

Glocalisation of global market forces and the repositioning of a peripheral Russian mining community

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ABSTRACT

Increasing globalisation and global market forces shape the development of resource peripheries in the Barents region. Foreign direct investments are concrete example of global market forces. Their glocalisation forces the locals to evaluate their consequences for the local development and reposition their communities in global context. This article studies glocalisation of global market forces and preferred directions of repositioning of a peripheral single-industry mining community in the Russian Barents region. The study is based on a case study of local opinions about actual and potential external actors in the economic development of Kovdor, located in the Murmansk region. The paper analyses the preferred owner of the town-constituting enterprise and the local opinions about the EU, USA and China as potential investors to the case study community. The study reveals how local opinions about external forces in the local development are related to local life-worlds. Moreover, the paper shows the impact that economic, political, cultural, historical and technological factors have in forming these opinions about potential foreign investors. The study shows generally positive local opinions about FDI. However, significant differences were found in opinions about different investing countries.

Keywords: *Russia, globalisation, glocalisation, mining industry, single-industry town, FDI*



INTRODUCTION

Private and foreign investments are immensely important for the technological modernisation, increasing competitiveness and overall growth of the Russian economy (Kontseptsiya... 2008, 151; Connolly 2011, 428–429). During the 2000s, however, Russia has responded to foreign direct investments (hereafter FDI) with several restrictions, which has led to an institutionally semi-closed economy (Hanson 2010, 632) and the continuation of policies that discourage FDI (Kuznetsov 2012). While some sectors of the Russian economy have clearly grown more ambivalent about FDI and foreign influence (e.g. Liuhto 2008; Fortescue 2009, 169), the domestic market has also tended to favour Russian firms which have shunned foreign investors and business activities abroad (Staalesen 2013). The natural resource sector in particular, including the mining industry, serves as an example of an investment atmosphere which needs improving (McMahon and Cervantes 2012, 17). Moreover, according to Rukavishnikov (2012, 9), the militaristic and anti-Western policy of the elite in power has been an obstacle to attracting foreign investors. The Ukrainian crisis has also brought new tensions between Russia and the West. It has led to decreased interest of foreign investors to invest in Russia, while the escalated world politics sanctions by the EU and USA have rekindled anti-European and anti-American attitudes among Russians (Levada 2014). In addition, regional-level attitudes have been an additional barrier for foreign investors and an important factor in determining the current Russian investment trends. The largely protectionist business climate in the natural-resource regions of the Russian North (Tykkyläinen 2010, 256) has created obstacles for FDI in Russia and has kept the northern natural-resource regions unattractive to foreign investors.

State-level FDI policies, the attractiveness of Russia as a target for FDI and the Russian investment climate have all been much studied (e.g. Hirvensalo and Lausala 2001, 83; Fabry and Zeghni 2002; Liuhto 2008; Kuznetsov 2012). Similarly, a number of studies have examined the state-level response to foreign participation in Russia's natural resource industries (e.g. Bradshaw 2009; Fortescue 2009). Previous studies have shown that the economic nationalism in general and the so-called natural resource nationalism in particular were on the rise in Russia in the 2000s (e.g. Liuhto 2007, 2;

Bradshaw 2009; Bremmer and Johnston 2009; Domjan and Stone 2010; Liuhto 2010, 142). Moreover, the influence of foreign capital on the Russian economy and the arrival of foreign companies have been mainly viewed negatively among Russians (Hirvensalo and Lausala 2001, 40; Vtsiom 2006).

State-level FDI policies, which constitute the official response to foreign investors, often see FDI differently from the local opinions, based on the interaction of global forces and local life-worlds (Bandelj 2003, 376, 378). This study analyses the glocalisation of global market forces and the preferred directions of repositioning of a community. The analysis is based on a case study – a survey – of local opinions about actual and potential external actors in the economic development of a peripheral mining community of Kovdor, located in the Murmansk region in the Russian Barents region. The study highlights local views about the glocalisation of external market forces and actors in Kovdor's economic life. The research question posed in this paper is: How does a peripheral Russian mining community reposition itself under impact of global forces in the local life-world? The survey mostly involved workers of Kovdorskii GOK (later KGOK), which, as the town-constituting enterprise of Kovdor, is responsible for the creation and current existence of the town. The data is analysed with quantitative methods by frequency measurement for numerical data.

The study continues as follows: the second section introduces the theoretical approach of the paper and the hypothesis of the research question. This is followed by an analysis of the FDI inflows to the Murmansk region, restructuring of the mining industry of the region in the 2000s and the special characteristics of the Murmansk region and Kovdor that influence the perception of foreign actors and potential FDI in the local development. Local opinions about potential FDI and preferred ownership of the town-constituting enterprise are then examined on the basis of the case-study data from Kovdor (Figure 1). The town has so far not received any FDI, but the main mining company KGOK is owned by a Russian company of Eurochem, a global player. This section answers the research question by utilising the empirical fieldwork data. The final section recapitulates the findings and draws conclusions.

