

Research of the prerequisites for setting and implementing strategic objectives of Northern cities' sustainable development

In the article the significance and current preconditions for sustainable development of the Russian Northern cities are considered and analyzed. Necessity of strategic management methods use for achievement of sustainable development goals by the towns is proved.

Sustainable development, Northern cities, strategic management.



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The significance of the transition to sustainable development of the Russian northern cities is that they support and form the growing points for vast northern territories (which are more than 60% of the country's area), providing the presence as well as its economic connectivity and the living conditions of small settlements and 10.5 million people or 7.4% of the country's population.

For more than 20 years the sustainable development concept is considered worldwide as both the object of scientific research and the target for practical actions on the national, regional and local levels. The first important step in transferring the idea of sustainable development to the field of concrete international obligations and national plans was United Nations Conference on Environment and Development in Rio de Janeiro in 1992, with "Agendum for the XXI century" having been among adopted official documents. The next important step was the trying to understand the problems of sustainable development on the level of towns and settlements as well as acceptance and realization of "Local agenda for the XXI century".

In 1996 "The concept of the Russian Federation transition to sustainable development"

by the government was adopted in Russia. However, in spite of some positive examples, up to date we can't observe wide movement to realize the principles of sustainable development in our country especially on the local level. Meanwhile in the world theory and practice of realization of the principles of sustainable development it is admitted that it is the local level especially the city level that is "the centers of realization of the principles of sustainable development, and the strategic management is the major technology of their implementation" [1].

We'll try to find out why the practice of acceptance and realization of "Local agenda for the XXI century" didn't become widespread in the majority of the Russian cities including (and perhaps even most of all) in the Extreme North cities. By "Local agenda for the XXI century" we mean those documents where the ideas and principles of sustainable development obtain the concrete plan of actions on the basis of proper long-term strategies.

First of all we'll define the notion of sustainable development in respect to the urban settlements. Summarizing the generally recognized principles of sustainable development accord-

ing to the concept of UN Conference in Rio de Janeiro and the approaches of contemporary researchers of urban development problems [2, p. 34–35], the following definition can be given: *the town's sustainable development is its balanced development under the conditions of associating and conciliation of the interests of different social groups, management agents functioning in town and ensuring the balance of triad "population – economy – nature" which implies the unity of the following principles: social justice, economic efficiency and environmental safety to satisfy the needs of present and future generations of town's population.*

It should be admitted that it's impossible to ensure such sort of development completely and for a long time. It's possible to speak only about aspiration and approaching to the mentioned balance which is the main point of sustainable development. It's a long-run regular process demanding deep insight by all strata of the population, complex solution of political, economic, social and environmental tasks as well as account taken of institutional factors.

To analyze the current preconditions for setting and attaining the strategic aims of sustainable development of the North towns we'll make use of the results of research done with the participation of the author in October and November, 2009 within the framework of drafting of the report on Institute of Economic Problems of Kola scientific centre RAS behalf for the XXIX congress of Towns' Union (the towns situated within the Polar circle and in the Extreme North) on demand of the Union President. The information basis was the data given by 30 towns and municipal districts which are the members of the Union, i.e. 56.6% out of their total number. The information included the system of social and economic development indicators over the period of 2006 – the first half of 2009 (we requested the indicators describing the change of works volume by the principal kinds of economic activity, investment behaviour, migratory movement of population, employment and unemployment, small business development, standard of living, municipal

budget condition) as well as the questionnaire containing the questions addressed to the town executive and touching on the urgent condition issues, the main problems and the town's development potential.

The analysis of economy condition in the northern towns by the indicators of industrial production, construction works content and investments showed that in most towns the situation was characterized by the extreme instability, with the considerable variations in growth (decline) having been already observed in the period of 2006 – 2008. As for the indicators of the first half of 2009, under the influence of the world financial and economic crisis the absolute majority of the towns under review (93%) had negative dynamics of all or some certain economic indicators.

