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Local stakeholder engagement of mineral exploration companies within the corporate social responsibility (CSR) framework: Insights into companies operating in Northern Finland

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After the turn of the millennium, criticism towards the global mining industry has awakened mining companies to the need for addressing not only their shareholders but also a wider set of stakeholders as part of their corporate social responsibility (CSR). CSR is not only about ethics, but it entails also business benefits and political power implication, and there is essentially a social demand for it. Companies engaging with their local stakeholders already from the beginning of mineral exploration seem to have better opportunities for building sound company-stakeholder relationships, supporting also the social licence to operate (SLO) in the actual mining stage. In Northern Finland the relevance of the mining industry's local stakeholder engagement has been underlined due to the ambiguous discourses of the need for an inclining economy and nature conservation.

The purpose of this study is to look into how mineral exploration companies approach their local stakeholders in this challenging context. The study presents perspectives of three transnational mineral exploration companies on local stakeholder engagement in Northern Finland. The qualitative, empirical data was gathered by 14 semi-structured interviewees with employees from different levels of the three case companies' local business units.

The three case companies expressed a high motivation for local stakeholder engagement. The activity was seen as a requisite of the case companies' local operations and a source of business benefits, but it was also internalized as ethical behaviour and corporate citizenship. Bad reputation of the industry in Finland, slow licence processing, volatile price development as well as operating in a sensitive natural environment were some of the case companies' shared challenges to overcome. However, despite the various mutual and company-specific challenges in the local contexts, all three case companies still considered to having succeeded in gaining and maintaining the local stakeholders' trust and approval.

Openness, honesty and trust building was underlined to be the most important elements in local stakeholder engagement. Informing the locals about the constant changes in the case companies' mineral exploration projects and facilitating dialogue were emphasized. The employees' genuine, direct, informal and personal communication with the local stakeholders was underlined. Operating in Finland was seen to require Finnish language skills and a local business unit, and understanding the local context and contributing to the local economic liveliness were essential. According to the study, local stakeholders can be addressed by various channels, explicitly and implicitly, and the engagement was found to be truly holistic activity.

Keywords: Corporate social responsibility, local stakeholder engagement, social licence to operate, mineral exploration, mining industry, Northern Finland

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Vuosituhannen vaihteessa kritiikki globaalia kaivostoimintaa kohtaan on herättänyt kaivosteollisuudessa kasvavan tarpeen sisällyttää yritysten yhteiskuntavastuun piiriin yhä laajempi joukko sidosryhmiä osakkeenomistajien lisäksi. Yritysten yhteiskuntavastuussa ei ole kyse vain etiikasta, vaan se sisältää lisäksi liiketoimintaetuja ja poliittisia näkökulmia. Lisäksi yrityksillä on sosiaalinen paine ja tarve kantaa yhteiskuntavastuuta. Yrityksillä, jotka ovat paikallisten sidosryhmien kanssa vuorovaikutuksessa jo malminetsintävaiheessa, näyttäisi olevan paremmat edellytykset saavuttaa hyvät suhteet ympäröiviin sidosryhmiin. Malminetsintävaiheen sidosryhmävuorovaikutuksella yritykset voivat myös edistää varhaisen kaivostoiminnan sosiaalista hyväksyttävyyttä. Pohjois-Suomessa kaivosteollisuuden paikallisen sidosryhmävuorovaikutuksen merkitys korostuu taloudellisen vaikuttavuuden ja toisaalta luonnonsuojelun vaatimusten ristitulessa.

Tämän tutkimuksen tarkoitus on tarkastella malminetsintäyritysten paikallista sidosryhmävuorovaikutusta tässä haastavassa kontekstissa. Tutkimus esittelee kolmen ylikansallisen malminetsintäyrityksen näkökulmia paikalliseen sidosryhmävuorovaikutukseen Pohjois-Suomessa. Laadullinen, empiirinen tutkimusaineisto kerättiin neljässätoista puolijäsennellyssä haastattelussa, jotka tehtiin kolmen case-yrityksen paikallisen liiketoimintayksikön työntekijöille eri organisaatiotasoilla.

Kolmen tutkitun case-yrityksen nähtiin olevan hyvin motivoituneita paikalliseen sidosryhmävuorovaikutukseen. Vuorovaikutusta pidettiin case-yritysten paikallisen toiminnan edellytyksenä, ja sillä nähtiin olevan suoria etuja niiden liiketoiminnalle. Lisäksi paikallinen sidosryhmävuorovaikutus oli sisäistetty osaksi hyvää käytöstä sekä yritysten yhteiskunnallista asemaa. Case-yritysten yhteisiä haasteita olivat kaivosteollisuuden huono maine Suomessa, hidas lupakäsittely, epävakaa hintakehitys, sekä toiminta herkkien luontokohteiden tuntumassa. Kuitenkin näistä yhteisistä sekä muista yrityskohtaisista haasteista huolimatta kaikkien kolmen case-yrityksen koettiin saavuttaneen paikallisten sidosryhmien luottamus ja hyväksyntä.

Avoimuus, rehellisyys sekä luottamuksen rakentaminen nähtiin tärkeimpinä tekijöinä sidosryhmätoiminnassa. Paikallisten sidosryhmien informointia malminetsintäprojektien jatkuvista muutoksista sekä vuoropuhelun edistämistä korostettiin. Työntekijöiden aitoa, suoraa, epämuodollista ja henkilökohtaista kommunikointia paikallisten sidosryhmien kanssa pidettiin tärkeänä. Suomessa toimimiseen koettiin vaadittavan suomen kielen taitoa sekä paikallista liiketoimintayksikköä, ja paikallisen kontekstin ymmärtäminen sekä paikallisen taloudellisen toiminnan edistäminen nähtiin keskeisenä. Tutkimuksen mukaan paikallisten sidosryhmien kanssa vuorovaikuttaminen voi saada monenlaisia suoria ja epäsuoria muotoja, mikä tekee siitä hyvin kokonaisvaltaista toimintaa.

Asiasanat: Yritysten yhteiskuntavastuu, paikallinen sidosryhmätoiminta, sosiaalinen hyväksyttävyys, malminetsintä, kaivannaisteollisuus, Pohjois-Suomi

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Glossary and abbreviations

CRIRSCO   Committee for Mineral Reserves International Reporting Standards

CSR/ CR   Corporate social responsibility / corporate responsibility

ELY   Finnish Centre for Economic Development, Transport and the Environment

FANC   Finnish Association for Nature Conservation

IGO   Inter-governmental organization

IIED   International Institute for Environment and Development

Junior   A mineral exploration company that does not mine the ore deposits

MMSD   Mining Minerals and Sustainable Development

Metsähallitus Finnish state enterprise administering more than 12 million hectares of state-owned land and water areas.

Natura2000   EUwide network of nature protection areas

NGO   Non-governmental organization

NIMBY   Not-in-my-back-yard

Paliskunta   Reindeer Herders' Association

SLO   Social license to operate

Tukes   Finnish Safety and Chemicals Agency

UN   The United Nations

UNFC   United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources

WBCSD   World Business Forum for Sustainable Development

1 Introduction

1.1 Background

Corporate social responsibility (CSR or CR) is a framework underpinning companies' economic, environmental and social responsibility (Marrewijk, 2003) not only towards *shareholders* but also a wider set of *stakeholders* included in companies' operating environment (Carroll 1979; Freeman 1984; Donaldson and Preston 1995; Verdeyen et al. 2004; Joutsenvirta et al. 2011; Mutti et al. 2012). Within the CSR framework, companies interact with global, national, regional and local stakeholder levels. Seen as part of CSR, the social licence to operate (SLO) is a term used for the trust and approval of local stakeholders enabling companies to operate locally (Thomson and Joyce 2000a, 2000b; Nelsen and Scoble 2006; Thomson and Joyce 2008; Prno and Slocombe 2012; Owen and Kemp 2013). The SLO is not a formal agreement but rather a "green card" that has to be confirmed every day, and it can be gained and maintained by local stakeholder engagement (Thomson and Joyce 2000b; Prno and Slocombe 2012).