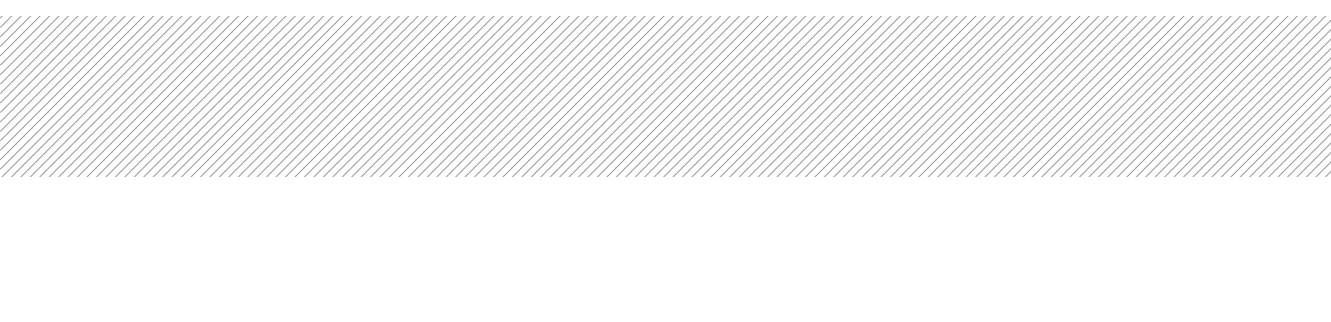




Figure 1. Location of Kovdor within the Barents region

THEORETICAL APPROACH

GLOCALISATION OF GLOBAL MARKET FORCES AND FOREIGN DIRECT INVESTMENTS

Since the collapse of the Soviet Union, globalisation has forced Russian single-industry towns and resource peripheries to reposition and restructure their economic spheres (Rautio and Round 2008, Kortelainen and Rannikko 2015). Crucially, in resource-based single-industry towns, the social development, which depends on the competency of the local economy, has become vulnerable to the volatile global resource economy. Globalisation shapes the development of the Barents region as a whole and of the Murmansk region in particular (Myllylä 2007). On the local level, it is a mixture of

global forces and local specifics (Swyngedouw 2004). This meeting of global and local forces – the coming together of foreign investors and the local economic sphere, for instance – produces glocalised outcomes of globalisation. FDIs are a concrete example of global market forces. Such glocalisation forces the locals to evaluate the consequences for the local development and to reposition their communities in a global context. The study of local opinions about foreign investors shows how the locals reposition their locality and how they evaluate existing and potential external actors in the community.

FDIs are a major investment form to stir up emotions and to determine the general image of foreign investment in the receiving countries, regions, communities and enterprises (see more about definition of FDI in Russia in Hirvensalo and Lausala 2001, 17; Fabry and Zeghni 2002, 290). FDIs are also the most visible type of foreign investment and are reflected in the corporate image in different ways, through new names, policies or visual images, for example (Kulyasova 2010, 273). The main role of FDI as shaping opinions about foreign investments is related to their often politicised character and profit-seeking role, which may take place at the expense of the host country, community or enterprise. Potential FDIs are evaluated in relation to the balance between perceived advantages and disadvantages (Jones et al. 2000, 192). FDIs have an impact on the employees, institutions and legal environment in the host countries (Zashev 2007, 153). What FDIs seek to do is generate profits for foreign investors and influence the decision making of the target enterprise, which in turn can influence the business plans and strategies of the target firm (Hirvensalo 1999, 6).

According to a study by Nina Bandelj (2003, 383–384), public opinion has the potential to affect policies toward foreign investors if, for example, there is significant resistance towards FDI or foreign ownership. Local opinions about potential FDI have an impact on local and regional competitiveness and on the location selection strategies of foreign investors. In order to attract FDI there needs to be a good investment climate in the target area (Åslund 2002, 434). An analysis of the local opinions on potential foreign investors can therefore highlight the potential of a region or locality for economic growth by means of FDI. Also, in countries and regions with investment-friendly policies, many multinational corporations pay attention to local opinions about their investments when making decisions about potential investment targets (Humphreys 2013). Local opinions can probably hinder FDI, but they are less likely to have a positive effect on foreign investors' investment decisions. Hence, the importance of local opinions to potential foreign investors is secondary related to the general investment atmosphere in the target country and region (Figure 2). This is especially important to bear in mind in countries such as

Russia, which needs to improve its general attractiveness in the eyes of foreign investors. Studies in Kostomuksha have shown the importance of positive local-level experiences in the formation of positive local opinions about foreign investors and FDI (Kosonen et al. 2009, 13–14; Prokhorova 2014). One also has to acknowledge that FDI in Kostomuksha has diversified the local economy instead of targeting its main industry. Therefore, it has not created a threat to the community's stability. This stability is guaranteed by the town-constituting enterprise owned by a Russian parent enterprise. The local opinions about FDI are formed in an interaction between local life-worlds and global forces (Bandelj 2003, 376). The opinions are rooted in such factors as the cultural, historical and political circumstances of the host country, region or community (Jones et al. 2000, 191). Pre-existent negative images of potential investors, or their countries of origin, and the locals' fear of losing current positions as a result of incoming investors impact negatively on local opinions about FDI (Bandelj 2003, 387). Other central factors include the potential foreign investors' cultural affinities, political alliances and pre-existent networks. The locals will bear them in mind in evaluating potential foreign investors (Bandelj 2003, 387). If members of a culturally distant ethnic group are viewed as beneficial to the local economy, interaction with them is more likely to be accepted (Alexseev 2003, 96–97).

The various positive impacts of FDI and their importance to economic growth in target countries and communities are evident (Fabry and Zeghni 2002). Recent studies have shown that FDIs are beneficial for the receiving countries and communities through a range of positive economic effects, such as increased nominal wage levels, new productive facilities and job skills, management expertise and employment without a cost to the taxpayer as well as technology transfers (Bandelj 2003, 375; Suganuma 2011, 1; Meunier et al. 2012, 1). FDIs can also boost international trade, domestic investments, economic growth, and upgrade and expand social capital (Suganuma 2011, 1), and offer better salaries than in similar jobs in domestically owned enterprises (Meunier et al. 2012, 1). In addition, the financial benefits are complemented by technological and managerial benefits (Bandelj 2003, 375). Moreover, such indirect benefits as technological and managerial improvements are positive spillovers to domestic firms, even if they are shadowed by problems of decreasing efficiency, which domestic firms may encounter at the entrance of foreign enterprises into formerly uncontested markets (Yudaeva et al. 2001, 4–5).

Findings from previous studies suggest that the formation of opinions about FDIs in the target country, region, community or enterprise is informed by different factors. These can be classified into the following categories: economic (see e.g. Jones et al. 2000; Fabry

and Zeghni 2002; Bandelj 2003; Liuhto 2008; Bremmer and Johnston 2009, 150; Domjan and Stone 2010, 58; Kulyasova 2010; Liuhto 2010); political (Zashev 2007, 157; Tarr and Volchkova 2010, 20; Humphreys 2011, 12); cultural and historical (Bandelj 2003, 385–386; Kortelainen and Nystén-Haarala 2009, 164; Kosonen et al. 2009, 3; Kulyasova 2010; Fortescue and Rautio 2011); technological (Hanson 2010, 648; Jensen and Skedsmo 2010, 446); and environmental factors (e.g. Suganuma 2011, 19; Jartti et al. 2012). Figure 2 shows the formation of local opinions about foreign investors and external forces in the local economy.

