

A model for stakeholder engagement in mineral exploration in Finland

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ABSTRACT

The growing interest on the Fennoscandian mineral potential has resulted in a mining boom in Finland. A number of foreign companies are operating in Northern and Eastern Finland. This has caused opposition, firstly regarding the uranium exploration, but now concerning also other commodities, and even geological field work.

The stakeholder engagement is one of the main components of corporate social responsibility. Contacting and informing the local communities about mineral exploration at the very beginning of activities has helped companies to establish a good relationship with them, earning the local social license to operate. This paper describes a method of stakeholder engagement that has been used by the author in mineral exploration in Finland.

The main groups forming the local communities that should be taken in account in stakeholder engagement in Finland are the residents, landowners, mineral collectors, municipal administration, council, media, NGOs, entrepreneurs, as well as reindeer herders and Sámi People at Lapland. All of these should be contacted at an early stage of exploration, preferably already at the reconnaissance stage, but at least at the moment of claim application, which is the most critical moment. If the local community is not informed previously about the intentions and activity by the company and the claim application is communicated by authorities or media, it can cause fear and anxiety. This can culminate in opposition. The different approaches applied to contact and inform those community groups are described in the paper. The method is suggested also to be used in geo-

logical field work, respecting the local people, and avoiding possible conflicts when working on private lands.

1. INTRODUCTION

The stakeholder engagement is one of the main components of corporate social responsibility (CSR). Regarding the mining industry, it has been mainly studied concerning mines (Kapelus, 2002; Handelsman et al., 2003; Jenkins, 2004; Kemp et al., 2006; Kemp, 2010; Esteves and Barclay, 2011). However, mineral exploration has crucial importance in the mining life-cycle. It is the very first time when a company has contact with a local community, starting the construction of interaction and relationship between them. Therefore contacting and informing the local communities about mineral exploration at the very beginning of activities has helped many companies to establish a good relationship with them, earning the local social license to operate (SLO, Moon and Whateley, 2006). Despite that, the studies on stakeholder engagement in mineral exploration are few and mainly concentrated on developing countries (Common Ground Consultants Inc., 2007; Hohn, 2009; Luning, 2012). Most of the models and reporting systems for this activity were created for those conditions and/or having indigenous people in mind. Therefore these are not necessary appropriate when dealing with people of a developed country with a good educational level, public services, well-being, infrastructure, and respect for human rights and justice, like in Finland. In this sense, the stakeholder engagement emerges as the most important issue of CSR in developed countries, and the methods

and models should be adapted to local conditions.

This paper describes a model for stakeholder engagement that has been developed and used by the author in mineral exploration in Finland (Eerola, 2008, 2009). The local stakeholder groups are identified and the application of different approaches described when contacting and informing them.

2. MINING AND ITS OPPOSITION IN FINLAND

For a long time, the mining industry in Finland was entirely national, operated mainly by state-owned companies. Mining had large acceptance, as it was seen as an important part of a national effort to industrialize the country. During the 1990's, the state retrieved from mineral exploration and most of the mining. At the same time, Finland entered in the EU, what allowed foreign companies to explore diamonds and gold in the country. The challenges with lack of information on mining and geology among the general public and potentiality of resistance against foreign mining companies were already predicted at that time by Eerola (1996).

With the rise of metal market prices at the beginning of this millennium, increasing number of foreign companies started to invest in mining and exploration of several commodities in Finland, including uranium. Uranium exploration generated the first notable wave of opposition for mining activities in Finland during 2006 and 2008 (Eerola, 2008; Karasti, 2008; Litmanen, 2008; Sarpo, 2008), although the resistance has been greatly overestimated (Jartti and Litmanen, 2011). The debate on uranium ceased rapidly, but with the frequent environmental problems and the plan to produce uranium as a sub-product from Talvivaara, the biggest nickel mine in Europe, opposition for mining in general spread over the country, especially against foreign mining companies (Jartti et al., 2012). Actually there is now criticism towards all geological research. Therefore the industry, research community and the authorities try to look what to do with the situation.

3. CSR STUDIES ON MINING IN FINLAND

As the mining boom is very recent in Finland, there is little literature concerning its CSR. The uranium exploration has been the main subject of academic investigation (Eerola, 2008, 2009; Karasti, 2008; Litmanen, 2008; Sarpo, 2008; Jartti and Litmanen, 2011), but more recently, mines of other commodities have attracted attention (Sairinen, 2011; Jartti et al., 2012; Mononen, 2012; Rytteri, 2012), reflecting the international trend. Excepting the uranium, there are no papers dealing with the mineral exploration. As the subject is mostly studied by sociologists, they seem to not have perceived the importance of mineral exploration in CSR and company-community relations. The greater interest of social scientists on mines might be explained by their major environmental and social impacts.

