urbanization, industrialization, and energy intensity across its various regions. Russia's northern territories are often portrayed as regions with a range of climate, infrastructure, and institutional problems (Andreassen and Kazakov, 2014). The most urgent sustainability-related ideas considered by the state and the media can be seen in the interplay of the main characteristics and events of Russian Arctic energy.

In recent years, Russia has begun in earnest to develop the economy of its northern territories, including the extraction of hydrocarbons and the development of the Northern Sea Route. Sustainable regional development is underlined as being one of the central sustainability priorities for the region. However, the analysis shows this direction is addressed mostly in relation to the Northern Sea Route and safe transport of hydrocarbons.

The environmental vulnerability of the Arctic territories calls for greater responsibility among companies engaging in energy extraction. In 2012, environmentalists from Greenpeace and World Wildlife Fund-Russia analyzed the region's harsh conditions alongside some unmodernized oil spill response plans at the huge Russian Arctic oil platform Prirazlomnaya. They concluded that its operator, the Russian energy giant Gazprom, is not able to respond properly and that this will lead to serious, long-term pollution of this fragile region, including nearby protected coastal areas and wildlife (Greenpeace, 2012). Fears are expressed about the underdevelopment of energy extraction industry equipment in Russia (Sakharov, 2012). Such concerns may threaten the energy industry in the Arctic by questioning its ability to develop offshore fields. Environmental security is therefore brought up as one of the main directions for sustainable development in the country. In this context, both the state and the media strongly connect the idea with the importance of improvement in the search-and-rescue area, strengthening of emergency management, and preventing disasters.

The State Energy Strategy discloses earnest plans to develop oil and gas resources in offshore Arctic areas and to implement major investment projects (The Order of the Government of Russian Federation 1715-R, 13.11.2009). The most important mineral reserves that are crucial for the development of the Russian economy are concentrated in the Arctic area. Issues of safe and sustainable resource management are addressed by all the state documents, but not by the media, as might be expected. Despite the existence of some laws and policies on the use of renewable resources, there is still no efficient system to stimulate a large-scale use of clean energy. Investors encounter protectionist barriers and an absence of financial stimuli in the market (Boute, 2014). The media in the Russian Arctic thus focus attention only on the need to attract foreign investments to this field, but they do not forecast how realistic that is.

The strengthening of international relations is a concern of the both the state and media. Cooperation and partnerships are directed at Arctic governance and toward dialogue with Arctic Council members on maritime environmental problems. Apparently, this is in line with Russian external energy policy, which focuses on an integrated monitoring of international

energy cooperation in the Arctic. Arctic governance is also a special case for sustainable development because the country recently resubmitted claims about its interest in owning areas up to the North Pole (Staalesen, 2015).

Research directed toward innovations in technologies and environmental monitoring is increasing. The main concern that can influence the functioning of the industry is that the Arctic ice is becoming thinner, which makes drifting stations unworkable (RIA Novosti, 2010). The priority for sustainability now is to replace drifting stations with platforms for year-round research.

The beginning of 2014 opened with dramatic forecasts that because of global warming there is a serious danger of weakening permafrost near the Novaya Zemlya, the area of radioactive waste storage (Ria Novosti, 2014). A Russian Ministry of Emergency Situations report listed more than 500 potentially hazardous objects by 2014, including radioactive, hazardous chemical, explosive, and flammable objects; oil and gas pipelines; and hydraulic facilities (EMERCOM, 2015). While state concerns address consequences from emergencies, industry production, and consumption, the media address only pollution from industrial waste and concerns about the shortage of investments in this field.

Life in the High North is often described as less comfortable for people due to climate conditions, a high cost of living, and the lack of infrastructure. While the Russian economy is growing, the northern territories are not experiencing significant growth in socio-economic well-being and are struggling with a lack of funding (Rautio, 2013). The important sustainability issue of improving the quality of life is addressed; however, only through the expression of ideas about taking care of the culture of indigenous people and monitoring their needs.