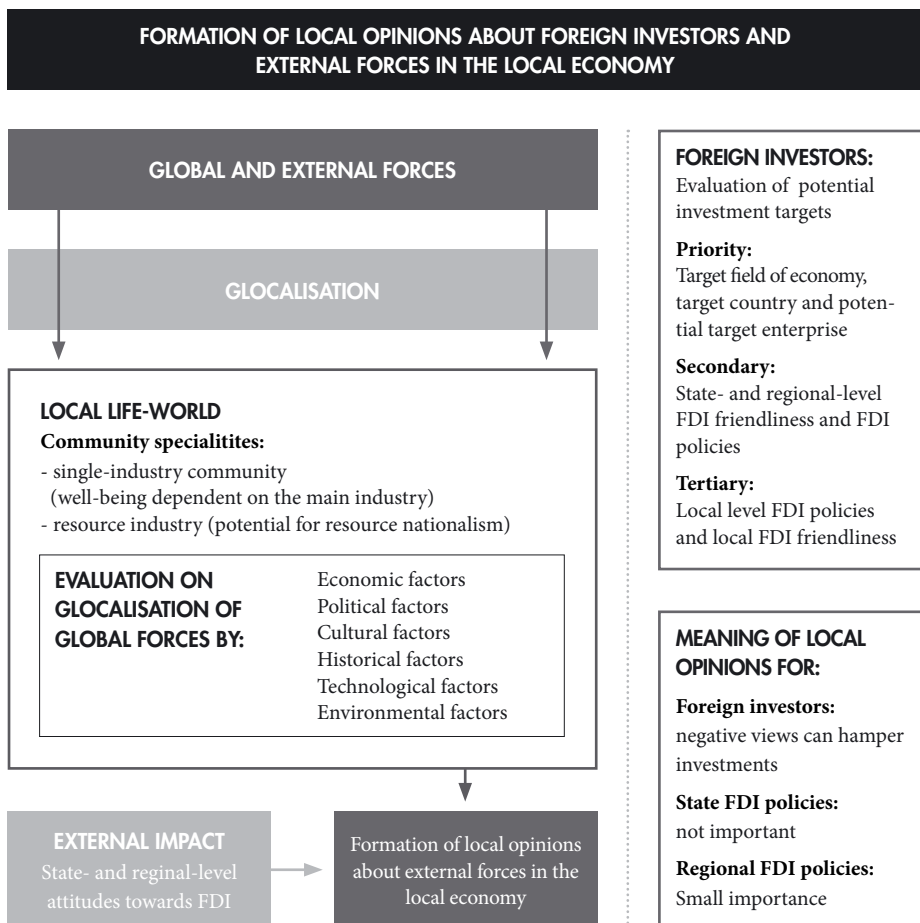


Figure 2. Formation of local opinions about foreign investors and external forces in the local economy in resource-based, single-industry towns of Russia, and the significance of local opinions about foreign investors.

Attitudes towards FDI vary between different regions of Russia (e.g. Hirvensalo and Lausala 2001; Rautio and Round 2008; Zimin 2010). These differences are particularly notable between centres of trade and natural-resource peripheries (e.g. Vtsiom 2006; Rautio and Round 2008, 130): the centres of trade clearly pay more attention to FDI-friendly policies. Regional differences also exist in terms of the opinions about certain countries as investors. For example, the Chinese–Russian cooperation and relationship is for the most part positively evaluated in the Russian Far East, especially among the younger generations (Larin 2011, 89), whereas in the European part of Russia images of China are mostly based on stereotypes and myths. The attitudes of the central government and central media, located in the European part of the country, play a great role in reinforcing negative images and in feeding a fear of the “Yellow Danger” (Larin 2011, 24, 89, 103).

European-oriented Russians who are integrated in the common European and Russian diplomatic, economic and political interests and who are open-minded to cooperation with European countries, are well represented in Northwest Russia (Hønneland 2010, 56–57, 76–77). At the same time, the cross-border cooperation has also highlighted several conflicts of interests between the Murmansk region and Western countries. The conflicting interests have fostered mistrust toward Western countries and their motives in economic and environmental cooperation (Hønneland 2003).

FORMATION OF OPINIONS ABOUT FDIS IN SINGLE-INDUSTRY RESOURCE COMMUNITIES IN RUSSIA

The formation of local opinions about potential FDI is crucially shaped by the local life-worlds and the working environment. In single-industry communities, the residents’ local life-worlds are connected with the main enterprise and field of industry, either directly or indirectly (Prokhorova 2014). In such communities, FDI may give rise to negative reactions when the investments are expected to impact on the town-constituting enterprise. FDI is often seen as threatening the symbiosis of the town, the town-constituting enterprise and the socioeconomic stability and well-being of the residents. These sharp reactions in single-industry towns in Russia are explained by the deep dependence of the communities’ economic and social spheres on the town-constituting enterprise. In the Soviet business culture, major town-constituting enterprises traditionally supported the surrounding community and company towns (Kortelainen and Nystén-Haarala 2009, 151; Prokhorova 2014). In single-industry communities, then, town-constituting enterprises created an environment of trust around them by

taking care of these communities. The role of the main town-constituting enterprise in determining the local opinions about potential FDIs is therefore crucial in Russian single-industry communities.

The industrial field also matters in the formation of local opinions about foreign investors. In natural resource communities, resistance to FDI can also be awakened if the key resource happens to be one that is seen as strategically important (e.g. Liuhto 2008). Single-industry communities may easily turn against FDIs which seek to influence the main town-constituting enterprises or main industries. Potential FDI is a threat to the stability and well-being of these communities. The views held by the main company or its external owners is often carried over into the town through the directors of the firm as well as through major policy-makers, such as the mayor, who are often connected with the major enterprise. Therefore, it can be especially challenging for external or foreign investors to be accepted as investors in the main town-sustaining industry in these communities if this enterprise itself has a negative attitude to such investment. Potential foreign investors should respect the rules of the game, including the practice of taking care of the social services of the communities, in order to increase the level of acceptance among the residents (Kulyasova 2010).