Mining and mineral exploration are dependent on ore deposits located in the bedrock. They are locally fixed activities that cannot be *offshored* or shifted to other locations. In order to ensure continuation of mineral exploration or mining, local stakeholder engagement must be started already in the beginning of mineral exploration, the first stage of the mining life-cycle (Thomson and Joyce 2000b; Thomson and Joyce 2008; Eerola 2008, 2009; Luning 2012).

This study focuses on local stakeholder engagement of mineral exploration companies operating in Northern Finland. Due to the rise of the global metal market prices, the Finnish bedrock's mineral resources (especially metals such as Fe, U, Cu, Au and Ni) started to re-attract attention in the last decades (Eerola, 2008). Today a number of foreign companies explore and exploit minerals in the country (Ministry of employment and economy, 2013), and Finland was recently ranked by the Fraser Institute as one of the world's most mining-friendly environments (Wilson et al., 2013). Having realized the mineral potential of Finland, the Finnish government has taken the initiatives to develop the business environment and to promote the responsibility standards of mining in the country (Ministry of employment and economy, 2013). Nevertheless, environmental problems of one of the largest mining operations (Talvivaara 2010, 2012a, 2012b, 2012c,

2013), the presence of uranium in Finland's bedrock (Eerola 2008; Jartti and Litmanen 2011), foreign mining companies' exploitation of the country's mineral resources and speculation over the consistency of natural conservation and mining are emergent issues in public and academic discussion (Sairinen 2011; Jartti et al. 2012; Mononen 2012; Rytteri 2012; Ziessler et al. 2013). Today mineral exploration and mining companies operating in the country must commit to active engagement and participation in local life to ensure local stakeholders' approval (Mononen 2012; Eerola 2013b).

Globally there are lots of studies on mining companies' local stakeholder relations (Andrews 1998; Veiga et al. 2001; Kapelus 2002; Kemp et al. 2006; Garvin et al. 2009; Kemp 2010; Esteves and Barclay 2011; Kemp et al. 2011; Everingham 2012; Mutti et al. 2012; Prno and Slocombe 2012; Owen and Kemp 2013). However, there are fewer studies on the subject in terms of mineral exploration (Thomson and Joyce 2000b, 2008; Hohn 2009; Gunningham 2011; Luning 2012), since most of the studies rather focus on mining. This is the case also in Finland. Mineral exploration companies' local stakeholder engagement has been studied in Finland in terms of company-community communication in uranium exploration conflicts (Eerola 2008, 2009) but hardly regarding exploration of other minerals, which until recent years have not seemed to intrigue major company-community conflicts in the country and hence the interest of sociologists. This study serves for broadening the insight into mineral exploration companies' local stakeholder engagement in Northern Finland, complementing the international-scale research with case studies from a post-industrialized context.

1.2 Research problem, objectives and questions

The main research problem of this study is: *"Why and how local stakeholder engagement is manifested as part of the corporate social responsibility (CSR) framework by mineral exploration companies globally and in the special context of Northern Finland?"* The main objective is to explain by the use of international academic literature and by empirical case studies from Northern Finland why and how mineral exploration companies engage with their local stakeholders.

Table 1: Research problem, questions and objectives

	Research problem	Main objectives
Overall study	*"Why and how is local stakeholder engagement manifested as part of the corporate social responsibility (CSR) framework by mineral exploration companies globally and in the special context of Northern Finland"*	Explain by the use of international academic literature and by empirical case studies from Northern Finland why and how mineral exploration companies engage with their local stakeholders
	Research questions	**Objectives**
Literature review	*1. Why and how is local stakeholder engagement manifested as part of the corporate social responsibility of mining and mineral exploration companies according to international academic literature?*	Introduce corporate social responsibility and mining and mineral exploration, and look into academic literature about corporate social responsibility and local stakeholder engagement in this specific context.
Empirical study	*2. Why and how do mineral exploration companies operating in Northern Finland engage with their local stakeholders?*	Present three mineral exploration companies' (C1, C2 and C3) perspectives of their local stakeholder engagement.

In practical terms, the study approaches the main objective by two research questions (Table 1). The first one is: *"Why and how local stakeholder engagement is manifested as part of the CSR of mining and mineral exploration companies according to international academic literature?"* The corresponding objective is to introduce mining and mineral exploration and to look into academic literature about CSR and local stakeholder engagement in this specific context. There is little research focusing exclusively on the CSR of mineral exploration, and looking also into the broader context of CSR of mining provides significant insights into the actual focus.

The second research question is: *"Why and how mineral exploration companies operating in Northern Finland engage with their local stakeholders?"* (Table 1). The corresponding objective is to present three mineral exploration companies' (C1, C2 and C3) perspectives of their local stakeholder engagement. This is the empirical part of the study, and it is carried out as a multiple-case study, entailing mainly *intrinsic* but also instrumental *objectives* (Baxter and Jack, 2008). The research approach is described in more detail in chapter 5.

1.3 Scope of the research

The literature review covers international literature on CSR, mining, and CSR and stakeholder engagement in the mining sector and especially in mineral exploration. Based

on the literature review, the empirical part of the study concentrates on three qualitative case studies about the local stakeholder engagement of mineral exploration companies operating in Northern Finland. The qualitative data consists of 14 semi-structured case company interviews with employees from various organizational levels. While local stakeholder engagement could be studied also from the local stakeholders' perspective, this study was chosen to focus on the case companies' perspectives. A more comprehensive study such as a doctoral dissertation would be needed to integrate the company and stakeholder perspectives.

1.4 Structure of the research

The study is divided into a literature review, an introduction to research methodology, an empirical study and discussion on the results. The literature review starts in chapter 2 by an introduction to CSR. Companies' responsibility towards shareholders and stakeholder is discussed, governance developments and the SLO are introduced, ethical and instrumental CSR is discussed, and the relation of CSR to sustainable development is covered in the chapter. Chapter 3 comprises an introduction to the mining industry and mineral exploration, and chapter 4 deals with CSR and local stakeholder engagement in the special fields of the mining industry and mineral exploration.

Chapter 5 introduces the Finnish research background, the research methodology and the unified structure of the within-case descriptions, and chapter 6 presents the results of the research. The objective of the three within-case descriptions on the case companies C1, C2 and C3 is to study (i) the case companies' organizational aspects and (ii) local stakeholder groups, (iii) employees' insights into these groups' perceptions of the case companies, (iv) manifestation of local stakeholder engagement, and (v) the impact of certain company or project specific factors in a uniform manner. After the within-case descriptions follows *intrinsic* cross-case comparison and reflection on literature. Chapter 7 entails presentation of the main findings, *instrumental* case study discussion, evaluation of the research, practical recommendations, avenues for future research, and concluding remarks.

2 Corporate social responsibility

The objective of this chapter is to provide a solid background for the specific issues of CSR related to the mining industry discussed in chapter 4. This chapter hence provides insight into the concepts related to the first research question: *"Why and how is local stakeholder engagement manifested as part of the corporate social responsibility of mining and mineral exploration companies according to international academic literature?"*

2.1 Introduction to corporate social responsibility

CSR is a voluntary framework underpinning companies' responsibility towards their stakeholders (Carroll, 1979). According to Yakovleva (2008, 9), CSR can be categorized into economic, judicial, moral and ethical, environmental, and social responsibility, but many authors distinguish three main categories; economic, environmental and social responsibility (Marrewijk, 2003), often referred to as the "triple bottom line" (Table 2) that companies should care for instead of concentrating only on their economic performance (Elkington, 1997).

