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## Social Responsibility, Sustainable Development, Happiness and Well-being of Single Industry Towns' Population

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### Abstract

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The article describes peculiarities and problems of single industry towns. We explore the differences in happiness and well-being assessment between single industry towns and poly-functional economies, namely due to the influence of a town forming enterprise. We use the anthropogenic humanized approach to evaluate the impact of the town forming enterprise on the happiness and well-being of people. The article describes application of the anthropogenic humanized facet approach in analyzing social and labor relations of town forming enterprises and single industry towns in general. Peculiar characteristics of social and labor relations and the impact of the town forming enterprise on happiness and well-being are examined on evidence from a single industry town Leninsk-Kuznetsky, Kemerovo region. We provide a rationale to apply an approach encompassing sustainability, well-being indicators and social responsibility of town forming enterprises to assess social and economic development of single industry towns. This approach is applicable to the method for assessing social and labor relations sustainability of a town forming enterprise and a single-industry town, which was developed by the authors.

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**Keywords:** Happiness; well-being; sustainable safety; single industry town; town forming enterprise; anthropogenic humanized facet approach.

### 1. Introduction

Although until recently GDP was the main indicator of national well-being, later works have been placed more and more importance on such categories as “economics of happiness” and “well-being of

the people”. New indicators characterizing not only material but also non-material well-being have appeared:

- Human Development Index, developed by the UN
- Happy Planet Index, introduced by New Economics Foundation in 2006. It reflects the “real” well-being of people and the state of environment in different countries. The index uses global data on life expectancy, experienced well-being and Ecological Footprint.

Better Life Index, introduced by OECD in 2011. It includes 11 "dimensions" of well-being: housing, income, jobs, community, education, environment, governance, health, life satisfaction, safety, and work-life balance.

The happiness assessment data clearly demonstrate that financial well-being is not the determinant of happiness (Smil, 2003). Material wealth is being gradually replaced by social and economic values, such as sustainability, healthy life, and environment protection, personal and spiritual development (Gnevasheva, 2013). In the end of 2010 a survey was conducted in Great Britain to assess the happiness priorities and the resulting data showed that such dimensions as health, harmonic relationships and satisfying job were deemed the most important.

In 2011 WHO discussed the issue of happiness on the international level (The Happiness Effect). In 2012 during the 66th Session of the UN General assembly the international conference “Defining a New Economic Paradigm: The Report of the High-Level Meeting on Wellbeing and Happiness” was held. The issues of new economic paradigm based on the parity and indivisibility of the three pillars of sustainable development: social, economic and environmental wellbeing together defining gross global happiness, were discussed (Pursuit of happiness is one of the fundamental goals of the mankind).

In January 2013 Russian Public Opinion Research Center interviewed 1600 people in 138 municipalities of 46 regions of the Russian Federation on the issue of happiness.

All these evidence speak in favor of high significance of the happiness problem and necessity to relate it to other social and economic issues. Recent economic crisis has produced a promising stream of research focused on development of happiness and well-being assessment methods for people residing in single industry towns.

Monitoring agency “News Effector” together with the Fund of regional research “Regions of Russia” conducted a study “Happiness Index of Russian Cities” the purpose of which was to create an integrated happiness index for Russia. 26,900 people from 100 most populated cities (11 of which were single industry towns) were interviewed (Table 1). The resulting data showed that material wealth is an important factor of happiness but not the critical one. Other important factors were environment, social security and the feeling of improvement.

**Table 1.** Interview results for single industry towns (SIT) (“Happiness Index of Russian Cities”)

Rank	City	SIT category	Population, thousands	Happiness Index value
38	Naberezhnye Chelny	1	513,2	41
44	Nizhnekamsk	1	234,1	41
57	Norilsk	2	176,2	39
66	Togliatti	1	719,5	38
67	Cherepovets	3	312,3	38
71	Zlatoust	2	189,4	37
86	Magnitogorsk	1	408,4	34
88	Nizhny Tagil	1	361,9	33
89	Kamensk-Uralsky	3	179	33
94	Novokuznetsk	1	547,9	32
97	Prokopyevsk	3	210,2	32

Legend: 1 – Stable social and economic situation; 2 – Medium (at risk of worsening); 3 – Social and economic crisis

Note: Composed by the authors from (List of Russia’s single industry towns, & Happiness Index of Russian Cities)

The extract shows that most single industry towns surveyed (9 out of 11) rank very low in the index (lower than 50), which means that residents of single industry towns are less happy than residents of poly-functional economies. Besides, most respondents are not satisfied with the state of environment, trends of municipal development, life safety and material well-being. Nearly half of all single industry towns surveyed are in social and economic crises which are aggravating.