According to Liuhto (2008, 34), official resistance to foreign ownership of strategic branches of the Russian economy is only the tip of the iceberg when it comes to resisting foreign influence over the natural resource sector. This is supported by recent findings. Most Russians have expressed negative opinions about FDI in militarily sensitive industries as well as in manufacturing industries, such as raw materials and heavy industries (Vtsiom 2006). Furthermore, the state is a central player in the natural resource industries alongside big private enterprises, the so-called national champions (e.g. Liuhto 2010). Trust in the Russian state as the backbone of these industries, rather than private firms, can thus culminate in resistance to foreign actors and their decision-making power.

In the natural-resource sector in particular, the role as a supplier of raw materials to a foreign country (Humphreys 2006, 11) is especially sensitive. Foreign enterprises are allowed to gain economic benefits but their political control of natural resource businesses is resisted by the state (Liuhto 2007, 26). Increasing nationalism in a society usually promotes resistance to foreign ownership of natural resources (Bandelj 2003, 377) and to FDI in this sector. An increased potential for resistance to FDI also exists at the local level if the superpower identity of Russia is threatened by the prospect that Russia

might simply become a supplier of raw materials for foreign countries. This resistance may be particularly virulent if the FDIs are thought to come from countries which are imagined or regarded as Russia's enemies or competitors in global politics. Chinese investments in particular in the natural resource sector are viewed as increasing Russia's subordinate position as a mere supplier of raw materials for China (Blank 2011, 2). Therefore, the growing role of China as the world's economic superpower (Jacob 2013) might be seen as a reason for resisting its influence alongside the influence of the United States.

FDI TO THE MURMANSK REGION

FOREIGN INVESTMENTS AND THE MURMANSK REGION

The impact of FDI on the regional economy of the Murmansk region has been limited. The Murmansk region received a relatively small amount of FDI after the collapse of the Soviet Union until 2004 (Didyk and Riabova 2012, 20, 39, 134). Generally the amount of FDI increased significantly in the period 2005–2013 when compared with the pre-2005 period, except for the crisis years of 2009–2010, as can be seen in Figure 3. The amount of FDI was especially low in the crisis years of 2009–2010 but has since been restored to its pre-crisis level.

Figure 4 shows that in 2006–2013 the leading investor in the Murmansk region was Norway. It is likely that many of the investors included in the investment figures from Cyprus, the Virgin Islands, the Netherlands and Estonia, which follow Norway as the main sources of FDI inflows, are in fact Russians. Cyprus and the Virgin Islands both have a reputation as sources of round-tripping FDI, and it is clear that the round-tripping origin of FDI is clearly significant in the Murmansk region. Apart from Norway, the role of “real foreign investors” without a Russian background is very low (see more about “real foreign investors” in Ledyeva et al. 2013, 14).

The mining industry is crucially important in the economy of the Murmansk region, but the role of FDI in this industry is almost non-existent. The poor quality of the assets has been cited as an obstacle to foreign investors investing in the mining industry of the region (Hirvensalo and Lausala 2001, 68). Mining and quarrying received only \$31,000 FDI in 2004–2012 (FSGS, 2014).

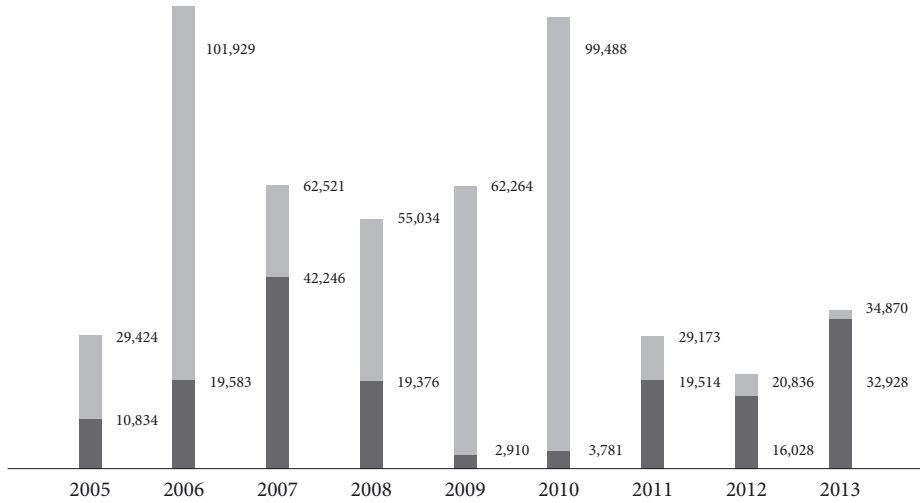


Figure 3. Annual inflow of foreign investment and FDI to the Murmansk region in 2005–2013 (thousand USD) (Murmanskstat, 2013; FSGS, 2014; Murmanskstat, 2014).

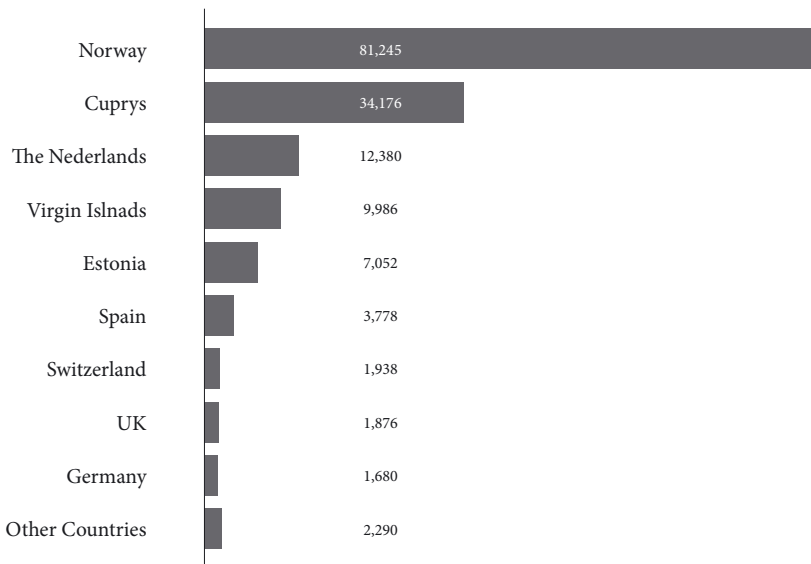


Figure 4. FDI in the Murmansk region in 2006–2013 by accumulated sum of FDI by the investing countries (thousand USD) (FSGS, 2014).