In practical terms, CSR comprises a wide set of principles, guidelines and frameworks such as the World Business Council for Sustainable Development, as well as the Global Compact, OECD Guidelines, Global Reporting Initiative, Social Accountability 8000, AccountAbility 1000, ACMM Principles, Voluntary Principles on Security and Human Rights and World Bank Performance Standards etc. (On Common Ground Consultants Inc., 2007). Additionally, each industry has adopted a set of CSR standards tailored to correspond to their specific features.

CSR has awakened discussion for decades. In the 1930's, Wendell Wilkie helped to educate a new sense of social responsibility (Carroll 1979, 497), and *Social Responsibility of the Businessman,* published by Howard R. Bowen in 1953 (Garriga and Melé, 2004), marked the start of the modern era of CSR. While CSR started mainly as altruistic corporate philanthropy in the 17th century (Smith, 1994), today the companies' CSR commitments have broadened to entail also *integration* and *innovation* besides *philanthropy* (Halme and Laurila, 2008), as illustrated in Table 2.

The CSR categorization of Halme and Laurila (2008) addresses the relation of CSR to companies' core businesses. While CR philanthropy is outside companies' core business,

CR integration lies close to existing core business and CR innovation enlarges core businesses or develops new businesses (Halme and Laurila, 2008). In the networked business environment of today, the versatile CSR implications entail amply possibilities for companies. They can for example establish innovative collaboration with non-governmental organizations (NGOs), which has been noted to incorporate remarkable possibilities for companies to overcome challenges in building constructive community relations (Hollender 2004; Korppi 2012).

There are dozens of definitions of CSR today. According to the one formulated by the World Business Forum for Sustainable Development (WBFSD), CSR is "ethical behaviour of a company towards society", in particular meaning "management acting responsibly with other stakeholders who have a legitimate interest in the business" (WBCSD, n.d.). However, even though no universally accepted definition of CSR can be found (Garriga and Melé 2004; Matten and Moon 2008), in the context of this study, CSR is understood as *liability* or *accountability* not only towards shareholders but also stakeholders, as the definition of the WBFSD suggests. This articulation addresses the long-lasting debate of *shareholder* and *stakeholder theories*, both being "normative theories of corporate social responsibility, dictating what a corporation's role ought to be" (Smith, 2003).

Numerous academics have contributed to the set of different classifications of the manifold CSR theories (Carroll 1999; Garriga and Melé 2004; Matten and Moon 2008; Baraka 2010). According to one of the most recent and comprehensive ones by Garriga and Melé (2004), four basic categories of CSR theories can be distinguished, comprising the *instrumental*, *political*, *integrative* and *ethical* perspectives, entailing four corresponding approaches to CSR (Table 2). The categorization of Garriga and Melé (2004) is widely applied in this study.

The *instrumental* approach to CSR addresses meeting objectives that produce long-term profits. The approach entails the objective of maximizing the shareholder value, strategies for achieving competitive advantage, cause-related marketing, as well as strategies for the bottom of the economic pyramid. The *political* approach to CSR underlines using business power in a responsible way. It is related to corporate constitutionalism, corporate citizenship and an integrative social contract theory. The *integrative* approach to CSR focuses on social demands, driving companies to respond to the social and political issues

they evoke in society. The approach underlines issues management, public responsibility, stakeholder management and corporate social performance. According to the *ethical* perspective, CSR is about contributing to a good society by doing what is ethically correct. It addresses normative stakeholder theory, sustainable development, the common good approach, and universal rights. (Garriga and Melé, 2004).

Table 2 presents the author's summary of the *what*, *why*, *how* and *who* of CSR, discussed in this section.

Table 2: CSR: what, why, how and who? (summary by author)

Categorization				Reference
What?	**Economic responsibility**	**Environmental responsibility**	**Social responsibility**	(Marrewijk, 2003)
	Spheres of companies' responsibilities towards stakeholders			
Why?	**Instrumental CSR**	**Political CSR** / **Integrative CSR**	**Ethical CSR**	(Garriga and Melé, 2004)
	Meeting objectives that produce long-term profits	*Using business power in a responsible way* / *Meeting social demands*	*Contributing to a good society by doing what is ethically correct*	
How?	**CR Philanthropy**	**CR Integration**	**CR Innovation**	(Halme and Laurila, 2008)
	CSR is outside of firm's core business	*CSR is close to existing core business*	*CSR comprises enlarging core business or developing new business*	
Who?	**Stakeholders (besides shareholders)**			(Freeman et al., 2010)
	Addressed by companies' CSR commitments			

2.2 The stakeholder approach

The term *stakeholder* appeared in the 1960's, challenging the notion of *stockholders* or *shareholders* as the only group to whom a company's management should be responsible (Freeman et al., 2010). The shareholder theory asserts, as Smith (2003) put it, that "shareholders advance capital to a company's employees, who are supposed to spend corporate funds only in ways that have been authorized by the shareholders". Milton Friedman, a strong proponent of the shareholder theory, contended in 1962 that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it... engages in open and free competition, without deception or fraud" (Friedman 1962, 133 cited in Smith 2003, 85).

However, Archie B. Carroll, one of the pioneers of the modern CSR theory, formulated in 1979 (Carroll, 1979) that corporations had economic, as well as legal, ethical, and discretionary responsibilities towards society to fulfil. While Friedman emphasized the financial responsibility of companies, current CSR comprising the societal stakeholder perspective underlines that companies should address the principles of sustainable development throughout their processes in relation to their stakeholders.

According to Post et al. (2002 ref. Mutti et al. 2012, 213-214), stakeholder engagement is part of the stakeholder theory comprising three basic components: (i) "flow of benefits and potential threats between companies and stakeholders", (ii) "varied and discrepant issues of companies and stakeholders", and (iii) "stakeholder networks". In other words, stakeholder engagement comprises different spheres of action between companies and their stakeholder networks that have to be ranked and understood properly in order to address their needs. Stakeholder engagement does not have to be moral as such, and companies have various approaches to it (Greenwood, 2007). In this study, however, it is seen as part of CSR rather than part of managerial or social control activities.

The stakeholder theory doesn't privilege shareholders as the only normative objects of business responsibility but rather addresses a wider set of stakeholders who are "the individuals and constituencies that contribute, either voluntarily or involuntarily, to a [company's] wealth creating capacity and activities, and who are therefore its potential beneficiaries and/or risk bearers" (Post et al. 2002, 8). As Freeman et al. (2010) assert, stakeholder theory suggests adopting the *relationship* of stakeholders and business as the unit of analysis. Looking into these relationships is at the core of this study.

2.3 Drivers of corporate social responsibility

This section delves into the background of CSR. The section provides insight into the different perspectives of CSR, applying the categorization of *political*, *integrative, ethical and instrumental* CSR theories by Garriga and Melé (2004).

2.3.1 Political and integrative approaches: governance shift, legitimacy and the social license to operate

In the last decades, the international business and societal environment has become characterized by globalization and economic interdependency. In the 1990's, the role of states as overall providers and operators of institutions through legal and regulatory

frameworks and a strong rule of law started to change (Labonne, 1999). The direction of the shift has been towards a governance concept that encompasses the three overlapping domains of states, civil society and the private sector (Labonne 1999; Prno and Slocombe 2012). In this light, the notion of governance shift underlines the globally growing role of non-state actors beside the traditional state, implying that *government* has lost a significant share of its monopoly as a source of coercive power (Prno and Slocombe, 2012).

