Norway’s experience in attracting human resources to the Arctic region

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Abstract. The Arctic is an important strategic object for Russia, mainly due to the great reserves of minerals. However, the Arctic is a northern region typified by difficult working conditions. The Arctic does not have enabling environment for work in terms of climatic conditions, and remoteness from the center of the country. Consequently, the issue of attracting human capital to the Arctic region arises. Considerable involvement of the government is required to provide the population of the North with everything necessary for living, as well as to grant privileges and guarantees, taking into consideration existing international experience. At the same time, Western Arctic countries have a successful experience in human resources management. The analysis of the government programs aimed to attract and support the population of the Northern regions of Norway is carried out in this article. The most successful cases are identified; recommendations for implementation in the Russian legislation are given.

1. Introduction
The Arctic is an important strategic object for Russia, mainly due to the great reserves of minerals. For example, around 90% of the recoverable hydrocarbon resources are located in the Arctic region [12]. The necessity to attract qualified personnel has arisen in order to service projects for the development of mineral deposits. However, the Arctic is a northern region that is typified by difficult working conditions and a number of negative factors:

- sunlight deficiency (or lack thereof during the polar night);
- long winters and short cold summers;
- permafrost.

Therefore, the Arctic does not have enabling environment for living in terms of climatic conditions, as well as geographical remoteness from the center of the country. Consequently, the issue of attracting human capital to the Arctic region arises.

Nowadays, a constant out-migration of the population from the Arctic is recorded, according to the Federal State Statistic Service [14]. Thus, the out-migration of population in the Murmansk region added up to 4.5 thousand people in 2018; this figure is quarter higher than it was in 2017. The interesting point is that 90% of migration happens within Russia, mainly to the center of the country, in other words, people choose more comfortable conditions for life [2].

2. Results of the research
The issue of the development of the Arctic region is a strategic one for the country; therefore, it requires the constant involvement of the government. It is necessary to go over the legislation in order to grant privileges to people who are going to work in the Arctic, as well as to those specialists who already
work in the North. At the moment, there is such a term as “work in the regions of the Extreme North”, which exists since the days if the USSR. The workers of these regions are granted some privileges, the most important of which are:

- 52 days of paid annual leave;
- reimbursement of travel expenses to the place of vacation (every 2 years) and others [4], [14].

There are many foreign countries that also operate in the Arctic region. These countries are faced with the problems of out-migration of population and attraction of qualified personnel.

It is reasonable to turn to the experience of other countries which territories lay beyond the Arctic Circle: Canada, Denmark (including Greenland and Faroe Islands), Finland, Iceland, Norway, Russia, Sweden and the United States, — to find a solution to the problem of attracting human resources to the Arctic. It is worth referring to the experience of Norway in attracting human capital to labor in the regions of the Extreme North. The Arctic is an important resource for Norway; Norway produces large quantities of oil and gas in this region. Accordingly, the foreign and domestic policies of Norway revolve around this region. Consequently, the workers of this region receive continuous support from the government. About half of the gas and oil reserves are located in the arctic territory in the Barents Sea; therefore, the government closely monitors and controls the activities of the enterprises operating in the difficult Arctic conditions.

About 10% of the Norwegian population lives north of the Arctic Circle (in Northern Norway, in severe climatic conditions). Northern Norway is the most sparsely populated region of mainland Norway. It occupies more than a third of the country. Northern Norway extends from Helgeland to Cape Nordkapp, the northernmost point of continental Europe. In general, the Arctic region of Norway includes three provinces: Nordland, Troms, and Finnmark on the mainland, as well as the Svalbard archipelago and Jan Mayen Island. This percentage (10%) makes up a large share compared to other Arctic countries. For example, less than 2% of the population of Russia lives beyond the Arctic Circle.

The Norwegian government is striving to make Northern Norway one of the most innovative and sustainable regions of the country, to fuel economic growth, which will lead to the employment creation, at the same time, considering the social and environmental aspects. The government is going to set up local communities that would attract people of different ages, skills, and experience.