6 CONCLUSION

In this paper, two main points were addressed: how the concept of sustainability has been developed in the politico-economic context of Russia and how the sustainability priorities are related to the particular context of the Russian Arctic energy industry.

As a result, the paper describes the priorities of the sustainability idea that have been developed in Russia and explains how the context has possibly influenced that development. The concept happened to be introduced during the time of economic transition which was characterized by a reduction of industrial production, natural resource exhaustion, growth of fuel prices, budget deficit, and the lack of governmental support for social wellness programs. Accordingly, the main priorities of the sustainability idea embrace a wide range of environmental and safety issues in industry, call for sustainable management of natural resources, ecosystem recovery, a safe transport system, education, and further research on sustainability issues. The context of “the reckless 90s” with mutual distrust and a shared lack of responsibility among government, business and the public, and—not least—the 1998 financial crash doomed the sustainability idea to being ignored by business for almost 10 years. Rapid economic growth in the period 1999-2008 and a dramatic internationalization

trend gave a rise to the best attempt to develop the sustainability idea in Russia. The context influences the ideology by adding direction on strengthening international cooperation and partnerships and improving national legislation. Also, sustainability priorities imply a more detailed focus on the sustainable management of natural resources, environmental measures to reduce and prevent pollution of resources and improve the quality of people's lives. The 2008 world financial crisis highlights Russia's vulnerability to commodity price instability. Policies aimed at infrastructure development and modernization of energy industries consequently foster great variations in economic well-being across industries and regions. The sustainability idea gets a broader range of direction and indicators to suit different companies across various sectors, but the economic recession hampers progress in sustainability development.

Based on theoretical considerations, the broader context can influence the development of the sustainability idea. The paper provides evidence that governmental direction in Russia relative to the sustainability idea has not always been strong. In the 1990s, they were totally neglected and in the first decade of the 2000s the suggested sustainability values did not gain much traction. The unique politico-economic context itself has a stronger influence on development of the sustainability idea in Russia. The extraction, processing, and exploitation of raw mineral resources has always been the most important economic and political factor in Russia, so the sustainability idea has been prioritized to benefit that sector.

The rhetoric of the sustainability idea in the context of Arctic energy might not necessarily develop in the same way as for other sectors. Sustainability can focus on issues that are urgent for this industrial and regional context. Not only can sustainability be about balancing the development of the economy, the environment, and society. It also can be about particular issues of safe industrial operations and transport, energy and environmental security, strengthening efforts on behalf of a search-and-rescue preparedness system and coordination, international partnerships on Arctic governance and maritime issues, reducing and preventing pollution and waste, sustainable management, improving quality of life of indigenous people, and scientific research. Referring to the initial definition of sustainable development, developing these priorities will positively influence the ability of future generations to meet their own needs.

The positions of critical stakeholders, the state, and the media, which may give rise to legitimacy pressures and influence the development of the phenomenon, have been discussed. To summarize the details, the most urgent sustainability-related ideas embraced by the state are ensuring energy security, modernization of the Arctic transport system, strengthening the search-and-rescue area and preventing disasters, sustainable resource management, developing international and cross-border cooperation in the Arctic, scientific research on governance and technology development, minimizing consequences from emergencies, production and consumption, and the quality of life of the indigenous population. The sustainability-related priorities of the media include ensuring environmental security, modernization of the Northern Sea Route and safe tourism activity, developing rescue and fire equipment, international cooperation and partnership in the Arctic, maritime research, minimizing industrial waste, and monitoring needs of indigenous population.

However, the analysis has not clearly demonstrated that the media are more powerful, as the prior literature suggests. Fewer sustainability-related issues are touched upon by the media than by the state in this sample. According to the results of this study, it can be suggested that in a politico-economic context of the Russian Arctic, legitimization is more dependent on the state position than on the media. That would mean that the state plays a crucial role in influencing in which directions the sustainability idea is developed, while the media do not have a powerful influence on state promotion of the sustainability idea.