According to Prno and Slocombe (2012), the shift from the traditional government paradigm to a hybrid form of governance and governing stresses interaction, cooperation, and negotiation between societal actors or entities, the focus of action being in goal-oriented societal problem-solving in inter-organizational networks, comprising NGOs and other actors of the civil society, governmental actors such as states and inter-governmental organizations (IGOs), and multinational enterprises. However, the relatively diminishing power of nation states and the growing influence of corporations has distinct implications in the developed and developing world (Hamann, 2003). In developing countries, according to Hamann (2003), industrial activities such as mining are often surrounded by an environment of corruption, monopolization, inadequate regulatory bodies, taking place in remote, poor and marginalized communities, resulting the companies to become a sort of "de facto government" (Banerjee, 2001).

The United Nations (UN) and numerous UN-related conferences and programmes reflect the social awareness (Labonne, 1999) that has arisen along with the governance shift towards global networks of NGOs, governments and capital flow (McGrew 2002, 141-153), bringing on an increased demand for sustainable development (Prno and Slocombe, 2012). The governance shift, along with the arisen public awareness especially within the developed world has remarkably contributed to the call for CSR since the 1990's and it has essentially underlined the role of companies as proactive, responsible societal actors (Labonne 1999; Matten and Moon 2008; Prno and Slocombe 2012). Using the CSR categorization of Garriga and Melé (2004), the political CSR theory seems to having yielded the integrative one.

Today companies need to *legitimate* their operations for their stakeholders with different social expectations (Matten and Moon 2004; Baraka 2010), and a SLO must be obtained from stakeholders in order to sustain community support and approval for operations

(Nelsen and Scoble, 2006). The SLO can be regarded to be gained by responding to the demands and expectations emerging from neighbourhoods, environmental groups, community members, and other elements of the surrounding civil society (Gunningham et al., 2004).

To explain the dynamics of the aforementioned global changes and company-community relations, Waddock and Boyle (1995) argued that (i) external factors such as globalization, alliances, global competition and government, and (ii) internal factors such as technology, restructuring, decentralization and economic and resource constraints, shape companies' role as global competitors. According to Waddock and Boyle (1995), this affects companies' relations to communities, which are likewise affected by various factors such as contingent workforce, resource constraints and more sophisticated awareness of CSR.

Also the institutional tradition has contributed to the understanding of the change in companies' relation to CSR by contending that organizational practices change and become institutionalized because they are considered legitimate (DiMaggio and Powell, 1983). According to Moir (2011), the institutional approach can be applied to explain the expanded application of CSR as a response to the call for social licence by the public.

Companies as part of the shifted governance have been enforced to set out CSR practices, and today self-regulation within the CSR framework has arisen as a new norm of market governance (Prno and Slocombe, 2012). Accordingly, the lack of legislative references in its definitions indicates that CSR calls for universal business commitments that "go beyond the law" (On Common Ground Consultants Inc., 2007). As Carroll (1999) contended, social responsibility begins where the law ends.

It remains a challenge to find suitable tools to measure the extent to which companies manage to reach responsibility in their actions and whether they succeed to meet their stakeholders' needs. Many authors refer to the SLO as a measure of successful responsibility towards stakeholders, but the perspective has been criticized to ignore the possibility of the existence of voiceless stakeholders who haven't got the chance to pronounce their claims (Owen and Kemp, 2013).

2.3.2 Instrumental and ethical approaches: for the sake of ethics or profit?

The instrumental view of CSR is commonly called the *business case for CSR* (Hamann 2003; Luning 2012). According to the approach, engagement with the public and civil society are companies' real interests because company-community partnerships established under the umbrella of CSR enhance reputation and brand values of companies, validating a licence to operate and providing tools for improved risk management (World Bank 2006, 23). According to several authors (Donaldson and Preston 1995; Jones and Wicks 1999; Kapelus 2002; Freeman et al. 2010; Esteves and Barclay 2011), addressing responsibility issues towards stakeholders within the CSR framework is attractive for companies because it eventually adds to the financial bottom-line which remains the main focus of companies' activities. According to Weber (2008), five main areas of CSR business benefits can be identified: positive effects on company image and reputation, positive effects on employee motivation, retention and recruitment, cost savings, revenue increases from higher sales and market share, and CSR-related risk reduction or management, which is closely related to the SLO paradigm. On the other hand, CSR causes also on-time and continuous costs, such as one-time and continuous donations, fees, and investment, personnel and material costs (Weber, 2008).

Contributing to the discussion about the cost-profit balance of CSR activities, Porter and Kramer (2006, 2) argued that "CSR can be much more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation, and competitive advantage". According to Porter and Kramer (2006), the heightened public attention and strong responses to issues which companies still a few decades ago had not thought to be part of their business responsibilities, cause today a significant business risk for companies that *don't* follow CSR guidelines in their practices.

However, Hamann (2003) argued that the benefit of CSR to business is improved trust and relationships with key stakeholders, which cannot be measured by short-term profit margins. Furthermore, according to Porter and Kramer (2006) even though the business risk of *not* applying CSR in business principles has been noticed by business practitioners, corporate responses have often been rather cosmetic than strategic or operational. Nevertheless, apart from the speculations of the extent and depth to which organizational CSR is actually being integrated in organizations and business processes, the CSR framework is *instrumentally* justifiable because understating CSR will

eventually risk reputation and sustaining of the SLO and legitimacy in the faces of key stakeholders (Hamann, 2003).

Many authors (Jones and Wicks 1999; Garriga and Melé 2004; Freeman et al. 2010; Esteves and Barclay 2011) address as well the **ethical perspective of CSR.** Garriga and Melé (2004) bring up sustainable development as part of the ethical CSR theory, and it is worth discussing here due to its relevance to the rest of this study.

According to the formal definition introduced in the Bruntland Report in 1987, "sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (IISD, 2012). The concept arose out of the recognition that social, environmental and economic issues must be solved in an integrated manner and commitment to long-term strategies for global development is needed (Mitchell, 2002).

Sustainability can be considered 'strong' or 'weak' according to the perspective of the observer. Some proponents of *strong sustainability* believe that the quantity of natural resources should be maintained at adequate levels for an indefinite supply and natural resources, as essential inputs of economic production and welfare can't be converted into human of physical capital (Ayres et al. 2008; Mutti et al. 2012; Prno and Slocombe 2012). From the *weak sustainability* perspective, what matters is the aggregate stock of natural and human capital (Gowdy and McDaniel 1999; Ayres et al. 2008; Mutti et al. 2012; Prno and Slocombe 2012).

There is a significant linkage between sustainable development and the normative stakeholder view of CSR. This relationship is articulated in a formal definition of CSR that emerged in an international meeting organized by the World Business Council for Sustainable Development (WBCSD) in 1998, revealing that in CSR economic responsibility is accompanied with environmental and social responsibility: "Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (WBCSD, n.d.). The articulation can be interpreted to address businesses' duty to sustain any ecological or human capital contributing to the quality of life of stakeholders, whose wellbeing is considered the ultimate measure of sustainability. Thus, from companies' perspective, sustainable development calls for long-term planning and carrying out actions in a way in

which social or environmental needs are not compromised by the pursuit of financial performance.

However, CSR is rarely justified solely by ethics, and most authors such as Freeman et al. (2010, 17) contend that "it doesn't make any sense to separate normative and instrumental concerns" in the context of stakeholder management. It is also remarkable to mention that besides addressing the ethical and normative perspective by the question of "how firms should behave" and the instrumental one by looking into "how employees should behave in order to reach certain outcomes", according to the descriptive perspective, it can also be asked "how firms/employees *actually* behave" (Jones and Wicks 1999, 207).

The stakeholder-based perspective of CSR seems to combine the ethical and instrumental approaches: "doing good" is inherently a question of ethics, but also inseparably one of business implications. Furthermore, it is also a question of political power and social demand, as showed in section 2.3.1. However, how to carry out actions that are good for *all* stakeholders? This is a difficult question, as what is good for one stakeholder group might be bad for another. This is why the stakeholder approach emphasizes the need for analyzing and balancing between the interests of different stakeholder groups (Garriga and Melé, 2004).

