

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

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 articles¹ 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

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

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

- ¹ 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”.