The small business development is of special urgency for the economy of the northern towns, many of them have one main line of business. Judging by the indices of portion of the people working at small-scale enterprises in the total number of employed population and the portion of individual entrepreneurs, there are both leaders (the towns where these indices are much more than the average indices over Russia¹) and outsiders (the towns where the role of small business is not considerable²) among the northern towns. On the whole 45% municipalities have the indices of portion of the workers employed in small business higher than the Russian average level or close to it. More than half of the examined sample of towns is behind the average values of respective indices over the country. The analysis also showed that if the number of people engaged in small business was increasing till 2008 in most towns, in 2009 this tendency changed into decline, it was obviously connected with negative influence of the crisis.

¹ For example, Severobaykalsk, where the portion of the workers engaged in small-scale enterprises in 2008 was 33.8% and including the individual entrepreneurs 40.8%, the respective indices on the average were 13.5% and 18.5% over the country.

² For example, Dudinka, where the values of respective indices were 3.3 and 11.4%, and Norilsk – 4.2 and 7.6%.

The index of average wage and living wage ratio is analyzed to estimate the population's income level. The actual values of this index represented by towns and municipal districts have great differentiation. However in most cases they don't ensure the level which is true to the "threshold value" of the sustainable development indices, i.e. of the extreme critical values. Omission to observe these values leads to the destructive tendencies in social, economic and ecological spheres of the territory, and it threatens its sustainable development [3, p. 19]. In view of the world experience it is considered that such threshold (extreme critical) value of average wage and living wage ratio is 4:1, and the ratio must be higher (i.e. no less than 5:1) in the Extreme North regions where it is necessary to provide the workers with economic living advantages in the North to compensate the hard natural-and-climatic conditions. In fact in 2008 this threshold was exceeded only in three towns out of the examined towns (10%), while in five northern towns (including the town of Apatity) the average wage was no more than by three times higher than the living wage, i.e. the excess was much lower than the extreme critical value.

As for the migratory movement the analysis showed that only in two towns (i.e. less than 10% out of the examined towns) the sustainable migratory increase is observed over the last three years, and in the rest of the towns the migratory decrease is prevalent. This fact worsens the preconditions to solve the tasks of sustainable development of these towns in the near future in view of the great share of young people among the out-migrants and the lack of effective mechanisms of involvement of young experts in work in the Northern regions.

Estimate of the budget indices shows the instability of the financial situation on the municipal level and the situation has worsened under the crisis. According to the results of the year of 2008 55% municipalities executed the budget at deficit and in the first half of 2009 their share has grown still more. In the majority of examined towns (58%) the level of their

own income doesn't come up to 50% out of the aggregate income, and it indicates that their budgets depend on inter-budgetary transfers greatly.

Thus, the analysis of statistical indices of the northern towns and municipal districts revealed the following typical problems: weakness of resource and budget basis, ongoing migrate decrease of population, relatively low level of population's income, poor development of small business, and on the whole these things worsen the preconditions of their sustainable development greatly.

Along with the quantitative characteristics it's interesting to know the results of the survey which was carried out within the framework of the above-mentioned research. The heads of urban settlements were polled by questionnaire which included 8 questions, it was necessary to choose the answer from the variants suggested in four questions (closed question) and to state one's own answer in the rest of the questions (open-ended question).

Since the research purpose was to estimate the condition of the northern municipalities under the conditions of crisis and running anti-crisis measures, so the most questions were oriented to the revealing of the given aspects. Nevertheless the questionnaire has three general questions which were not connected with the worldwide crisis directly. In particular the heads of towns and municipal districts were suggested to name 2-3 current problems in town (district). Altogether the questionnaire included 73 various problem formulations, we classified them in 5 groups:

- housing and communal services problems (the share of this group was 40% out of the total number of answers);
- lack of financial resources and budget income (22%);
- economics problems (20%);
- organizational and institutional problems (10%);
- employment problems (8%).