RESTRUCTURING OF THE MURMANSKREGION'S MINING INDUSTRY AND KGOK IN THE 2000S

The lack of domestic investors in the transition period of the 1990s has been pointed out as a reason for a potential demand for foreign investors in the mining industry of the Murmansk region (Rautio 2003, 118). KGOK was also in a critical situation at the end of the 1990s, as it did not have the stability offered by an external parent company (Kvitko and Telen' 2001) and because of the general crisis in Russia in 1998. In the economic meltdown of the 1990s KGOK reduced the level of all types of production, especially the production of iron ore concentrate (Kovdorskii raion 2011, 23). However, despite the obvious need for foreign investors during the economic bust period at the end of the 1990s, there was a great deal of suspicion about foreign investors among the workers in the mining industry (Rautio 2003, 118–119) and the inhabitants of the Murmansk region in general (Hirvensalo and Lausala 2001, 69).

Socioeconomic developments in the 2000s have led to significant changes in terms of the need for FDI. In the 2000s the restructuring of the regional mining industry created an element of stability in the form of parent companies for some of the town-constituting mining enterprises of the region, such as KGOK. This was a private local company after the privatisations of the 1990s with a limited ability to finance the necessary technological restructuring. The financial opportunities available to Russian holding companies to fund significant investment projects and programmes in their daughter companies in the Murmansk region have boosted the economic prospects of these subsidiaries. Such Russian investments have also obviated the urgent need for foreign investors to come and rescue the mining firms of the Murmansk region.

KGOK produces iron ore, apatite and baddeleyite concentrates. KGOK is a major producer of apatite concentrate, an activity at the beginning of Eurochem's production chain (Pilipenko and Sapuntsova 2007, 19–20; Strezhnev et al. 2007; Tsvetinskii et al. 2007). KGOK's production volumes of iron ore, apatite and baddeleyite concentrates have also increased significantly in the 2000s (Tsvetinskii et al. 2007, 91). The apatite is used by Eurochem, while the iron ore concentrate is sold to other Russian firms and baddeleyite is predominantly sold abroad (Kovdorskii raion 2011, 23). Moreover, KGOK has produced stable annual net profits (Tsvetinskii et al. 2007, 91; Kovdorskii raion 2011, 24).

KGOK serves as an example of the restructuring of the regional mining industry in the 2000s. The investment policies and decisions related to KGOK are implemented on the

holding level in the Eurochem headquarters. The acquisition of KGOK by Eurochem in 2001 has led to improvements in the finance-economic situation of KGOK and also brought stability and possibilities to finance KGOK's modernisation programmes and long-term development projects alongside the holding-level planning (Pilipenko and Sapuntsova 2007, 20; Strezhnev et al. 2007; Tsvetinskii et al. 2007; Kovdorskii raion... 2011, 23). The position within the holding has boosted the economic competency of KGOK (Tsvetinskii et al. 2007), which has led to steady annual increases in its workers' salaries (Pilipenko and Sapuntsova 2007, 20).

FORMATION OF OPINIONS ABOUT FDI IN THE MURMANSK REGION AND IN KOVDOR

Previous studies have reported that there is a very suspicious attitude regarding the motives of foreign investors in the Murmansk region (Hirvensalo and Lausala 2001, 69). It is therefore not surprising that the role of the government of the Murmansk region in promoting and attracting FDI in the 1990s was unsatisfactory (Didyk and Riabova 2012, 20). However, although FDI and technology were generally accepted, foreign workers and enterprises were mainly opposed (Rautio 2003, 117). Moreover, foreign cooperation and FDI have been resisted because of zero-sum game arguments (Hirvensalo and Lausala 2001, 69) resting on fears that foreign firms will utilise the cheap raw materials and cheap labour of the Murmansk region, will stop progress in the region's industries and stop them competing with the domestic industries of investing countries (Hirvensalo and Lausala 2001, 69). The Russian territories of the Barents region have also been selective about foreign investors, offering them mostly underdeveloped fields of industries, which has led to conflict between foreign investors and regional administrations (Hirvensalo and Lausala 2001, 79). The main causes behind these conflicts sprung from the collision between the foreign investors' profit-seeking motives and the wider objectives of the regions, which emphasised a more comprehensive approach to socioeconomic development (Hirvensalo and Lausala 2001, 79). This reflected a clash between the business cultures of the foreign investors and the expectations of the regional administration.

The selective promotion of certain underdeveloped fields of the regional economy to foreign investors continues. The interview with the deputy minister in the Ministry of Economic Development of the Government of the Murmansk region V. Gorbunov (2012) revealed that the Murmansk region promotes foreign investments especially in such underdeveloped industries as road building and tourism.

Gorbunov also agreed that the region's investment climate needed to improve in the mining industry. In turn, the complex legislative environment as an obstacle for foreign investors, the need to improve both the friendliness of the region towards investment (Popova 2012) and the FDI policies of the Russian state (FG-1, Dombrovskii) were mentioned in discussions during the author's fieldwork in the region.

In each region and locality the formation of the opinions about FDI and investors is influenced by several regionally and locally specific factors. The Murmansk region has many unique regional characteristics which affect the formation of opinions about potential FDI in the case-study community. The natural resource industries as the dominant industries of the region and as the main industrial enterprises are important in the local life-worlds of the residents of the industrial communities of the Murmansk region. The town-constituting enterprise KGOK is a central player in the local life-worlds of the residents of Kovdor. The high level of interdependence between the town's residents and the town-constituting enterprise (Suutarinen 2011, 135) indicates the importance of the enterprise for all the residents. A central factor for the workers of the main firm in opinion formation about potential FDI is trying to evaluate how such FDI would affect their local life-worlds and their socioeconomic well-being.

