

## 6.2 Social-economic determinants of innovative development of the northern territories of Russia

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### Introduction

The northern territories of Russia make up 64% of its territory while having relatively a small population of 6.8-7 million people and a huge development potential.

According to the concept of state support of economic and social development of the Northern territories of Russia, the North: “is a high-latitude part of Russia’s territory characterized by severe climate conditions that generate additional expenses connected to the production cycles and life provision for its population”. Fully or partially regarded as Northern territories are 6 republics, 3 regions (kray), 11 oblastey, and 8 autonomous okrugov of the Russian territorial administrative system. The Russian North is the most populated, and the biggest, territory among all Northern countries and regions of the world.

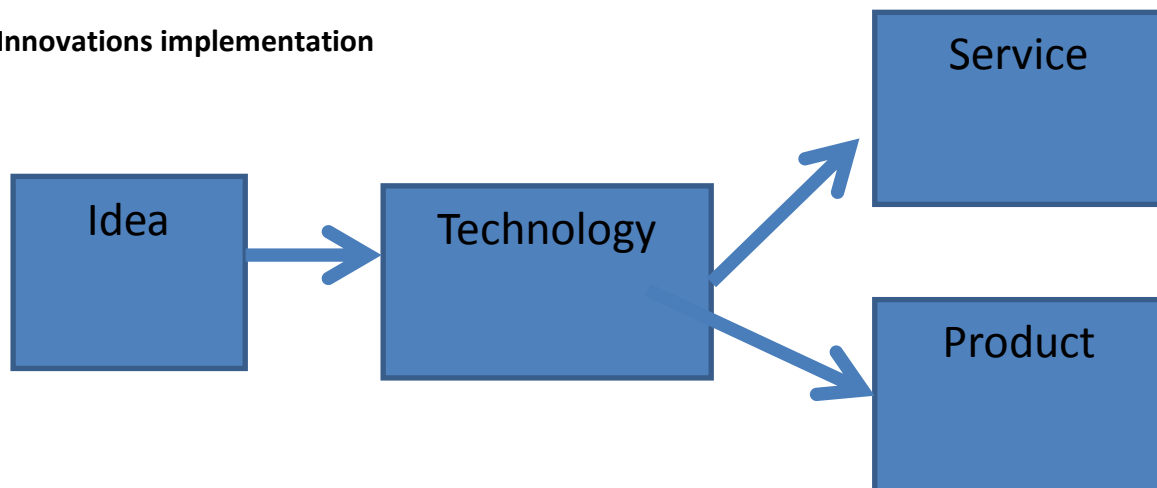
The aim of this chapter is to discuss the concept of innovative development of Northern communities based on the strategy of socio-economic partnerships. The work represents the results of the research project “Innovation development of the Northern territories of Russia” conducted from 2009 to 2013 by the North-Eastern Federal University named M.K. Ammosov (NEFU) with support of the “Scientific resources development of higher school” grant program of the Federal Ministry of Education and Science of Russia. The project was also held in cooperation with the University of the Arctic.

The results of the research project were published in two monographs. The first was a collective monograph titled “Social and economic determinants of innovative development: In the paradigm of economic growth of northern regions of Russia” (Okhlopkova, Gjertsen and Pisareva 2013). The second was an edited monograph titled “Innovative Development of



Northern Territories of Russia” (Okhlopkova 2010). Collectively, the publications represent the results of the research project devoted to studies of the basic principles and priorities of the concept and strategy of innovation development of Northern territories of Russia and a methodological analysis of innovation.

### Innovations implementation



Practical realization of the concept of socio-economic partnerships consisted of carrying out International business schools and practical seminars held by the Financial and Economic Institute of NEFU from 2009 to 2013 in a number of different municipalities of the Republic of Sakha (Yakutia). The purpose of the business schools and seminars was to form and support development groups in these municipalities.

### Implementation of the project “Innovative Development of Northern Territories of Russia”

International business schools were carried out in a number of municipalities within the Republic of Sakha (Yakutia). The participating municipalities included:

- Oktemtsy village, the Khangalassky region;
- Tyungyulya village, the Megino-Khangalassky ulus;
- Hatystyr village, the Aldan region;
- Namtsys village, the Namtsy region;
- Yengra village, the Neringrinsky region;
- Olenyok village, the Oleneksky region;
- and in Yakutsk.



The experience was spread to the Republic of Komi and the Arkhangelsk oblast' in collaboration with the colleagues from Finnmark University College (Alta, Norway) and the University of the Northern British Columbia (Canada) within the University of the Arctic's Thematic Network on Local and Regional Development.

