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**BEHAVIOURAL STRATEGIES OF COMPANY TOWN  
POPULATIONS: DEVELOPMENT RESOURCE OR FACTOR OF  
STAGNATION?**

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**Abstract**

In modern Russia, towns with a single-industry type of economy are characterised by a great number of problems. Amid the downturn of the economic potential of such company towns and dwindling opportunities for the development of the social sphere, human resources, represented by the people living in these towns, becomes the key resource. The key to their solution is the growth of the economic potential, which, under resource constraints, is a difficult task. The authors suggest examining the population of company towns as the most important resource available. Based on the results of the research conducted in one of Russia's regions, the authors draw conclusions about possibilities and conditions of involving human resources in the processes of overcoming negative social and economic trends in company towns. Authors show that special efforts should go into jobs creation and targeted stimulation of self-employment. This decision based on understanding of what particular kinds of industries can be developed in the company town.

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**Key words:** Company towns; population of company towns; behavioural strategies; entrepreneurial activity.

## 1. Introduction

Company towns or towns with a single-industry type of economy are quite widespread in industrially developed countries. These towns are of great interest to economics as the social and economic processes that occur there have a very distinct specific nature and are characterised by certain peculiarities. Studies carried out in the last few decades show the development of negative trends in the social and economic sphere of single-industry towns (Blam, Vitalisova, Borsekova, & Sokolowicz, 2016; Morris, 2015;

Zubarevich, 2010). In turn, the need to make practical decisions that would set the trajectory of development of particular company towns makes further research into different aspects of their functioning very topical.

For modern Russia, the above-mentioned issues are becoming especially significant. First, the number of company towns is quite large in the Russian Federation. By formal criteria, set out in statutory acts of the federal government, 319 towns with a total of 14 million people belong to the category of company towns, which amounts to about 10% of the country's population. De facto, the number of company towns is greater. Second, the search for sources of the economic growth makes it vital to draw all possible resources into the system of social production (Gusev, 2012; Nekrasova, 2012; Tsvetkova, 2013; Nikonorov, 2014).

### **1.1 Problem statement**

Amid the downturn of the economic potential of company towns and dwindling opportunities for the development of the social sphere, human resources, represented by the people living in these towns, becomes the key resource. Along with the qualitative and quantitative characteristics of the human resources of company towns, the willingness of the population, expressed in relevant behavioural guidelines and strategies, to take part in overcoming social and economic difficulties becomes the issue of special significance. That is why, the study of the possible behavioural strategies of people living in company towns is the essential basis for solving the problem of human capital activation and setting the development trajectory of these towns.

### **1.2 Research questions**

The scope of this research is the opinion of people living in single-industry towns regarding the social and economic problems of their towns, prospects for change, and also the possible ways and conditions of including the human capital in the process of solving these problems.

### **1.3 Purpose of study**

The goal of this research was to detect possible and predominant behavioural strategies of the population of the studied company towns if the social and economic situation does not change for the better.

## **2. Research Methods**

The object of this research is the population of company towns of one of the Russian Federation's regions. Irkutsk Oblast is a Siberian region with a typical economy and an assortment of social problems. There are eight company towns in Irkutsk Oblast; they are on the official government list of single-industry towns. Their population comprises 15% of the total population of the region.

All these company towns are divided into three categories depending on the social and economic situation and prospects for change:

- towns with the most difficult social and economic situation;
- towns with risks of a deterioration in the social and economic situation;

- towns with a stable social and economic situation.

Only one out of the eight Irkutsk Oblast's company towns belongs to the category of towns with a stable social and economic situation. That is why, for our research we chose the towns where the social and economic situation is the most difficult or where there are risks of deterioration. In addition, the research comprised company towns not included in the official government list of such towns, but which also show signs of having a difficult social and economic situation.

The sampling frame is six company towns. Four of these are on the official government list. In addition, the sampling frame includes the two towns where the regional authorities acknowledged the situation as being the most difficult, as the commissioning client of this research was the Ministry of Economic Development of the Russian Federation.