The closed history of Kovdor (Suutarinen 2013) as well as the resource and economic nationalism related to local strategic industries (Kvitko and Telen' 2001; Suutarinen 2013, 332) are potential reasons for resisting foreign investors. Protectionist views linked to the dependence of the community on the main town-constituting enterprise may also promote opposition to foreign actors, as the local mining industry is their most obvious target. In Kovdor as in the Murmansk region in general, there is a host of potential reasons to evaluate European actors in particular in a positive light, including the geographic location near Scandinavia and the West, personal cross-border contacts and the sharing of more European values and identity than on average in Russia (Hønneland 2010, 85, 97, 102). And yet, the construction of trust in the Russian Barents region towards European neighbours takes time, for the "real" motives of economic cooperation are easily questioned (Hønneland 2003). The Murmansk region has an established strategic role, and views of the region as targeted by hostile foreign forces because of its strategic importance (Hønneland 2010, 45–46) can also spread to localities with strategic industries and a sense of strategic meaning. This has been strengthened by the closed history of the place.

Conversely, some factors support positive evaluations of foreign investors in the area. KGOK's parent company Eurochem is a global company, which values global cooperation (FG-1, Dombrovskii). These attitudes are potentially spread among the company workers. KGOK also has positive experiences of foreign technology (Strezhnev et al. 2007, 7–10; Togunov et al. 2007, 40–44).

LOCAL OPINIONS ABOUT POTENTIAL FDI IN KOVDOR

CASE STUDY AND DATA

The empirical data of the paper is a survey conducted by the author in Kovdor (see Fig. 1) in September 2010 in cooperation with the town-constituting enterprise KGOK. The survey involved 356 respondents of whom 298 were employed by KGOK while the others were employed in other fields of the Kovdor economy (for more details on the survey, see Suutarinen (2011) and Suutarinen (2013)). Additional data was provided by semi-structured interviews with various focus groups in Kovdor on 16 May 2011 as related to the results of the survey. There were three focus groups: representatives of KGOK administration (FG-1, L. Dombrovskii (former mayor of Kovdor District, Head of KGOK's department of work and industrial safety)), local deputies of Kovdor District Council (FG-2, A. Oleinik and A. Sorokin) and workers of KGOK (FG-3). The answers to the multiple-choice questions of the survey were analysed with quantitative methods. The focus group discussions provided qualitative and explanatory support for the quantitative findings.

The research question of the paper asks how a peripheral Russian mining community repositions itself under impact of global forces on its local life-world. The empirical material consists of the survey data from Kovdor. The data measures opinions about preferred owner of KGOK and about potential investors in the local economy. The author hypothesises that the opinions about potential foreign investors and FDI are formed predominantly on the basis of economic factors, which are closely related to personal life-worlds. The paper further hypothesises that the experienced or expected impact on the well-being of the community and the respondents' personal lives plays a great role in the formation of local opinions. In addition, the paper hypothesises that the FDI policies in the town-constituting enterprise play a central role in forming the attitudes of its workers.

FINDINGS OF THE CASE STUDY

The survey questions measured attitudes to Eurochem and to foreign investments generally (Figure 5). The respondents expressed their opinion about the ideal owner of Kovdor's town-constituting enterprise. As FDIs are the most visible type of foreign investment, it can be assumed that the respondents were giving their opinion about FDI. Therefore, what was being discussed in particular was FDI rather than foreign investment generally. According to the hypothesis, the level of acceptance or resistance may increase for several different reasons, given that several economic, political and cultural factors support either acceptance of or resistance to FDI.

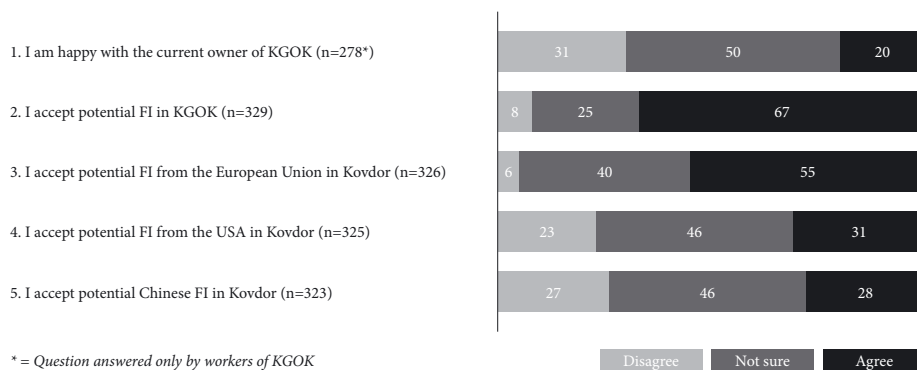


Figure 5. Opinions of Kovdor residents about current ownership of KGOK and potential foreign investments (FI).

Questions 3–5 concern the local opinions about potential FDI from the EU, the United States and China. European Union countries are major investors in the Russian economy and, alongside Norway, are the main source of FDI in the Murmansk region. China and the United States are the world's leading economic superpowers and major investors in world markets with a general interest in the regions around the Barents Sea and the Arctic (Jacob 2013; Solli et al. 2013, 5–6). According to a survey in 2013, Russia's preferred political partner was the EU rather than China and the US (Vtsiom 2013) because of the negative images connected to the two rival superpowers in global politics and economics. The author therefore hypothesises that these factors also affect the Murmansk region and that the region's military characteristics also play a role in the increased resistance of the influence of, and investments from, the US and China

in comparison with those from of the EU (Hønneland 2010, 45–46). It is hypothesised that when answering these questions, the survey respondents evaluated FDI in Kovdor primarily in terms of investments in the mining industry even though the questionnaire did not refer to or suggest which industries would be potential targets for foreign investors. However, in the absence of alternative attractive industries for foreign investors in Kovdor, the respondents probably answered these questions with their own mining-industry-based life-worlds in mind. Therefore, the answers to these particular questions can be generally taken as revealing local attitudes towards FDIs in Kovdor's mining industry.