As is obvious that the housing and communal services problems take priority over the

most acute problems in towns and municipal districts. It is the sphere that determines the settlement's life support, the latter is chiefly the duty of local bodies of self-government and it's extremely hard to accomplish this duty under the conditions of severe resource limits.

The second open-ended question was the following: *“What high priority measures must be assumed to get over or to lower the topicality of the mentioned problems on the level:*

- a) of the regional authority,*
- b) of the federal authority?”*

All measures suggested by the heads of municipalities and expected from the regional authority (in sum there were 35 variants) were classified in 3 groups: measures to support entrepreneurship, employment and social policy (38%); measures to support housing and communal services (31%); measures to improve the budgetary process, to strengthen the economic basis of municipalities (31%).

The regional authorities give the priority of activities to the measures of state support of economy and social sphere of the northern towns and districts as well as the measures to improve the legislative regulation and first of all the taxation-and-budgetary sphere in order to strengthen the revenue basis of local budgets.

One of the state support directions having been mentioned most frequently was the support of mono-towns and enterprises forming a company town, their problems are of special importance under the conditions of the Extreme North.

The last question to the head was the following: define the group your town belongs to:

- “towns having the favourable preconditions for intensive development, attractive to investments”;
- “towns requiring the conversion of the economic basis, its diversification“;
- “depressed towns with lack of favourable preconditions for intensive development, unattractive to investments”.

The most of respondents (64%) referred his or her settlement to the first type, and 36% - to the second type. There were no heads who

describe his or her town or district as depressed ones. This indicates that on the one hand it's possible to keep high potential and possibilities for further development in the northern towns. On the other hand it shows rather high share of towns requiring the conversion of the economic basis. Therefore, there is ambiguity about the condition of the northern towns. Besides the acute social and economic problems and resource limitations that are aggravated by the crisis's negative effect especially in the mono-towns, many northern towns keep the potential for setting and realizing the aims of transition to sustainable development. At the same time more than a third of the examined towns demand for serious conversion of the economic basis, diversification, emergency measures to solve the acute social problems.

Thus, summarizing the results of analysis of the northern towns' condition it can be stated that for most of them solving of the tasks of current survival is still more urgent than setting and sequential realizing the long-term aims of sustainable development and forming the proper strategies based on the principles of “Local agenda for the XXI century”. To get over the existing problems and to create the conditions for their sustainable social-and-economic development it's necessary to take both some special state support measures and living activities of the municipalities themselves. The state measures must include, firstly, the measures to improve the legislative support for local self-government activity and first of all along the line of increasing the revenue basis of local budgets in order to form the preconditions for their transition to sustainable development and to realize the self-development principles. Secondly, it's necessary to make steps of direct support for many municipalities of the Extreme North and the Arctic, first of all for the mono-towns because these towns found themselves in serious trouble under the crisis.

The federal authorities take some certain steps towards the mentioned directions, however they are not enough. For example, the Department of Regional Development of the RF has paid more

attention to the problems of the mono-towns recently. The criteria of such status have been worked out and on the basis of these criteria the list of the mono-towns has been made. The list contains 335 settlements (including 223 places with more than 10 thousand people). The decision about the necessity to work out the strategic plan documents by such towns has been adopted. The documents represent the complex plans of social-and-economic development for the period of 5 – 10 years, after the examination of these documents it is possible to adopt the decision about the financial support for investment projects which are provided for by these documents and realized by the federal agencies. It has been found that the structure and content of the complex plans must meet the uniform requirements, and the appropriate examination procedures were planned to start since January, 2010. But as of the end of February, 2010 the appropriate instructional lines and requirements to the complex plans of development of the mono-towns wasn't approved.