Still, this conclusion is rather tentative due to limited focus of data and calls for further examination. The thorough review of sustainability priorities provides a basis for better understanding of some possible legitimacy pressures; therefore, further research may address how firms have reacted to state and media direction of the sustainability idea in the Arctic.

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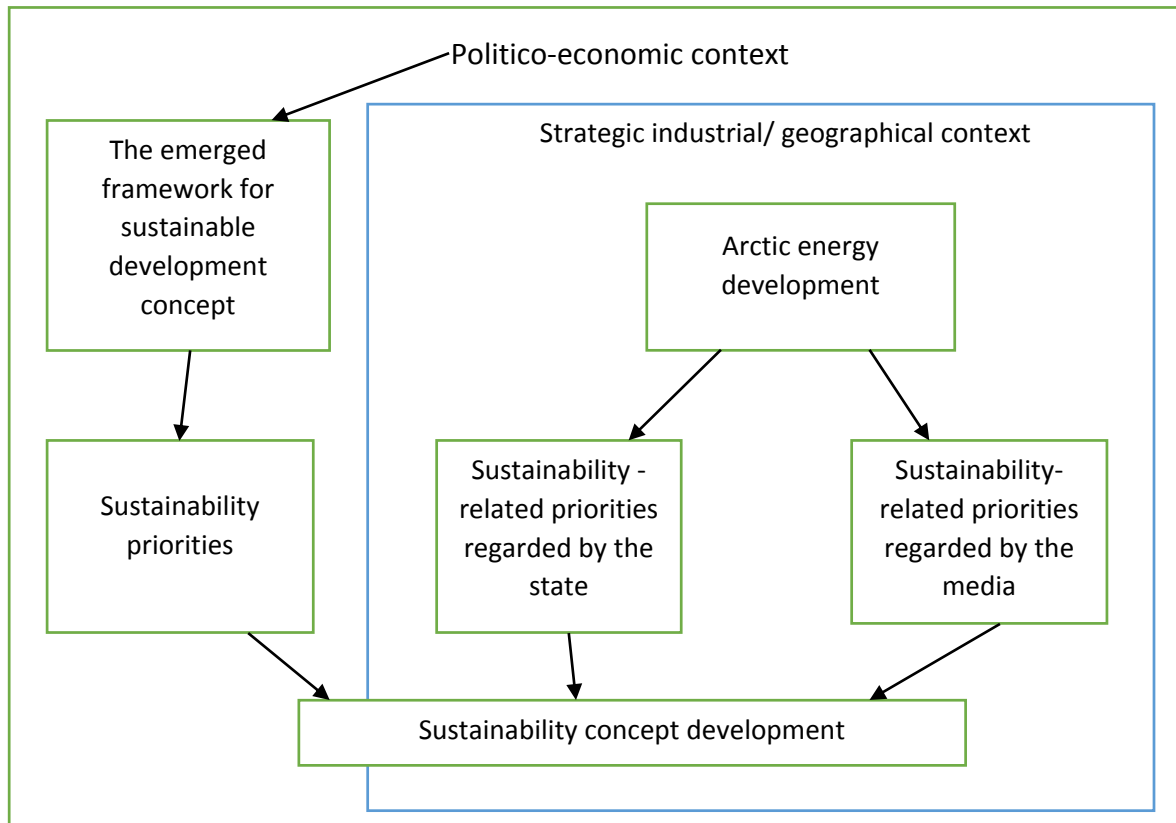