3 The mining industry

The objective of this chapter is to provide understanding of the technical and economic context for the social issues of mining and mineral exploration discussed in further sections of the study. Furthermore, this chapter continues backing the first research question: *"Why and how is local stakeholder engagement manifested as part of the corporate social responsibility of mining and mineral exploration companies according to international academic literature?"*

3.1 Value chain and life-cycle of mining and mineral exploration

Extractive industries provide society with resources that are needed to meet many basic needs (MMSD 2002, xiv). They are used in the construction of power lines, pipelines and other infrastructure, housing and other buildings, road networks, vehicles, ICT technology, manufactory machinery and the production of fertilizers, for instance (Moon et al. 2006; Finland's Mineral Strategy 2010, 3). The industrial value chain of mineral-based products starts from mineral exploration, proceeding to extraction and processing, eventually continuing to refinement and composition of further products. The variety of extractable minerals comprises everything from oil to gems (Moon et al. 2006, 4). The focus of this study is narrowed down to the exploration of metallic minerals, excluding coal as well as industrial minerals such as talc and asbestos, for instance.

The linear model of the mining life-cycle of metallic minerals comprises the following stages: reconnaissance, prospecting, mineral exploration, mine development, early production, full production and mine closure (Loukola-Ruskeeniemi 2012, 34). The term 'mineral exploration' entails multiple meanings. Sometimes it is used to cover all reconnaissance, prospecting and mineral exploration activities from the very first investigations to years', even decades' research on mineral deposits, but it can also be used to exclusively mark the more established mineral exploration activities. As Table 3 presents, the total mining time-span varies from decades to even hundred years (Kauppila et al. 2011, 12), and it might take decades between reconnaissance and mine construction.

Table 3: Time-span of mining life-cycle (Adapted from Heikkinen el al. 2005 ref. Kauppila et al. 2011, 12)

Years from start	Phase of activity
0	Selection of district
0 to 15	Reconnaissance, prospecting, mineral exploration
10 to 20	Inventionary drillings, workings and feasibility studies
10 to 25	Establishment of a mine
10 to 50	Mining
X	Mine closure
X	Afterwork and monitoring

Orebodies, meaning the "portion of a mineralized envelope within which ore reserves have been defined" (Moon et al. 2006, 3), are wasting assets, distributed unevenly around the globe. They deplete and their value erodes as they are exploited (Moon et al. 2006, 14). This leads to the fact that ongoing mineral exploration activities are vital for the industry to secure its future, if recycling is not efficient enough to restore the commodities. In order to secure future revenues, in *brownfield* exploration mineral exploration companies operate in areas with existing or closed mining actions to maintain and grow their access to high-quality mineral resources (Whiting and Schodde, 2006) whereas the objective of *greenfield* exploration is to identify new mineral and energy provinces (Geological Survey of Queensland, 2010). Hence mineral exploration, which is vital for the whole mineral sector, is practiced in larger areas than actual mining both near to and far from existing and closed mines.

Mineral exploration companies often have a transitory role in the mining life-cycle (Luning, 2012). Sometimes mineral exploration companies start re-investigating an area bought from another mineral exploration company, and same companies rarely take care of the whole mining life-cycle. Furthermore, mineral exploration companies might only or mainly focus on mineral exploration, aiming for finding, measuring and indicating an ore deposit in order to sell it then further to another company that will take care of the next steps of the mining life-cycle. These companies are called *junior companies* (Moon et al. 2006, 14; Investopedia 2013), and they are characteristic to the mineral exploration industry (Moon et al. 2006, 12). However, some companies operating under the title might use another business strategy of retaining a share of any discovery to control the processing of any discovery (MacDonald 2002 ref. Moon et al. 2006, 12).

Nevertheless, while *juniors* focus on mineral exploration, mining companies' actions can comprise operations from mineral exploration to all stages of mining, and they have already developed mines with steady revenue streams (Contrarian-Investor, 2013).

3.2 Technical and economic terms of mining and mineral exploration

Prospecting (or reconnaissance) in the beginning of mineral exploration involves "searching a district for mineral deposits with the view to mine it at a profit", whereas mineral exploration is the term most commonly used for "systematic examination of a deposit", after an interesting area is chosen (Atlas Copco Exploration, 2010-2011). The ultimate objective of commercial mineral exploration is to assess a mineral resource in order to identify whether it contains an *ore reserve*, which is the "economically mineable part of a Measured or Indicated Mineral Resource" (Moon et al. 2006, 3). However, the chances for a mineral exploration project to be developed into a mine are less than 0.1 % (Moon et al. 2006, 14).

Metals are involved in bedrock minerals, and the mineralogical form governs the ease of extracting and refining certain metals with the existing technology (Moon et al. 2006, 25). Thus, mineral exploration and further on mining are essentially affected by the geophysical and geochemical factors of local bedrock and its minerals, investigated in the mineral exploration stage. Local mineralogical properties vary drastically both in horizontal and vertical dimensions in the bedrock, and the objective of mineral exploration is to form a meticulous picture of the qualities of any ore deposit (Moon et al. 2006, 33). The shape, size, and nature of ore deposits must be investigated, and in mineral exploration detailed mineralogical information must be collected from hundreds of meters underground through multiple rock layers.

Geological data gathering activities vary with time. At first an area must be selected using existing data and estimates. After that air borne surveys, geochemical surveys, and eventually geophysical surveys on surface are conducted on selected areas, and these investigations are finally followed by trenching and drilling on an even more restricted area. (Atlas Copco Exploration, 2010-2011).

Nearly all of the easily found deposits cropping out at the surface have already been exploited (Moon et al. 2006, 3). Deep, frequent and hence expensive drillings are required in order to meticulously assess mineral resources lying deeper in the bedrock. In advanced stages of mineral exploration, detailed resource measurements require a

considerable amount of drill holes, each going to the depth varying from 50 to 200 m with a frequency of 50 to 100 m (Kauppila et al. 2011, 16). Drilling is the most expensive activity in mineral exploration, comprising about half of the whole project expenditures (Atlas Copco Exploration, 2010-2011).

The costs of a mineral exploration program vary according to mineralogical factors. For example, according to the estimate of BHP Billiton, a large internationally operating mining and mineral exploration company, the costs of evaluation rise significantly in case of complex distributions of discrete high-value minerals (BHP Billiton, n.d.). While BHP Billiton estimates the expense of a diamond project may to vary between US$50 and100 million, "the cost to carry out a full exploration program on a bulk commodity, such as coal, may only cost US$15–20 million because this deposit type is spatially larger and more predictable" (BHP Billiton n.d., 16). Each proceeding step of a mineral exploration project adds some more costs, on the other hand increasing the accuracy and details of the resulting map (Atlas Copco Exploration, 2010-2011). Therefore mineral exploration is continued only under strict economical calculations and each drilling must be cautiously planned.

A full mineral exploration project requires considerable capital investments in the context of extremely low success rate. According to Dougherty (2011), the competitive pressure between junior exploration companies leads them to invest in countries amenable to low-cost production. Accordingly, the whole mining industry is strongly represented in less-developed countries (Moody 2007, 11). The worst examples of responsible mining can often be found in developing countries, which explains why cross-disciplinary academic literature on CSR in the mining sector is heavily focused on dealing with third-world issues.

3.3 Assessing mineral resources

Not all locations are equally promising for prospecting and mineral exploration. In many countries such as Finland, national geological surveys work towards producing and disseminating geological information for industry and society (Geological Survey of Finland, 2013), doing preliminary estimates and assumptions to justify the cost of potential further work and to guide further exploration (Makkonen, 2012). In further mineral exploration commonly conducted by mineral exploration companies, knowledge about mineral reserves is supposed to grow gradually, decreasing the margin of error step

by step. Next, tools to categorize and interpret the increasing knowledge during the process are introduced.