The Finnish government considers mining as an important economic activity, especially in remote areas of Eastern and Northern Finland. Because of the problems that the industry is confronting with the public opinion, and the media, the Ministry of Employment and the Economy has recently launched a series of initiatives to guide the industry in order to obtain the SLO. The Mining Academy is one of them. It is a three year project lead by the Geological Survey of Finland, which looks for the best practices since mineral exploration to mine closing and after care, according with the CSR principles. The model presented here within for the stakeholder engagement in mineral exploration is recommended by it in Finland.

4. A MODEL FOR STAKEHOLDER ENGAGEMENT IN FINLAND

Eerola (2008, 2009) developed and applied a model for a local level stakeholder engagement in uranium exploration. However, here it is adapted for exploration of other commodities. The model takes in account diverse community groups, with tailored approaches to interact with them. The central issue of the model is communication and the establishment of first contacts with communities.

4.1. Mineral exploration and the Mining Act

The proposed model is a process-like approach, following the steps guided by the Finnish Mining Act for mineral exploration.

Based on the Nordic specialty, the so called *every man's law*, people are allowed to move in private lands to collect fruits, mushrooms, minerals and rocks. This permits also reconnaissance and preliminary geological investigations, such as mapping, geophysical surveys and light sampling for anyone without any official permit.

According to the Mining Act, the company can apply for claim reservation in order to guarantee the privilege to apply for a claim. However, the claim reservation does not permit full exploration with drilling and trenching. This is allowed by a claim.

The licensing for mineral exploration and mining is carried out by the Finnish Safety and Chemicals Agency, which also informs the landowners about the applications for those. However, landowners can also give permits for drilling and trenching in their own lands.

4.2. Timing

The contacts with local communities should be made at an early stage of exploration, preferably already at the reconnaissance stage, as also recommended by Moon and Whateley, (2006), and Common Ground Consultants (2007), but at least when applying for a claim, which is the most critical moment (Eerola, 2009). This is due to the fact that if the local people are not informed previously about the intentions and activity of the company in the region by itself, and they become aware of the claim application by other means (media, authorities) as a surprise, it can cause fear, anxiety and irritation (Eerola, 2008, 2009). This, for instance, may culminate in opposition and possible conflict. In order to avoid that, the company must be proactive in contacting the local community first.

4.3. Identification of local community groups

The concept of community and definition of its constituents by mining companies has been a subject of debate, especially regarding developing countries (e.g. Kapelus, 2002; Jenkins, 2004; Kemp et al., 2006; Luning, 2012). Differ-

ent approaches (e.g. anthropological studies) have been suggested in order to define which stakeholders compose the local communities (Jenkins, 2004; Luning, 2012). However, the situation is much more simply in Finland than in remote areas of developing countries. Based on the author's experience, the key groups of the local communities that should be taken in account in Finland are the residents, landowners, municipality administration and council, media, NGOs, entrepreneurs (Eerola, 2009), and mineral collectors, as well as the reindeer herders and Sámi people at Lapland. Although many times the groups overlap and interact dynamically, the two last groups deserve some special considerations, given in later sections.

4.4. Approaches with local stakeholder groups

The contacts and communication are suggested to be made in Finnish, and personally by a geologist operating in the area. The exclusive use of press releases and/or communication professionals should be avoided (Eerola, 2009). Contact information is given, permitting the two-way communication, and expression of questions and possible worries for the company.

The groups composing communities in Finland are briefly characterized and their tailored approaches are given below.

4.4.1. Inhabitants and landowners

The inhabitants and landowners within or at vicinities of the target area form the most important group. Many times the local residents are also landowners. They are frequently the very first people met already at the beginning of the field work. However, instead to be met by chance in the field, they are suggested to be visited at their houses. In the visit, a geologist should introduce himself, the company and its activities and intentions on the area. It is also good to tell about the geology and mineral potential of the region. Landowners and residents can be asked to show the previous mineral exploration sites in the field.

Landowners can permit drilling and trenching in their own lands, and services can be contracted for mineral exploration works. Systemat-

ic, heavy sampling requires them to be communicated by written on that.

4.4.2. Mineral collectors

Collection of rocks and minerals is a common hobby in Finland, with several associations dedicated to this activity. Many laymen search and collect ore minerals found in glacial boulders and outcrops, and send samples to be evaluated by the Geological Survey of Finland (GTK). Several ore deposits have been found by this way by the GTK. Contacting the enthusiasts on rocks and minerals can be valuable support for mineral explorers, as potentially helpful information for geologists. The company can actually stimulate this activity by rewarding the collectors of best samples.