It should be noticed that concerning the content of the given plan document the draft instructional lines make such demands that it's hard to fulfill in most municipalities without any assistance (i.e. without highly skilled specialists). If the draft document is approved as it is, the possibility to get federal support for many mono-towns will be limited artificially. It means that the approaches to the problems of mono-towns will hardly make it possible to solve these problems in the majority of such towns in spite of heightened attention to them. That's why it's necessary to take more drastic measures to create the conditions for all municipalities including the northern towns of Russia. These conditions make it possible not only to solve the current issues of survival but also to set and to solve the strategic tasks of sustainable development.

If we consider the necessary actions of local self-government bodies themselves to develop their settlements, the world and the best domestic experience shows that the best results are obtained by using the technology of strategic planning and management.

For the first time the problems of strategic management became the object of serious researches in respect to the objectives of corporate management in 1960-s. The strategic approach to management became the technology synthesis, i.e. the most successfully established management technologies (system approach to management activity, program-and-target approach, functional approach, applied aspects of problem-solving theory etc.). Globalization of economy, reinforcement of the international competition, complication of the mechanisms of the territorial social-and-economic systems management caused the necessity to use the strategic management methods at the state, regional and municipal levels.

The main characteristics of the strategic approach to management at the municipal level are represented in the *table* (in comparison with the similar characteristics of the traditional (situational and others) management models).

At present about one third of the towns of Russia has their own social-and-economic strategy and applies the elements of strategic management. Strategic management is directed to arrangement of conditions for town's sustainable development in adapting to the requirements of the open international competitive market. It encourages the forming of active local communities which are called to define the goals and priority directions of development under present-day conditions.

The use of methods and technologies of strategic management is of much urgency for the northern towns of Russia. It is caused by the need to get over many existing development problems and negative tendencies which became aggravated under the influence of worldwide financial crisis especially in mono-towns. At the same time the analysis shows that there is lack of necessary preconditions for efficient use of the strategic management methods in most towns of the North. One of the causes is shortcomings of external intutional conditions (chiefly because of normative legal regulation and policy of the federal authorities that don't provide the local self-government bodies with

Comparative description of the approaches to the municipal management [4]

Non-strategic approach	Strategic approach
Priority of short-term goals	Priority of long-term goals
Emphasis on distribution of available material resources	Emphasis on organizational planning as method of organizational resource gain
Mobilization type of use of resources	Planning type of use of resources
Emphasis on situational decision solving	Emphasis on coordinated planning
Departmental type of management structure	Programme and-functional type of management structure
Tasks orientation	Problems orientation
Severe administrative hierarchy	Subsidiary liability, equality and cooperation
Separate solution of the issues of functioning and development	Joint, agreed solution of the issues of functioning and development
Bearing on administrative (compulsory) levers of power	Bearing on authority and power influence
Subordination	Understanding
Civil communities hands off when solving the local issues	Civil communities hands on when solving the local issues
Closed activity of local authorities	Open (public) activity of local authorities
Socio-corporate character of decision-making	Normative legal character of decision-making

real economic independence). Another cause is that the local self-government bodies often are not ready to use the strategic management methods (because they haven't enough proper knowledge and experience). So there must be some special measures of state support and active actions of municipal authorities in order to put the strategic management methods into practice. The state measures must include, firstly, the measures to improve the legislative support for local self-government activity and first of all along the line of increasing the revenue basis of local budgets in order to form the preconditions for their transition to sustainable development and to realize the self-development principles as well as to include the strategic planning and management issues in the list of issues of local importance in Federal

Law №131 that makes no provision for them for the present. Secondly, it's necessary to make steps of direct support for many municipalities of the Extreme North and the Arctic, first of all for the mono-towns because these towns find themselves in serious trouble under the crisis.

In conclusion it should be emphasized that the strategic management makes progress provided the strategic plans are made not to fulfill the "requirements from above" formally but they must be real documents of social compliance and the process of their working out and realization provides for participation of representatives of all strata and groups of local community. It ensures the finding of the best ways to coordinate the interests and that is the most important condition of sustainable development.

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