3.3.1 Mineral resource classification

There are several mineral resource classification schemes. The Committee for Mineral Reserves International Reporting Standards (CRIRSCO) entails a family of codes and standards such as The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC) and for example the Pan-European Reserves & Resources Reporting Committee (PERC). CRIRSCO provides a 2D classification template of *Mineral Resources* and Mineral *Reserves* (ore), with the subdivisions *of Inferred, Indicated* and *Measured Mineral Resources*, and *Probable* and *Proved Ore Reserves,* out of which ore reserves are the economically mineable parts of mineral resources (Figure 1).

Another model is the United Nations Framework Classification for Fossil Energy and Mineral Reserves and Resources (UNFC), which is a 3D mineral resource classification framework provided by the United Nations. UNFC presents the increase of geological knowledge (X-axis), project feasibility (Y-axis), and socio-economic viability (Z-axis) (Figure 2).

The two introduced classification schemes illustrate the dynamics of ore and mineral deposits, presenting alternative models of the relationship of natural resources and socio-economic activities (Figure 1 and Figure 2).
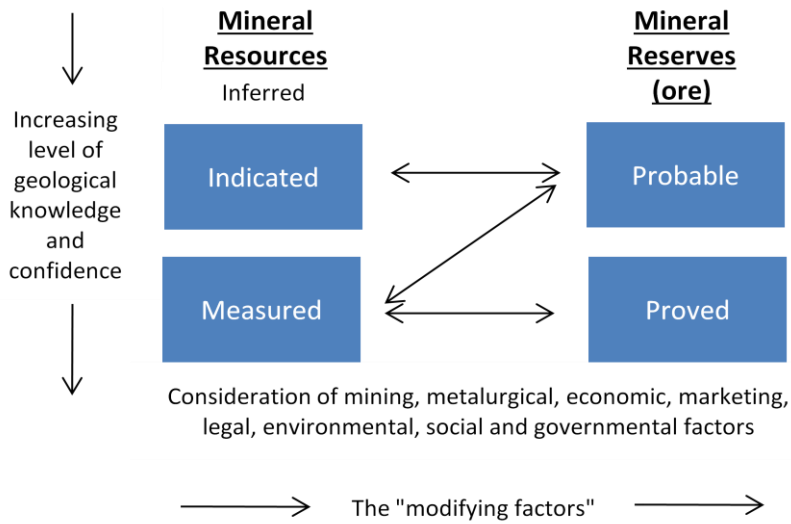
Figure 1: The CRIRSCO Template (modified after Henley, n.d.)
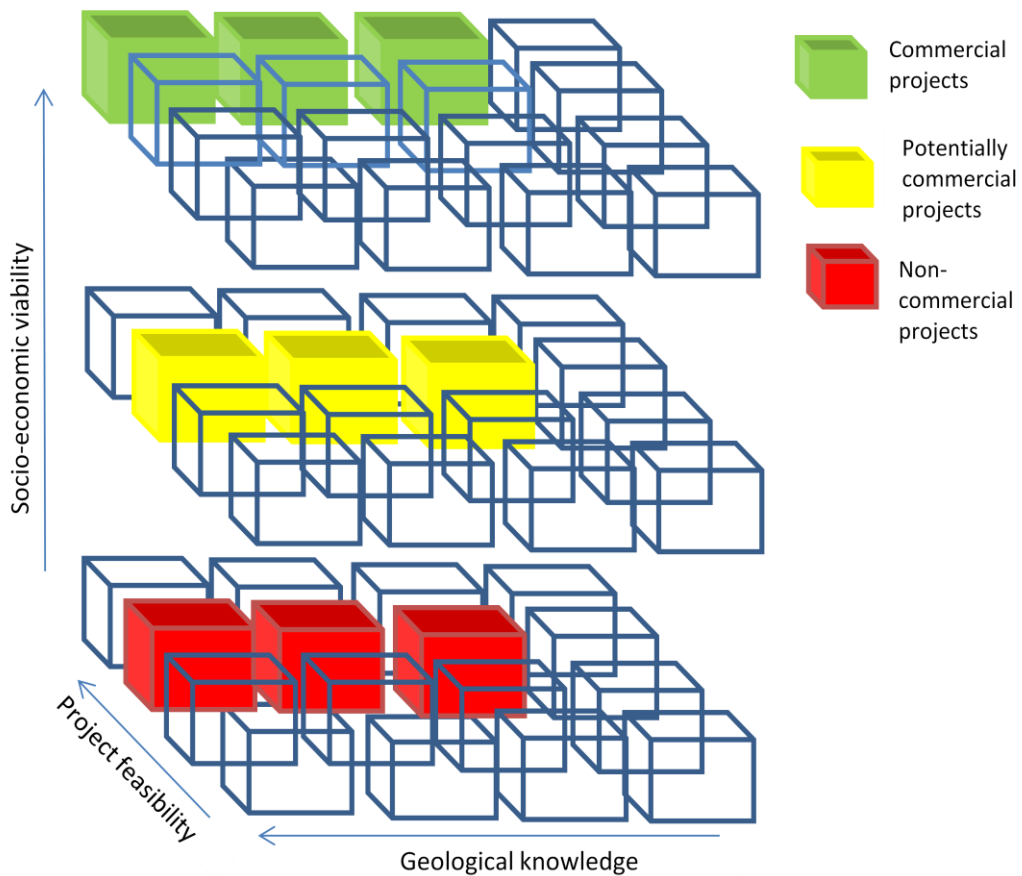
Figure 2: The UNFC scheme (modified after Henley, n.d.)

3.3.2 Feasibility of ore

The development of a mine is essentially an economic question, and no mine can be profitably established nor maintained without reasonable income expectations. Before starting up a mine development project, technical, marketing, legal, environmental, social, governmental, economical and metallurgical factors of realistically assumed mining are assessed in feasibility studies and other analyses. Exploitation of an ore reserve must be demonstrated to be justifiable under reasonable investment assumptions. (Moon et al. 2006, 3).

Global metal market prices govern commercial viability measured in feasibility studies. The extent of demand of mineral-based products in the market economy affects the profits that can be made in the industry at a time (Moon et al. 2006, 6). Capital investments are attracted by metal price increases, accordingly expanding the supply of metals in the form of mineral exploration and mining. In other words, increases in demand lead to higher market prices and more investments in the sector. During a price boom, certain areas might become attractive for mineral exploration and further on possibly worth extraction, whereas the same metal concentration might not be feasible to explore or mine in downturn. Additionally, in boom, some areas known to have relatively low metal concentrations might become attractive for mineral exploration companies. This was also the case in Finland that faced a mineral exploration and mining boom in the turn of the first decade of the millennium (Loukola-Ruskeeniemi 2012, 4).

3.5 Mineral exploration: beyond the surface

Even though the data gathered in mineral exploration concerns underground resources, mineral exploration is conducted *on* somebody's lands, in the national context of legislation and bureaucracy. Furthermore, mineral exploration also has impact on its surrounding context. Next both perspectives "beyond the surface" are discussed.

3.5.1 Political and societal factors of mineral exploration

In mineral exploration, a variety of land use permits must be applied for (Atlas Copco Exploration, 2010-2011), and if a project further on proceeds to the mining stage, several environmental and other licences are required depending on national legislation. The roles of different authorities and instances involved in licence applications and admissions vary nationally as does the time required for queuing for the permits. For example in Finland, the mineral exploration stage takes from 10 to 15 years on average, comprising two focal

phases of permit application (Kauppila et al. 2011, 12): *Claim r*eservation ("Varaus"), giving the reserving party priority to apply for an ore prospecting permit, and *Claim*, ("Valtaus" / "Malminetsintälupa"), the mineral exploration permit. Furthermore, in order to develop a mine, several further licences such as mine, environmental, construction and mine security permits must be applied for and granted (Loukola-Ruskeeniemi 2012, 21).