Therefore, the Government of Norway annually increases investment in this region. For example, in 2016 investment amounted to 2.7 billion NOK, and in 2017 it was 3.4 billion NOK.

However, 16% of companies in Norway face difficulties in attracting human resources compared to the 9% figure observed on average in the country, according to statistics [7]. In this regard, creation and support of a diverse labor market where both men and women of different age are able to find a job can assure the sustainable development of Northern Norway.

There are 551 573 people living in Northern Norway, which makes it necessary to develop the Arctic territory. However, the majority of the population is elderly people, therefore, the proportion of people of working age is small, and it is only going to decrease over time [5].

The number of elderly people of the age of 67 and over is going to increase by 32% by 2030 and will reach 102 800 people, according to the official website of the Norwegian Government [5].

In this respect, an increase in the young population is required for the development of the region. Otherwise, the population growth is going to be 4.7% by 2030 compared to the 13.3% throughout the country.

Nowadays, the Norwegian Government is creating an economic and legislative basis that would contribute to the development of the Arctic, and therefore, the attraction of human capital.

A successful business segment provides the population with jobs, thereby, generating income for the country. The position of the government is that all business activity in the Arctic region should ultimately be economically, environmentally, and socially efficient.

The government has identified 7 key political priorities for Norway in the Arctic:
1. Further research of the climate and environment of the Extreme North.
2. Improvement of the system of control and response to emergency situations and safety of maritime navigation in northern waters.
3. Contribution to the sustainable development of offshore oil fields and renewable marine resources.
4. Contribution to the development of the land business.
5. Further development of infrastructure in the North.
6. Maintenance of the sovereignty and strengthening of a cross-border cooperation.
7. Protection of the culture and support of the livelihoods of indigenous peoples [7].

Thus, The Norwegian Government implements the following programs in order to achieve strategic goals:

1) Development and strengthening of the supplier industry in Northern Norway by creating a supply chain;
2) Issue of mining licenses. For example, the Government issued 24 oil licenses to various companies in 2017, thereby encouraging people to work in enterprises in the Arctic;
3) Creation of special education programs for youth in order to ensure a balanced population (nowadays, many sectors and levels of the government are involved in the implementation process of these programs) – accelerated education programs for youth (a tutor, a curator, who mentors a young specialist is provided), support programs for young specialists, job fairs [7].

The government is going to force companies operating in the territory of Northern Norway to implement skills enhancement programs and to create programs for recruiting young people specifically (providing benefits and respectable wages). Consequently, companies will receive governmental subsidies to organize training courses for young people up to 24 years old and other programs for the young population;

4) Granting subsidies to companies employing young people under the age of 18 years and more;
5) Providing guarantees for all young people under the age of 24 years, including education and employment [8].
6) Implementation of a tax abatement system for teachers working the Arctic region;
7) Creation of closer ties between schools and labor market in order to increase employment possibilities of graduates by arranging various introductory courses on the labor market;
8) Development and improvement of a transportation system in the Barents region together with Sweden, Finland, and Russia, which would facilitate population migration [7].

The government is planning to create such a transport system in the North, which would be instrumental in managing flows of goods, providing people with public transport and tourism transportation. Moreover, the Norwegian Government is going to improve transport connections with the south of the country and with foreign countries. The transportation system is supposed to contribute to regional development and create new opportunities for strategic industries.

In addition to this, the decision to renovate the E6 highway was made. This renovation is going to provide road users with increased safety and to reduce time and distance they travel. For example, the E6 in Helgeland is going to be upgraded (18 minutes less of travel time), and the E6 in Indre Nordnes-Skardalen is going to be protected from landslides (10 minutes less of travel time). Furthermore, the completion of the following projects: the E6 to the west of Alta (12 minutes less of travel time), the E6 in the Chalogaland Bridge (20 minutes less of travel time), and the E105 in Storskog-Hesseng, is going to assure a safer and better transport connection. The government is also planning to renovate railway and airline systems [5].