As seen from table 1, single industry towns located in Kemerovo region (Novokuznetsk, Prokopyevsk) rank lowest. Kemerovo region can itself be called a single industry region (out of 34 municipalities 17 are single industry towns) with economy relying basically on one sector - coal and ore mining (64, 7 %). This shifts the problem to a new level, as the whole region can be viewed as a single industry territory. In this article we present the results of a detailed analysis of one single industry town – Leninsk Kuznetsky. Leninsk Kuznetsky is one of the main centers of coal mining in Kuzbass (coal mining area). However results of social and economic indicators monitoring (Municipalities database) show that it ranks lowest among other coal mining single industry towns. It indicates the gravity of the situation and calls for urgent action, which defined the rationale for the research.

The purpose of the given research is to validate the approach to single industry towns social and economic indicators monitoring taking into account the interrelationship of sustainability, well-being and social responsibility of town forming enterprises.

## **2. Main part**

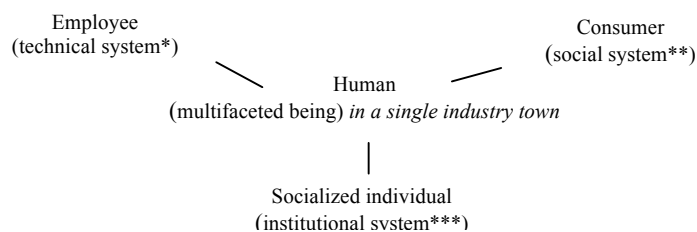
Recent survey data (Monitoring of Single Industry Towns conducted by the Government of Russian Federation) shows that as of July, 1 2015 13,6 million people lived in single industry towns, which is 9,3 % of Russian population. Workforce accounted for 5,8 million people (or 43 %) out of whom 969,400 (16,6 %) people worked at town forming enterprises, 1,5 million people (25 %) worked in

SMEs (including sole proprietors). It should be noted that employment in Russian single industry towns is much lower than in G7 countries, which is 68,6 % (OECD Entrepreneurship at a Glance, 2015). Data shows that SMEs are less developed in Russian single industry towns than in EU, USA and Japan, where SMEs account for more than 50 % of the employed population (OECD Employment Outlook, 2015).

It should also be noted that the research into happiness and well-being of single industry towns' population will differ from that of poly-functional economies. It's related to the high importance of town forming enterprises, which define not only material well-being of local population but also social and environmental welfare and happiness (Ulyakina, 2012; Frolova, 2014):

1. It defines social and labor relations and unemployment level of the single industry town.
2. It influences economic diversification (limited functional orientation of local producers, low business activity, undiversified occupational structure and employment).
3. It affects people's health (large share of occupational health problems of town forming enterprise employees in the health structure of the population).
4. It determines people's levels of skill and professionalism (most people are not ready to relocate, retrain or change occupation).
5. It has an impact on environment.
6. It influences infrastructural development (most social institutions somehow depend on the town forming enterprise).
7. It affects the institutional structure (economic and institutional environment underdeveloped for innovative growth).
8. It defines local future social and economic development through budgetary expenses.

To conduct a deeper study of how a town forming enterprise influences the happiness and well-being of people residing in a single industry town we will apply the anthropogenic humanized approach to social and labor relations (Fig.1) (Roshina, & Dyatlova, 2013). Social and labor relations in a town forming enterprise have a great impact on those of the whole single industry town. This premise predefines the elemental structure (sub-systems) of a human as a system: technical, social and institutional. It should be noted that in this paper we apply the sub-system approach towards social and labor relations in a single industry town. Poly-functional economies will have different elements of social and labor relations of people.