Host country related factors also shape the framework of possibilities and threats of mineral exploration (Moon et al. 2006, 53). The host countries' social realities can vary drastically from peace to armed conflict. For example in militarized areas, Odell and Silva (n.d.) contend that "mineral exploration and mining companies must be able to protect themselves from the threats of armed rebel groups trying to gain control of areas of national territory, battles being fought on concession land putting employees and operations at risk, intimidation, threats, kidnapping of staff for the purposes of extortion and intimidation of neighbouring communities." According Odell and Silva (n.d.), in these situations companies must both protect themselves and their workers and ensure that they do not create direct or indirect harm to local communities.

Furthermore, according to Moon et al. (2006), political aspects such as the degree of resource nationalization and government stability and attitude, as well as monetary issues such as standing of foreign investment, and the structure of taxes and royalties are important. Also other multi-sectoral issues like land availability and tenure, and the supply of services and skilled labour affect the possibilities of mineral exploration. National and local host country issues shape the risk profile of mineral exploration projects. Insensibility to local issues such as power structure and (in)equality might turn out to be major drivers of conflict between local population and mineral exploration companies (Parker, 2005), and opposition against mineral exploration activities might become costly for a company and it can thus be considered a significant business risk (Esteves and Barclay, 2011). While economic issues directly affect the feasibility of a future mine development project as noted in section 3.3.2, social and political risks do still have indirect but huge financial effects.

3.5.2 Impacts of mineral exploration

The **environmental impact** of mineral exploration is generally relatively small and local throughout the process (Kauppila et al. 2011, 83; Ahtonen 2012). In many countries such as Finland, the *public right of access* suffices as a land use permit until drilling takes

place. According to Kauppila et al. (2011, 83-84) in the beginning of a mineral exploration project, environmental disturbances are restricted to the momentary noise caused by airborne measurements. In the following stages, bedrock investigations are carried out and samples are collected on earth's surface and minor ecological changes fall upon surface vegetation, rock-covering moss or trees growing on measurement lines. According to Kauppila et al. (201, 84), investigations before drilling do not significantly change the state of environment, leaving the scenery, soil, and surface or ground water intact.

However, in further stages requiring heavier machinery, the environmental impact grows and an exploration licence or *claim* (see section 3.5.1) is required (Atlas Copco Exploration 2010-2011; Kauppila el al. 2011, 84). Still, even the heaviest methods of investigation, drilling and quarrying, have a moderate impact on environment, depending on the weight of sampling gear. Trees might have to be cut down for passage tracks, and sometimes light roads have to be built. The water needed for drilling is taken from local brooks or previous drill holes, or it is brought to the site in tanks. Used water is saturated to the soil using precipitation containers. The environmental impact can be minimized by scrutinized planning of mineral exploration activities (Kauppila et al. 2011, 84). Even though mineral exploration does not have a considerable environmental impact, mineral exploration permits for conservation areas are granted only due to special excuses (Kauppila et al. 2011, 48), and environmental NGOs have a special right of appeal about granted permits in these areas (Ahtonen 2012, 66).

In terms of the **economic impact**, mineral exploration can be regarded as research and development in the mining sector. It is an activity that as such does not create revenues, and profits from active mines or other sources must cover all the expenses of mineral exploration (Loukola-Ruskeeniemi 2012, 38). However, without mineral exploration there would be no mining. Nevertheless, mineral exploration companies can help to create income to local communities by purchasing services from local entrepreneurs (Hohn, 2009).

In terms of the **social impact**, mineral exploration projects arouse two kinds of reactions locally: approval or opposition by the local community (Moon et al. 2006, 68). It is frequently emphasized (Moon et al. 2006; Nelsen and Scoble 2006; Deloitte 2012) that it depends upon the mineral exploration company's extent of engagement with social issues

and capability to stakeholder dialogue, which one of the two stakeholder responses, approval or opposition, is realized. Managing local stakeholders' expectations is often pinpointed in the literature (Hohn 2009; Eerola 2013b). The topic is discussed in more detail in chapter 4.

4 Corporate social responsibility in the mining industry

This chapter aims to complete the first research question: *"Why and how is local stakeholder engagement manifested as part of the corporate social responsibility of mining and mineral exploration companies according to international academic literature?"* The objective of this chapter is to provide a context for the focus of the empirical study dealing with local stakeholder engagement of mineral exploration companies operating in Northern Finland.

4.1 Social issues in the corporate social responsibility research of the mining industry

In terms of *social* responsibility in the special field of CSR in the mining industry, the frequently studied issues include the intertwined perspectives of local stakeholder engagement (Eerola 2009; Mutti et al. 2012), local company-community relations (Veiga et al. 2001; Kapelus 2002; Kemp and Boele 2006; Labonne 1999; Kemp 2010; Kemp et al. 2011) and partnerships (Andrews 1998; Esteves and Barclay 2011), indigenous peoples' empowerment (O'Faircheallaigh 1996; Corando and Fallon 2010), business perspectives (Hamann, 2003), and legitimacy and the SLO (Jenkins 2004; Jenkins and Yakovleva 2006; Nelsen and Scoble 2006; Thomson and Joyce 2008; Gifford et al. 2010; Luning 2012; Prno and Slocombe 2012; Owen and Kemp 2013).

Sairinen (2011) distinguishes six approaches to the social issues of CSR in the mining industry. Firstly, the *cultural perspective* deals with the interplay of indigenous cultures and mining. Secondly, the *network management perspective* focuses in the relationship of the mining industry and local actors and networks. Thirdly, the *political perspective* considers the relationship of mining and politics, political movements and economic power. Fourthly, there is the *perspective of social and environmental impact assessment*. Fifthly, the *deliberative perspective* deals with the communication between the mining industry and local community, and sixthly, the *corporate perspective* includes issues of companies' internal CSR organization. This study focuses especially in the network management, deliberative and the corporate perspectives delving into the networked company-stakeholder interplay and the company insight and organization towards CSR and its sub fields.

4.2 Development of corporate social responsibility in the mining industry

Next the historical and institutional development of adopting CSR in the field of mining is introduced.

4.2.1 Trajectory

The globalization of business and the multiplication of transnational companies between the 1970's and the 1990's and the tightening of environmental legislation in industrialized countries contributed to the expansion of mining companies' operations in developing countries (Kapelus 2002; Reed 2002; Jenkins and Yakovleva 2006). At the same time, the number of NGOs dedicated to development, human rights and environmental issues increased, taking a greater interest in mining (Kapelus, 2002). Along with the trans-nationalization of the mining industry and the social and environmental neglects, including cases such as the one of BreX[1] (Tsing, 2000) and Bougainville[2] (Moody, 2001), opposition to mining corporations has grown increasingly global (Kapelus, 2002).

In the late 1990's the mining industry was experiencing a serious pressure facing the increased organization of the social movement in both developing and developed countries, and the discussion about CSR in the mining industry was eventually launched (Eerola 1996; Kapelus 2002; Sairinen 2011). Kapelus (2002) described the rise of CSR within the mining industry in the 1990's as a programmatic response to critics, and Jenkins (2004) contended the decisions of companies to develop community strategies to having been rather strategic than moral.