The research was carried out in two stages. During each stage, we studied the situation in three company towns. In May and June, 2015, we studied the population of the following company towns: Ussolye-Sibirskoe (population: 79,000 people), Chermkhovo (population: 51,000 people) and Tulun (population: 42,000 people). These towns are on the official list of company towns with a difficult social and economic situation or with risks of its deterioration. In April and May, 2016, we conducted research in smaller towns: Sayansk (population: 39,000 people), Chumskiy (population: 14,000 people) and Alzhamay (population: 6,000 people). Out of these three towns, only the town of Sayansk is included in the official government list of company towns, the other two towns were chosen at the request of the commissioning client.

The main method of getting empirical information was the survey of the adult population (ages 18+) in the form of a structured interview. The volume and the composition of the sampling frame of the population of these company towns were set based on the age and gender quota sampling. The sample size in each town depended on number of its citizens and ranged between 362 to 382 people. The total sampling frame during the 2015 stage was 1,142 people, while in 2016 it was 1,116 people.

To carry out this survey, we developed a structured interview questionnaire, the content of which was practically the same for the people of all these company towns. Insignificant differences in the content of the questions were connected with the need to clarify certain situations, specific for only some particular towns. In fact, it was partly due to these very situations that the citizens of these company towns became the object of this research.

The questions that the respondents were asked covered the following key issues:

- general assessment by the population of the social and economic situation with particularization of certain most critical issues;
- proposals regarding the solution of current problems with defining the role and functions of each subject operating in the town;
- the description of the respondent's own behavioural strategy for solving the town's problems.

### **3. Findings**

Since company towns with the most difficult social and economic situation, and towns with risks of a deterioration in the social and economic situation were selected as the objects of the research, one of the main hypotheses was an unsatisfactory evaluation of the economic and social situation by the population

of the area, as well as a predominance of pessimistic characteristics and prognoses given when asked about the living standard and further development of the company towns.

When evaluating the current situation the predominant answers were the following: the situation is more or less tolerable (31.8%), the situation is hardly tolerable (31.7%) as they were given by almost two thirds of the respondents. The intensity of the evaluation given of the economic and social situation correlates directly with the one-industry town size: the smaller the population is, the more people there are who consider the situation hardly tolerable or intolerable (on the whole, the situation was described as intolerable by 13.6% of the respondents while, in certain areas, the percentage who responded in this way was up to 28.5%).

The respondents were offered to name the spheres of life of their particular town where the situation was the most problematic. Answering the question “What, do you think, are the problems hindering the economic and social development of the town you live in are the most crucial and require immediate attention?” respondents could choose more than one answer. The top problems were healthcare (54.6%), employment (45.5%), housing (34.1%). It is obvious that all these problems were caused by the tough economic situation, and this was proved by the study of some certain towns. It was found that the citizens of the areas where the economic situation is the toughest were the most unsatisfied.

It should be underlined that the smaller the one-industry town is, the more active the respondents are. The majority of the problems, stated by respondents and related to healthcare, employment and housing, as it was mentioned above, were found in the smallest one-industry towns.

The respondents also identified the top-priority steps that would likely to improve the current difficult economic and social situation. Answering the question “What, do you think, needs to be done to improve the social and economic situation profoundly in the town you live?” the respondent could not choose more than three answers. The top answer was, without reservation, the opening of new factories (43.8%), the next important answer was modernising existing factories (36.2%). Summing up the answers allows us to see that 80% of the respondents believe that overcoming the crisis is possible by reopening and developing factories. The third top answer was social infrastructure development (35.2%).

It is impossible not to take into account the fact that the next top answer was to change the town authorities – selected by almost one third of the people interviewed (30.2%). The analysis of the situation in certain towns shows the direct correlation between the size of the town and the willingness to change the local authorities because of the difficult social and economic situation, i.e. smaller towns are more dissatisfied with the local authorities’ policies.

People’s suggestions concerning further economic development prospects in certain areas were also analyzed. People living in bigger towns where they had big town-forming factories in the Soviet Union time are more inclined to think that opening new factories will benefit their towns more than modernising the existing ones. It is likely that the reason for this is the negative experience most big one-industry towns have had in the last decades gained from the attempts to restore old factories. Another reason is the opportunity to form resources necessary for creating new enterprises. The smaller the one-industry town is, the more people think that the best way out of the crisis is updating the existing factories; this opinion is based on being conservative and having fewer resources.