LOCAL OPINIONS ABOUT ACTUAL AND POTENTIAL EXTERNAL FORCES IN THE LOCALITY

The answers to the first survey question revealed that only a fifth of the respondents were happy with Eurochem as the owner of KGOK. Eurochem has invested to modernise the plant and has thus guaranteed its competency in the post-Soviet era, but the level of satisfaction still remains relatively low. According to the third focus group, the dissatisfaction may be partly explained by the fact that a great share of the profits of the local mining industry were taken away from the locality by the parent company (FG-3). The second survey question showed that FDIs in KGOK were accepted by 67% of the respondents. This indicates that the ideological basis for resisting FDI was very weak among the respondents, as only 8% of them categorically resisted FDI in KGOK. Questions 3 to 5, which sought to ascertain local opinions about potential FDI in Kovdor from the EU, the US and China, reveal significant differences on these different sources. There was a significant gap between the relatively positive opinions about potential FDI from the European Union countries and relatively negative opinions about potential Chinese and American investments. These results can be interpreted in light of the preconceptions on the investors and their countries of origin (Bandelj 2003, 387). However, the large number of respondents who were unsure about the issues raised by these questions implies what might be regarded as a natural uncertainty about the likely impacts of FDI from these countries, such as the consequences of FDI for the local community and the unspecified character of FDI. The relatively unreserved opinions about potential FDI from the EU also suggest an ideological acceptance of economic cooperation with EU countries.

To a certain degree, American and Chinese investments are viewed as a threat. The answers to this question made it clear that suspicion about FDI from these countries

was largely down to economic factors related to the local life-world (FG-3). American investments were resisted because the locals feared losing their jobs with the imposition of new high requirements from American investors, while Chinese investments raised the fear of job losses to Chinese migrants. What lies at the heart of the matter, then, is the fear of losing one's job, either because of the efficiency-seeking policies and the anti-paternalistic working culture of American firms or the concern that Chinese investments would bring in cheap Chinese workforce to replace, to some extent, the current Russian workers (FG-3). Such resistance reflects the respondents' concerns about their own personal well-being and that of the community. Unemployment was seen as the biggest threat to Kovdor and its residents. Therefore, it is understandable that this fear was also expressed as the main reason for resisting American and Chinese FDI: their arrival would turn this potential threat into a real one. In addition, previous studies have shown that Russians are afraid that labour agreements will be undermined if the number of immigrant workers in Russia's industrial sector increases significantly (Mukomel' 2006, 108). This may feed resistance towards Chinese investments.

Cultural factors also emerged, such as the image of demands for effectiveness in the American working culture, identified previously by Kärnä (2007, 20). The KGOK workers (FG-3) pointed out that any foreign investors would probably use the local workforce. In turn, the positive attitudes towards European investments reflected a closeness between Russian and European values and working culture (FG-2, Sorokin) as well as a geographical and cultural proximity (FG-2, Oleinik and Sorokin) with the local life-worlds (Hønneland 2010, 56–57, 76–77) in comparison with China and the United States. The relatively higher acceptance of FDI from the EU was probably partly explained by the fact that most of the FDIs from the EU are round-tripping Russian investments, which are therefore more readily welcomed.

Geopolitical factors or the political tensions between Russia and the United States, caused by the long-lasting and escalated rivalry in geopolitics and military matters were also suggested as a potential source of suspicious attitudes and resistance towards American FDI (FG-1, Dombrovskii; FG-2, Oleinik and Sorokin). The general image of the United States as hostile to Russia dominates the attitudes of the residents of Kovdor and serves to foster resistance to the US as an investor (FG-1, Dombrovskii). These attitudes are also carried over into evaluating specific potential investors from this country. However, no geopolitical factors for resisting Chinese FDI were identified by the focus groups, although technological factors did come up as a source of resistance to Chinese investments. Images of low-quality and old-fashioned Chinese

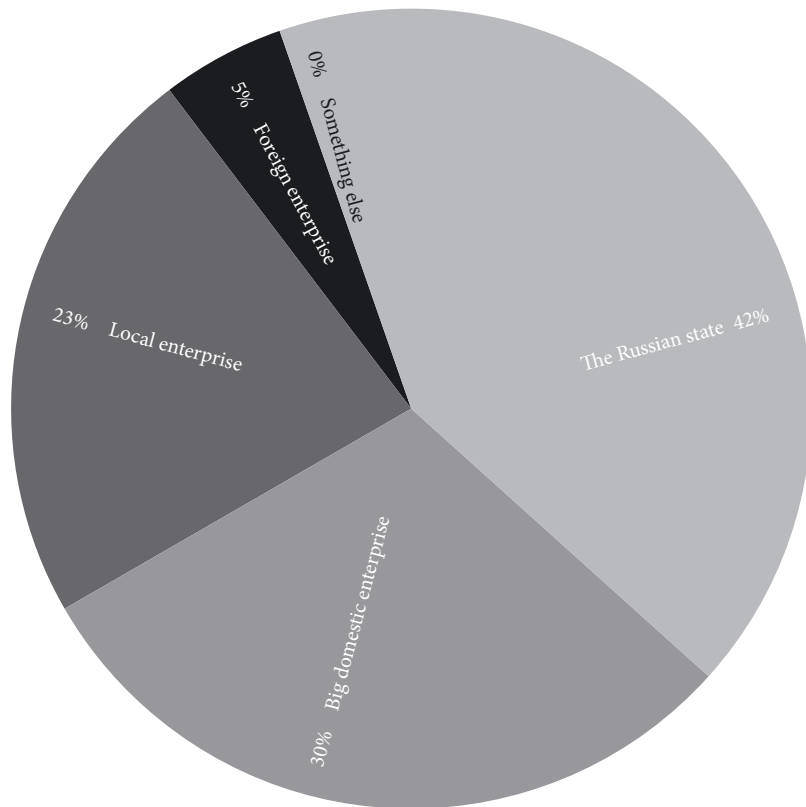


Figure 6. Who should be the main owner of the town-constituting enterprise of Kovdorskiy GOK? (n=327)

products and technology dominated the mental images of China as a whole (FG-1, Dombrovskii; FG-2, Oleinik; FG-3). According to the expectations of the workers of KGOK (FG-3), potential Chinese investors would introduce Chinese technologies to the invested industries, and because the equipment would be low in quality, this would have a negative impact on the productivity and efficiency of the enterprise.