### **Outcomes of the implementation of the project “Innovative Development of Northern Territories of Russia”**

There were a number of important outcomes from the partnership project. These included:

- Successful start-ups of more than 50 business projects of both production and welfare orientation;
- Increase of a level of development of enterprise activity in the regions;
- Growth of employment;
- The solution of a number of social problems, characteristic for these remote regions of the North, such as unemployment, alcoholism, drug addiction, high level of suicides, etc.

### **Examples of the business projects**

There were many different types of business projects that were developed as a result of the business schools and seminars. The range of new businesses included:

#### ***Engineering service:***

Municipality “Building Management” Projects Enterprise

#### ***Production:***

Meat processing business

Agricultural processing business

Metal treated business

A furniture business

Joiner's workshop

Production line “Soft Gold”



Export Processing firm “Dikoross”

Glasshouse Production

***Development of traditional farming:***

Cattle breeding farm

Horse breeding

***Sewing of traditional cloth:***

Sewing Shop

Family business sewing fur boots

Tailoring headdresses

Tailoring fashionable products from fur

***Intellectual Service:***

Center of Innovational Technologies

Internet Center

Internet café

Account service

***Culture:***

History revival and keeping a Village Museum

Family kindergarten

Fitness center

Sweet Dream studio

Beauty studio

***Tourism:***

Tourist Complex “Uigu”

Phytobar

Drugstore “Health”

Summer cafe

This project is an example of an *international partnership* of educational institutions (Finnmark University College, the Finance and Economics Institute of the NEFU, and the University of the Arctic’s Thematic Network on Local and Regional Development) which has had a great influence on the development of local society. The international experience of development of the remote and sparsely populated northern territories in Norway and groups of local communities



in Canada showed good prospects and a high efficiency for a strategy based on the principles of socio-economic partnership formation.

Participation of representatives of the Finnmark University College in this project had considerable effect. In particular:

- Professor *Tor Gjertsen*, the head of the Thematic Network on Local and Regional Development of the University of Arctic, whose experience in development of northern municipalities of Norway was really valuable.
- *Elin Sabbasen*, senior business-consultant of SEC of Norway, presented the experience of developing a system of microcredit, project management, and other practices of rural self-government. The offered microcredit system was that developed by the Nobel Prize winner, the Professor of Economy *Yunus Muhammad*.
- *Eva Schjetne*, practical psychologist, and Professor at Finnmark University College, carried out together with NEFU psychologists a series of psychological seminars and training sessions that became one of the decisive factors in the successful realization of the project's goals. *Psychological seminars and training sessions* were given on the topics of youth adaptation, solutions for family problems, the removal of social tension, and the growth of trust, openness, and the establishment of friendly contacts.

Along with the Norwegian colleagues, a significant contribution to the implementation of this project was made by representatives from the University of Northern British Columbia, Canada, namely Professor *Greg Halseth*, a specialist in development strategies for remote northern territories and development of the services sector. A valuable contribution to the project was also made by Andra Aldea-Löppönen, Ph.D. student at the University of Oulu (Faculty of Education, Department of Sociology, Women Studies and Environmental Education).

## Outputs

*Innovative development* of Northern territories of Russia is an *alternative* of modernization and the former methods of economic development when the interests of locals and the internal capacity of territories remained unaccounted and uninvolved. The experience and lessons from the conducted research, and the practical realization of the principles of the social partnership formation in the regions, proved its *effectiveness* and *high efficiency* in the modern rapidly changing world. As a result of developing social partnerships between university/college



institutions, academic circles, representatives of local businesses, local authorities and civil society representatives, it was found that *social activity* of the local population promotes the creation and development of an *innovative environment*. *Social capital* plays a crucial role in achievement of the objectives of social progress and economic development.

## Conclusions

Some of the key conclusions from the research project included:

- *Joint scientific and applied research projects* with foreign scientists on problems of development of Northern territories of Russia supported the implementation of the mechanisms of social and economic partnership, and the formation of social capital in innovative development of the Northern territories of Russia.
- The practice of *International business schools* that focus on innovative development of Northern regions of Russia held by the Finance and Economic Institute of the North East Federal University of M.K.Ammosov *integrated* representatives of the science, business, and civil society to work in development groups and this led to the formation of social and economic partnerships in local communities.
- The experience of the Finance and Economic Institute of the North-East Federal University of M.K.Ammosov in forming social and economic partnerships in local communities of Northern regions of Russia is an unique example of transition of University from traditional practice of realization of autonomous *educational programs* to *interactive* development with regional authorities, together with representatives of businesses and local communities, that makes an innovative impact on social and economic development.
- The modernization of traditional branches of the economy, the creation of development conditions, and technological innovations transform the economy through a stage of innovative development, demands the formation of an *institutional environment* of innovative development.
- The introduction of innovations demands the formation of a system of development institutions at regional and municipal levels, and one of them is the social and economic partnership.



### References

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