9) Reimbursement of transportation expenses. Enterprises involved only with transportation sector will not be included in the differential payroll tax scheme [9];
10) Creation of a regional forum for closer dialogue on the Arctic politics with national and regional authorities and Sami Parliament (indigenous people of Northern Norway) [8];
11) Skills development for workers of mining companies. The Ministry of Foreign Affairs has allocated 150 NOK for projects of mining companies in the Extreme North for the period of 2014-2019 in order to improve staff skills for more efficient performance and to attract personnel to innovative activities [7];
12) Tourism development in Svalbard. Visit Svalbard AS currently is the only travel company that receives annual support directly from the Ministry of Trade, Industry and Fisheries. These measures are going to help in the development of the infrastructure and, consequently, the territory is going to be more attractive for labor [5];

13) The exemption of the employer from payment of contributions to national insurance, granting of tax reliefs and measures aimed at individuals living in the territory of Northern Norway;

14) The development of the educational system of Northern Norway, which level today is lower than in the rest of the country. The development of the educational system is instrumental in the increase of the attractiveness of the region, and in the future highly skilled personnel will work at the enterprises, which will increase the efficiency of the region. Thus, the University of Tromsø and Finnmark, and University College were merged into the University of Tromsø, the Norwegian Arctic University, in 2013. The Ministry of Education and Research is considering merging other higher education institutions in the north [5];

Therefore, some recommendations for the Russian legislation can be made, using foreign experience, in order to attract human capital to work in the north. After all, the actions by the government (legislative regulations, systematic measures) are the only things that can guarantee privileges and support for people in the course of a lifetime and work in the North [11].

Recommendations for the Russian Federation regarding the attraction of human capital:
1) – Fix the transportation system between the central regions and the North by providing subsidies to companies. Thereby, a reliable supply chain will be set up that will be able to satisfy people’s needs at affordable prices, and, moreover, it will help companies’ managers purchase materials at reasonable market prices.
   • Renovate the transportation system in order to assure transportation of the population at affordable prices (at the moment the cheapest one-way ticket from Apatity to Saint-Petersburg by air costs around 7 000 rubles).
   • Renovate highways assuring increased safety of the road users and reducing time and distance.
   • Renovate railway transportation by replacing old sets of cars with modern comfortable ones.
   • Reimburse travel expenses of the companies by the government.
2) Issue mining licenses in the north on an expedited basis.
3) Create special educational programs for young people (up to 24 years old) – accelerated education programs, support programs for young specialists, job fairs in order to ensure a balanced population by sex and age [11].
4) Grant subsidies to companies which employ young specialists (under the age of 18, 18-24 years old).
5) Abolish taxes for employees associated with the educational system in the North.
6) Obligate companies operating in the North to hold events for communication and information distribution among schoolchildren and students about labor market in the North in order to create close ties between schools and labor market.
7) Provide guarantees for young people in their first years of work in the North (obligate companies to do it with the government support).
8) Allocate a budget for projects in the area of employee development for mining companies.
9) Develop tourism in the northern cities. Ski resorts, sports palaces, ice palaces should be built in order to accommodate the population with all kinds of leisure activities, as it exists in the central cities of Russia. Thus, the northern territory can become a tourist center of the country.
10) Fully or partially exempt employers from payments of premium, grant tax reliefs and measures aimed at individuals living in the North of Russia. Measures aimed at individuals will have a stabilizing effect, stimulate the recruitment of highly qualified personnel, and make living in the North more attractive.
11) Increase education level in the North by sending specialists from the central regions in order to educate the local population.
3. Conclusion

The issue of attracting human capital to the northern regions is one of the key problems of the North. Severe climatic and uncomfortable living conditions make the northern region unfavorable for work. A lot of companies, which operate in the Arctic, realize social-support measures; however, this problem cannot be solved without the involvement of the government. It is necessary for the government to go over the legislation in order to grant privileges to people who are working and living in the Arctic, to help companies realize social-support measures, and also, to participate in the development process of the northern regions using various lines of activities: tax, legislative, administrative, social. Human capital is a social and cultural resource of the society. It is impossible to imagine efficient productive and innovative practices, which ensure competitiveness and economic development of the country, realized without human capital. Therefore, all of the companies and government activities should be aimed at supporting the public, employees [12].

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