**Fig. 1.** Model of a human as a multifaceted being in a single industry town

Note: for the purposes of this research

\* technical system is viewed from social and production perspective.

\*\* social system is viewed from social and labor perspective.

\*\*\* institutional system is viewed from organizational and economic perspective.

Facet ‘human-as-an-employee’ plays the crucial role in the social and labor relations of a town forming enterprise in a single industry town. Influencing this facet we can exercise an impact on the ‘Human-as-a-socialized-individual’ facet and ‘human-as-a-consumer’ facet in the single industry town. For full analysis of social and labor relations of the town forming enterprise in a single industry town we need view all the facets comprehensively.

It is important to dissect the content of the facets specifying a human’s attitude towards the town forming enterprise and highlight two components of each facet (table 2):

- inside the system of the town forming enterprise;
- outside of the system of the town forming enterprise.

**Table 2.** Application of the anthropogenic humanized facet approach in analyzing social and labor relations of town forming enterprises and single industry towns in general.

Components of human’s facets towards the town forming enterprise	Manifestation of facets		
	Social and labor relations of a town forming enterprise	Social and labor relations of a single industry town	
Human-as-an-employee	inside the town forming enterprise	The town forming enterprise defines the levels of employment, income, professionalism, work conditions and safety for a substantial part of the population.	Labor market and social and labor sustainability of a single industry town depend on the town forming enterprise.
	outside of the town forming enterprise	The real level of a person’s incorporation into the system of the town forming enterprise should be defined taking into consideration the percentage of people directly or indirectly related to the enterprise (i.e. people working at social infrastructure objects)	Programs on local and regional economic and labor diversification, facilitating retraining activities as well as an active policy of stimulating local SMEs.
Human-as-a-consumer	inside the town forming enterprise	Large share of the population depends on the town forming enterprise in social welfare programs, work conditions, material bonuses for employees.	Constant control over the quality of goods, services produced/rendered both by the town forming enterprise and other companies.
	outside of the town forming enterprise	Most objects of social infrastructure in a single industry town belong to the town forming enterprise, so all the population becomes an indirect consumer of goods/services of the town forming enterprise.	Programs on SMEs support and boosting investment attractiveness (complex investment projects, etc.)
Human-as-a-socialized-individual	inside the town forming enterprise	The town forming enterprise defines the content and quantity of social welfare programs for its employees. Social responsibility of the town forming enterprise influences the life standard and well-being of its employees.	Social and economic development and the quality of life of the territory largely depend on the town forming enterprise’s socially responsible behavior (participation in social projects and social partnership events).
	outside of the town forming enterprise	The town forming enterprise influences the education system, social welfare programs, and local development projects; so there is a risk of cutting down social investment in the event of economic instability.  The town forming enterprise shapes basic conditions of social partnership (protection, work safety, wages etc)	No effective system of social partnership and measures to boost social responsibility in all local businesses.

Evidence from Kemerovo region shows even stronger dependence considering the role of coal in central heating, heating season in Siberia lasts from 8 to 9 months. In Leninsk Kuznetsky 35.2 % of all the housing (838.3 thousand square meters) have no access to central heating. The heat supply system

includes 35 boiler stations which service public organizations and private housing. The boiler stations of a single industry town use up to 16,000 – 20,000 tons of coal per year, and population with private heating systems uses up to 7,000 tons of coal per year. Thus the facet “human-as-a-consumer” is also significantly dependent on the town forming enterprise.

We also see that people’s well-being in the whole single industry town strongly depends on social programs implemented by the town forming enterprise. Activities of the town forming enterprise (SUEK-Kuzbass Inc.) can be referred to as strategic corporate social responsibility, with social responsibility idea incorporated into the corporate strategy and aimed at achieving long term competitive advantages (Porter, & Kramer, 2006). The corporation constantly renders material support and engages into charity events to help various social institutions. It also owns certain social infrastructure objects.

As evidenced by the research of people’s mental health in single industry towns, conducted by Kashkina L.V. (2013), the level of social trust of respondents employed by the town forming enterprise is statistically higher than that of respondents employed elsewhere.

So both sustainability of social and labor relations at the town forming enterprise and the level of social responsibility are important factors of people’s well-being.