Figure 1. Analytical model

Appendix

Sustainability-related priorities regarded by the state and the media

SUSTAINABILITY PRIORITIES (derived from The Decree of the President of the Russian Federation №236, 04.02.1994, The Decree of the President of Russian Federation №440, 01.04.1996, The Order of the Government of Russian Federation № 1225-R, 31.08.2002, and the EECCA Environmental Strategy 2003)	2008 Fundamentals of state policy in the Arctic	2009 Energy Strategy	2013 Arctic Strategy	RIA Novosti http://ria.ru/arctic/	Arctic World News http://arcticworldnews.org/ru/
ensuring environmental safety in industry	modernization of infrastructure of the Arctic transport sector and fisheries	ensuring environmental safety of Russian energy sector	comprehensive development of the Russian Arctic.	industrial capacity, transport infrastructure of the NSR, comprehensive safety and security of the Arctic, safe tourism,	modernize the infrastructure of seaports along the NSR
sustainable, environmental, and social interests of the state	improving social conditions of economic activity in the Arctic.	ensuring energy security: providing an economically viable internal supply with appropriate quality at acceptable cost. Budget efficiency of energy determined by balance between revenues from energy business and investment demand for energy development.	ensuring environmental security	environmental security	environmental security
sustainable management of natural resources	the development of the advanced technologies for resource management	sustainable mineral resources use, efficient and environmentally safe reproduction of mineral resource base. Ensuring rational balance between energy production, domestic consumption and energy resources export to meet requirements of energy security, economic and energy efficiency.			

improvement of emergency management and prevention of accidents	strengthening efforts of Arctic states in SAR system and coordination, preventing disasters			developing of rescue and fire equipment, opening of rescue centers	
improvement of waste management				program of cleaning the Arctic of industrial waste from 2012.	
preventing environmental pollution and harmful impacts on environment	elimination of consequences from emergencies	minimizing negative impacts of energy extraction, production, and consumption		protection from the radioactive waste,	
Improving life of population, including ensuring healthy environment for population in urban and rural areas, improvement of food, air, and water quality	improving the quality of life of indigenous population			considering culture and needs of indigenous population	creation of the Monitoring System of Indigenous People
environmental education				international cooperation about expeditions to Spitsbergen	
recovery of ecosystem in damaged regions of Russia and species				program of cleaning places with litter on the Arctic islands.	overcoming of investment shortage for cleaning the waste
biodiversity				saving biodiversity	
strengthening international cooperation and partnerships on environment issues, on maritime problems, on transition to sustainable development	strengthening cross-border cooperation, including cooperation in development of natural resources and protecting the Arctic environment	cooperation and partnership between energy business and society, focus on human capital	developing international cooperation in the Arctic	Arctic governance, prevention of maritime pollution,	international partnership on environmental security
research on sustainability issues	increasing the scientific research on Arctic governance	sustainable national innovation system in energy sector improving technologies, equipment, scientific and, technical innovative solutions	science and technology development	resumption of the drifting Arctic stations, new ice strengthened drifting platform, new research vessels, new technologies for resources extraction,	replacing drifting stations in the Arctic with platforms for year-round research,

				navigation, maritime research	
safe transport system, hazardous substances transportation, cross-border issues	cooperation in effective use of transit and cross-polar air routes and Northern Sea Route. Modernization of infrastructure of the Arctic transport sector.	minimizing negative impacts of energy transportation		NSR capacity and infrastructure,	
stimulation of socially and environmentally responsible investments		energy efficiency of economy: the most efficient use of energy resources through raising of customer interest in energy saving and energy efficiency, improving federal and regional legislation on energy saving; promotion of entrepreneurship and investment in the field			
improvement of environmental legislation, policies, and institutional framework	strengthening institutional framework within Arctic organizations on economic, scientific, technical and, cultural cooperation. Improving governance in the Russian Arctic	ensuring national energy policy development with fair trade principles. Improving regional energy policy			
improving environmental monitoring and stakeholders dialogue	the increased participation of Russian government and NGOs in international forums dealing with Arctic issues	strengthening position in global energy market	establishing of a modern information and telecommunication infrastructure	opening of environmental monitoring center from 2014, dialogue with Arctic Council	research sites at oil and gas installations to monitor issues of ecology and hydrometeorology, climate variability