4.4.3. Reindeer herders

The reindeer herding is a traditional livelihood in Northern Finland. The herders are recommended to be contacted through their Association, but it can be done also at their home and/or in the field. The reindeer grazing might impose some special conditions that should be taken in account in mineral exploration and discussed with them. Those are the period more appropriate for mineral exploration and protection and signing of trenches without disturbing the reindeer herds. The Reindeer Herding Association published recently a guide for land use and reindeer herding, taking also in account mineral exploration and mining (Paliskuntain yhdistys, 2013). Services and work force are recommended to be contracted for mineral exploration.

4.4.4. Municipal administration and council

The Municipal administration and council are important to be contacted. However, those should not be considered as the main representative of a community, which is a common mistake of mining companies (Kapelus, 2002; Jenkins, 2004; Common Ground Consultants, 2007; Hohn, 2009); the permits and approval given by authorities are not any guarantee for a local acceptance of a project.

It is recommended to arrange a meeting and discussion with the mayor and the administrative board, and to give a lecture for them, the

council and general public on the company, its activities, and intentions, as well as on the geology and mineral potential of the region.

4.4.5. Local media

Generally, the local media is represented by a local journal. It is recommended to be proactive in approaching the media, visiting the press office, meeting the Chief Editor, and telling him about the company and its activities. A journalist can be invited to do the interview in the field, showing him the area and what is done there. A good coverage in the local media helps the company and geologist to be known in the region. A press conference for other, national and province level medias can also be arranged.

4.4.6. NGOs

The local NGOs may comprise environmental, forestry, hunting, fishing, and village associations. Those should be assessed and contacted. It is good to have meetings with them, and give lectures on the company, its activities and intentions and region's geology and mineral potential. They can also be invited for a trip to the field to show the activities.

4.4.7. Entrepreneurs

The local entrepreneurs can be a powerful and influential group. Regarding the mineral exploration, the most important of them are the tourism, forestry and service provider entrepreneurs. It is recommended to visit them and contract services for mineral exploration, investing on the place. This way the local community participates and receives benefits from the mineral exploration. In turn, mineral explorers benefit of the local expertise.

The tourism entrepreneurs can be worried about mineral exploration, because of the social and environmental impacts of mines, which might affect their business. Clear plans on mineral exploration should be shown and a mutual understanding on the benefits and solutions for eventual problems that mineral exploration and a possible mine can bring to the region should be attempted.

4.4.8. The Sámi people

Although Sámi people are an indigenous group, they are quite well integrated with the Finnish society. Therefore contacting and dealing with them does not require any special approach, but usually it can be made in the same way as is done with landowners and local residents elsewhere in Finland. However, very recently, in some cases they have required written communications in the Sámi language, and the Sámi Parliament has started to systematically oppose any geological activities in Lapland, refusing a dialogue. This seems to be related with the discussion on the ratification of the ILO's Agreement 169 on the Indigenous People's Rights by Finland.

5. DISCUSSION

The company's absolute and unconditional support for stakeholder engagement is crucial for its success (Eerola, 2009; Kemp, 2010). In this sense, there might be internal problems in its application, that are reflections of the past and culture in a new, current situation in Finland: For centuries, *every man's law* has allowed anyone, including geologists, to move on private lands with no need for explanations or permissions. As geologists are used to do so, this can create problems. The Finnish culture is also not very communicative, and shy geologists can prefer to avoid contact with the locals "hidden in the bush", instead of being proactive in looking for it. This may give a secretive impression, raising doubt and mistrust. There is also the old generation of Finnish managers who worked as field geologist at the time when mining was largely accepted, and they might have difficulty to adapt the companies' strategy for the current reality that requires totally new approach with the local stakeholders.

6. CONCLUSIONS

A model for stakeholder engagement in mineral exploration in Finland was presented. It takes into account diverse constituents of local communities. The approaches in contacting them were differentiated. The purpose of the de-

scribed approaches is to have a contact with the local community in a wide scale, "showing the face" of the company, establishing a dialogue, and to obtain a good image and relationship with the locals since the beginning of mineral exploration in the region. It is important to tell about the realities of mineral exploration, and to avoid to raise up fears and false expectations on the future of the project. Lectures are the most common approach applied for wider audiences, but people also appreciate personal contacts, honesty and openness demonstrated by geologist and his company, creating trust that is essential in obtaining the SLO. Actually, a geologist is the "visiting-card" of the company, in which the social ability and communication skills are important.

Maintaining a good relationship, staying present at the region and open for feedback from the locals during the whole duration of the project, and participating actively in the community are important. In the best case, if properly conducted, a company obtains the local acceptance for its activities by local stakeholder engagement since the very beginning of its activities at a region. After that, it is easier to construct a partnership with the local community in the case of a possible mine.

Due to a recent critical attitude even towards geological field work, the model can be also applied on it, by being polite, respecting the local people, and avoiding possible conflicts when working on private lands. The stakeholder engagement is also an excellent opportunity to talk about geology for the general public.

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