The suspicious attitudes and resistance to FDI from the United States and China were partly explained by the lack of experience of FDI from these countries and therefore by the absence of positive first-hand experience. Such experiences are important in the formation of positive local opinions (Kosonen et al. 2009). Although there has not been

European investment in Kovdor, the acceptance of such investment is promoted by the fact that there is a positive attitude toward economic cooperation with European firms. This stems partly from positive personal experiences of European countries gained from individual cases of cross-border acquaintance and travel, and from favourable experiences, and thus opinions, about the quality of European products. Limited experience of Chinese influence in the European part of Russia is replaced by mainly negative myths and stereotypes (Larin 2011, 103). The fact that the industry of the locality is concentrated around the exploitation of natural resources and the fact that a general nationwide resistance towards FDI in raw material and heavy industries is reflected locally (Vtsiom 2006) strengthens the resistance to FDI from these rival countries. However, the crucial factor in the formation of local opinion about foreign investors was the evaluation of the consequences that they could cause to the socioeconomic well-being of the community.

The results of the survey question that measured the preferred owner of KGOK are shown in Figure 6. Domestic actors (the Russian state and big domestic enterprises) that possessed the best investment capacities to invest in KGOK were viewed as ideal owners. That the Russian state was identified as the ideal owner by 42% of the respondents suggests that the locals wish to maintain the paternalistic tradition in the community under a state-owned enterprise (Prokhorova 2014). Foreign ownership was preferred only by 5% of the respondents, while only 29% of those who preferred a big domestic enterprise expressed their satisfaction with Eurochem.

CONCLUSIONS AND DISCUSSION

The study shows how the residents of a historically semi-closed community evaluate the glocalisation of global market forces in their community. Answers to the research question, which sought to analyse how a peripheral Russian mining community repositions itself under impact of global forces on its local life-world, indicated that the locals preferred domestic external actors rather than foreign actors as driving the local development. Potential foreign investors were ignored as preferred owners of the main town-constituting enterprise and were relegated to the margins of the community as providers of local economic diversification. This is in marked contrast to Kostomuksha, where the foreign investors have brought much life to the local economy. Protectionism and preservation of Kovdor's economic stability and its town-constituting enterprise were reasons to push the potential foreign investors and the potential uncertainties to the margins of the community. This is where glocalisation is tolerated, while the core

of the community, which is based on the town-constituting enterprise and its competency, is rather protected from the impacts of globalisation with regulated glocalisation. Consequences for local economic well-being were the main arguments which encouraged the residents of Kovdor to reposition their locality in the face of actual and potential external actors.

While the study showed generally positive local opinions about potential FDI, there were great differences as to the potential investing countries. In the Barents context, the local actors are relatively open-minded to economic cooperation with the neighbouring countries, whose potential investments are mostly welcomed. However, the local sentiments about potential FDI also include plenty of doubt, which could turn into either positive or negative attitudes, depending on several factors, such as the target field of the FDI and the country of origin of the investing firm. Limited experiences of FDI and, therefore, the limited connections between FDI and the local life-worlds of the survey's respondents can be pointed out as causing uncertainty in the respondents' opinions. There also appears to be considerable capacity to resist potential Chinese and American FDI in particular, simply because of specific concerns regarding these two countries. The fear of losing one's job emerged as a factor in local resistance to Chinese investment and Chinese workers.

The study demonstrated that the formation of local opinions about potential FDI is mainly based on economic factors as previously hypothesised by the author. Economic factors, including the expected socioeconomic impacts of FDI, are also highlighted in the local opinions about potential American and Chinese FDIs. These factors are further boosted by political considerations, such as the anti-Americanism in society as a whole and opposition to what is regarded as American imperialism. Cultural factors are in turn connected with economic factors. American working culture and specifically the optimisation of labour in enterprises with American ownership are feared for the effect they might have on the personal life-world of KGOK's workers. All these factors taken together result in a relatively low acceptance of American FDI compared with the opinions about potential investments from the EU, which generate the most positive local opinions. Resistance to Chinese investments is the product of a combination of economic factors, including the fear of losing jobs to Chinese workers, and technological factors, such as the general perception that Chinese technology is of poor quality. Given the absence of experience of Chinese FDI and therefore the lack of any hard evidence as to what its economic impact would be, these low expectations regarding the consequences of Chinese investment are based largely on prejudices commonly found in the western part of Russia.

The political tensions in 2014, which have led to economic sanctions from the European Union against Russia can change the situation and the attitudes among Russians towards foreign investments from the EU. Moreover, the growing nationalism in Russia may increase resistance to foreign investors in general. Hence, a time series analysis would be especially useful in showing how the volatilities of international relations impact on local evaluations of foreign investors. A new survey could bring to the fore the role of political factors in the local opinions towards certain countries as potential investors. A new study could disclose whether the European-oriented values in the Murmansk region are deep enough to resist the anti-European attitudes which have currently much potential to grow in Russia. The current political situation inspires the author to ask whether today's political circumstances would lead to more negative attitudes towards potential foreign investors in general. Moreover, in the Barents context the study leaves an open question on whether the deteriorated international relations also affect the way in which the locals prefer to reposition their communities in the Barents region.

This study has encouraged the author to hypothesise further that the reserved attitudes to foreign investors are also partly related to the potential threat posed by the potential investments in the main enterprise of the town and how this would impact on the community well-being. Hence, a comparative case study in a Russian small town with a more diverse economy could reveal if the locals are less reserved about foreign investors. A comparative case study of this kind would improve our understanding of the role of economic factors in the local repositioning and evaluation of glocalisation. Moreover, a comparative case study in a non-natural resource single-industry town could tackle the role of resource nationalism as explaining reserved attitudes to foreign investors.

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