From the viewpoint of people living in company towns with a difficult social and economic situation, there are two general plans of action for ensuring a decent standard of living: employment and income

generation programmes for these towns, or assistance in migration. The combination of these two strategies is also possible.

The problem of employment is very acute in company towns. During our survey, we got multiple and significant instances of proof of this postulate. For example, when asked the following question: “How would you evaluate your chances of finding a good job (with normal labour conditions and a good salary) in your town?” more than half of the respondents answered that it is very difficult or even impossible. When asked about their preferences in employment, almost a quarter of the respondents (23.8%) chose the answer: “I am willing to do anything just to be employed”.

The need to restore and develop the productive capacity of company towns becomes obvious. The great majority of the population favours this. Nevertheless, it is good to understand to what extent the population is willing to take part in this process and in what capacity. The authorities bear some responsibility for the development of a town. At the same time, it raises the question of whether the population is ready to take part in entrepreneurial activity.

In the Russian Federation, the development of entrepreneurship has been considered as one of the obvious promising directions of company towns’ economic revival and a solution to the population’s social problems (Anyushev, 2010; Kayuchkina, 2010; Ladygin, 2010; Martyshenko, 2014). At the same time, it is clear that the present-day entrepreneurial activity of a company town’s population is insufficient to become the basis of the town’s economic growth (Karmakulova, Provorova, & Voronina, 2014; Karpikova, Nefedyeva, & Moskalenko, 2015).

Overall, our respondents welcome the development of small and medium business on their territories, defining agriculture (38.9% of respondents), manufacturing (31.7% of respondents), and construction (30% of respondents) as the key industries. This is well consistent with the general ideas concerning manufacture revitalization in company towns as well as with the present-day economic conditions. As for the willingness of the population to become entrepreneurs, a significant number of respondents (19.9%) answered positively.

However, when we tried to clarify people’s standpoint in this matter, the volume of potential entrepreneurial activity looked less significant. Out of those who expressed willingness to go into business, only half had decided on the possible sphere of activity. When answering as to what were the most difficult obstacles for doing business, almost all the respondents from among the potential entrepreneurs said that it was a shortage or absence of financial resources. Among the respondents who wanted to start their own business, the number of those who knew at least something about the measures of government support for this was minuscule. The findings suggest that the level of the potential entrepreneurial activity in company towns is insufficient for business activity to be considered as an important behavioural strategy of the population; and the population regards the development of the industrial potential of single-industry towns as the prerogative of local and federal government bodies.

As for migration readiness as a behavioural strategy of people living in the company, we should note that labour migration, including circular migration, is widespread there, and the readiness to move to another location is quite high. On average, almost half of the respondents answer that commuting as well as going to other towns and territories for rotational work in shifts is common in their towns. There is a high number who are ready to relocate if the social and economic situation in their towns does not change for the better or deteriorates. On the average, their number in these company towns is 24.7%, that is,

almost a quarter of the respondents. Analysing the answers about this issue, it becomes clear that the main reason for migration is the impossibility to solve the most important problems: getting a good job, getting good quality medical help and good education for children.

Finally, a passive behavioural strategy is widespread among the population of company towns. Almost a quarter of the respondents (25.8%) said that they were not going to do anything to improve their life, to say nothing of the social and economic situation in the place in which they live. There is every indication that in these company towns, a broad layer of population is forming whose actions (or, rather, inaction) will not fight stagnation trends.

#### 4. Conclusion

The main conclusion to be drawn from our study is that it will take significant efforts from federal and local authorities to involve the population as a resource potential for solving the economic and social problems of company towns. Special efforts should go into jobs creation and targeted stimulation of self-employment. This should be based on a deep and clear understanding of what particular kinds of industries can be developed in the company town in question. Only in this case human resources could become a development resource.

It is highly unlikely that the population can become more active of its own accord, without such targeted actions. The findings of this research show the prevalence of both a migration behavioural strategy and a passive behavioural strategy in the populations of the company towns, both tendencies which are likely to worsen the incipient stagnation trends.

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