Safety is an essential element and an underlying condition of sustainability. Safety should be provided on a long term basis as conditioned by the sustainability principle. To include the specifics of contemporary trends in social and economic development into the notion of sustainability we introduce the notion of sustainable safety (Roshina, & Dyatlova, 2012). Sustainable safety is at the same time a condition of sustainability and the indicator of social and labor relations and human well-being.

Applying the anthropogenic facet approach to sustainability and sustainable safety we propose a new approach of monitoring single industry towns. The need for a new approach is defined by the fact that traditional approaches evaluate social and economic development only by indicators related to: population, labor market, employment, personal income, and financial stability of the town forming enterprise. To raise the quality of the survey we propose to amend the single industry town assessment method used by the national government with the method we introduced in “A method for assessing social and labor relations sustainability of a town forming enterprise and a single-industry town” (Roshina, & Dyatlova, 2014). Our method was tested with our patented software “Evaluating social and labor relations sustainability of a town forming enterprise and a single-industry town” (software patent No 2014661200 of 24.10.2014).

Peculiarities and problems of social and labor relations of the town forming enterprise SUEK-Kuzbass Inc. and the single industry town Leinsk Kuznetsky are described in Table 3. The data shows their impact on people’s well-being. Evidence proves recent negative trends in the industry can result in a loss of sustainability (especially during a crisis) and social tension. We can see a locked-in labor market characterized by undiversified labor force which is a characteristic feature of the town forming industry.

**Table 3.** Characteristics of social and labor relations of the town forming enterprise SUEK-Kuzbass Inc. and the single industry town Leinsk Kuznetsky from the perspective of sustainability

Characteristic feature	Social and labor relations traits	Social and labor relations of the town forming enterprise SUEK-Kuzbass Inc. and the single industry town Leinsk Kuznetsky	
		Peculiarity	Problem level
1. Economic diversification	undiversified	+	***
2. Industry sector	+	Coal mining	***
3. The role of the town forming enterprise in the single industry town:	+	+	***
3.1. The share of the town forming enterprise in the sector	> 50 %	79 %	***
3.2. People employed at the town forming enterprise	> 20 %	24,4 %	**
3.3. Budgetary dependence on the town forming enterprise	+	28,9 %	***
3.4. Social infrastructure objects on the balance sheet of the town forming enterprise	+	No reliable data	*
3.5. The town forming enterprise's impact on the environment	+	High impact on environment; 5,4 times higher than the average national level in atmospheric emissions	***
3.6. The town forming enterprise's impact on health, work conditions and safety of the people	+	Work conditions and safety are at risk, occupational health problems exceed average regional values	***
3.7. The town forming enterprise's impact on wages	+	Average wages of the TFE's employees is 50 % higher than the local average in Leninsk Kuznetsky	*
4. Labor market diversification	Low	+	**
5. Labor mobility of people	Critically low	+	***
6. Performance of the town forming enterprise defines the quality of life	+	+	**
7. Labor market	Tends to monopsony	Monopsonic labor market	**
8. Unemployment	High	Moderate – 1,4%	*
9. Business activity, self-employment	Low	SMEs account for 14,1 % of the total output, SMEs employed workers make up 12.3 % of all the employed in the local economy	***
10. Social responsibility and social partnership level	Underdeveloped social partnership	High level of social responsibility of the town forming enterprise has a favorable influence on the quality of life and well-being of people	*

Legend:  
 \* – low importance of the problem  
 \*\* – medium importance of the problem  
 \*\*\* – high importance of the problem

### 3. Conclusion

Thus the evidence from assessment shows high dependence of the levels of happiness and well-being of the single industry town population on sustainable safety of the social and labor relations at the town forming enterprise, and its social responsibility. So timely and detailed monitoring of such territories with regard to social and labor relations sustainable safety is important.

The method that we propose allows assessing the levels of sustainability/safety of social and labor relations as well as local public and corporate policy effects. The method focuses on the quality of life

and well-being of people, social infrastructure, employment diversification, work conditions and safety, social partnership and social responsibility. It provides for a more comprehensive analysis of social and labor relations in single industry towns (considering the interdependence of sustainability, well-being and social responsibility of town forming enterprises) which will allow to take proper measures to achieve better life quality.

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