A milestone of CSR in the mining industry coincided with the tenth anniversary of the Rio Earth Summit in 1998, as nine of the world's largest mining companies came together and launched the Global Mining Initiative, which started through the World Business Council for Sustainable Development (WBCSD) the Mining Minerals and Sustainable Development (MMSD) in 1999, which is a global program administrated by the International Association of Environment and Development (IIED) (IIED / Buxton, 2013). MMSD was intended as an "independent two-year project of research and

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[1] BreX was a Canadian company that announced to having found a major gold deposit in the forests of Kalimantan, Indonesia, in 1994. However, three years later the event turned out to be a fraud (Tsing, 2000)
[2] Bougainville, an island located in the Salomon Islands, Papua New Guinea, faced decades of devastating mining operations by several mining companies between 1973 and 1989, and later on, a calamitous civil conflict starting in 1988 (Moody, 2001).

consultation looking at how the mining and minerals sector could contribute to the global transition to sustainable development" (MMSD, 2002). Completed in 2002, MMSD was followed by a series of various CSR-focused bodies, tools and frameworks within the mining industry, including the release of the International Council on Mining and Metals' sustainable development principles (2005 ref. Kemp et al. 2006), the Minerals Council of Australia (2005 ref. Kemp et al. 2006) and the Extractive Industries Transparency Initiative (EITI) (On Common Ground Consultants Inc., 2007). Today both large and small to medium-sized companies have adopted CSR policy frameworks. However, trends of public discourse alter in cycles (Suhonen, 1994). While sustainable development and CSR have been prominent paradigms in the mining industry for the last twenty years, it remains to be seen, how the trend develops. Furthermore, not all authors trust transnational mining companies' willingness to truly commit to CSR (Moody, 2007).

4.2.2 Institutional background

Dashwood (2012) provides an explanation for the global influences and dynamics that led major mining companies to adopt CSR policies and frame them in terms of sustainable development. Dashwood (2012, 118) distinguishes three elements to explain company and industry responses: (i) the strategic adaptation to external pressures, (ii) learning processes associated with CSR, and (iii) internalization of sustainable development norms and standards of appropriate behaviour (Figure 3). Here constructivist literature on norms socialization in the international relations theory is blended with the literature on learning in organizational theory (Dashwood 2012), resulting in a two-level institutional dynamics (DiMaggio and Powell, 1983) where global norms become adopted and shaped by organizations with both an agency and a capacity to learn (Heugens and Landner, 2009).

The outcome of this networked learning and agency process has materialized as a consensus on the normative validity of sustainable development among major mining companies (Dashwood, 2012). However, commitment to sustainable development must be converted into practice, which is an on-going challenge of the mining sector.

4.3 Dimensions of corporate social responsibility involvement in the mining industry

CSR seems to having gained an institutionalized role in the mining industry, and its organizational implications in mining companies are manifold. However, an essential question is here *how* companies actually commit to communicating with communities and other stakeholders. Next three similar categorizations of companies' community involvement are introduced and merged.

According to Kemp (2010), company-community interaction comprises working for a mining company to understand local community perspectives, bridging community and company perspectives, to generate dialogue and mutual understanding, and facilitating necessary and professionalizing change to improve social performance. In practice, Kelly and Burkett (2008 ref. Kemp 2010) argue that the *traditional* methods of company-community interaction entail (i) information production and dissemination, and (ii) control issues, problem solving and positive profiling, while the *emergent* methods address (iii) inclusive dialogue, relationship building and influencing within the organization, and (iv) developmental processes and participation (Table 4).

Bowen et al. (2010) studied a vast set of community engagement strategies, concluding the continuum to entail three dimensions: the transactional model of "giving back" by informing, volunteering, donations and building infrastructure, the transitional model of "building bridges" by the means of dialogue, town hall meetings, public consultation and cause-related marketing, and eventually the transformational model of "changing the society" by joint project management, co-ownership and joint decision making. These three dimensions of community engagement strategies categorized by Bowen et al. (2010)

incorporate gradually deepening processes of information provision, consultation and finally, empowerment (Table 4).

Hamann (2003) made similar observations of the levels of community involvement, noting that mining companies' CSR commitments can entail philanthropy and impact mitigation, community investment and eco-efficiency, and finally at the deepest level, social partnership. According to Hamann (2003), business and the civil society benefit from a growing involvement (Table 4).

Table 4 presents an integrating summary of the three approaches.

Table 4: Dimensions of companies' community involvement (summarized by author)

Dimensions of community involvement				Context	Source
Basic	Moderate		Deep		
Philantropy and impact mitigation	Community investment		Social partnership	mining	(Hamann, 2003)
Transactional model of "giving back": building infrastructure, donations, volunteering, informing	Transitional model of "building bridges": dialogue, town hall meetings, public consultations, cause-related marketing		Transformal model of "changing the society", joint project management, joint decision making, co-ownership	general	(Bowen et al., 2013)
Information production and dissemination	Control issues, problem solving and positive profiling	Dialogue, relationship building and influencing within organization	Developmental processes, participation	mining	(Kelly and Burkett, 2008 ref. Kemp 2010)
(i)	(ii)	(iii)	(iv)		
Traditional	Emergent				

According to Kemp (2010), the current discourse of sustainable development, CSR and social licence in the mining industry is mainly concentrated on *traditional* dimensions of community relations work, and the third dimension comprising dialogue and relationship building has commonly been less emphasized because it requires internal organizational change. The concept of corporate citizenship is rarely embedded in day-to-day realities of community relations and mining (Kemp, 2010). The employees dealing with community relations often have an ambiguous organizational role: understanding and speaking up for the community is compromised by their business duties, but within the organization the community relations workers are often accused for not understanding the business drivers (Kemp, 2010). According to Kemp (2010), the arguments and ideas of the community

workers are often rejected by other managers if they do not apply the dominant discourse of 'systems' and 'risk'. To alleviate this kind of controversies, a shared language and approach should be found to improve the community relations workers' and other managers' mutual understanding.

4.4 Different interests in developing and developed countries

Companies in the mining industry characteristically operate around the globe in drastically differing contexts. However, CSR in the mining industry is often discussed without making distinctions according to the country and context of operation (Guerra 2002; Nelsen and Scoble 2006; Owen and Kemp 2013). Some authors might discuss the relevance of CSR in the mining industry in both developing and developed countries before delving into the challenges of the CSR of mining in developing countries (Hamann, 2003), but studies of CSR in the mining industry are frequently framed to exclusively deal with the concerns of the developing world (Hilson 2007; Garvin et al. 2009; Gifford et al. 2010) disregarding the issues of mining operations in post-industrialized countries. Nevertheless, there is also a body of research focusing on mining in post-industrialized countries such as Australia (Petkova et al. 2002; Everingham 2012), Canada (Dashwood, 2006), or Finland (Mononen, 2012).

But why would there be any difference between CSR of the mining industry in developing or developed countries? Despite the ambiguity of the terms 'developing' and 'developed', some authors have brought up differences in CSR in the mining industry in the developing and developed world. For example local communities' organization has been noted to be different in developed countries compared to the developing ones, and Kapelus (2002) argues developed countries to incorporate more active and better resourced social movements and NGOs dealing with issues such as the environment, human rights, the rights of indigenous people, and corporate responsibility. Furthermore, Thomson and Joyce (2002) contend that in developed countries with diversified and post-industrial economies, mining is characteristically regarded as an undesirable activity incompatible with sustainable development (see also Mononen, 2012).

In developing countries, mining is frequently regarded as an essential industry because in the context of poverty and limited wealth generating capacity, it is seen as an important engine for national economic development and aspiration of modern society (Thomson and Joyce, 2002). Nevertheless, often the wish of a wealth-generating effect of mineral

resources has remained unfulfilled as many resource dependent economies have been found to have remarkably low human development index scores (Moody 2007, 45). The phenomenon has been labelled 'resource curse' by Richard Auty (1993), implying that turning natural resources into other forms of capital is a tricky task for governments, many of them having failed in it.

According to Thomson and Joyce (2002), developing and developed countries can be considered to comprise two different imperatives: production, wealth distribution and employment in developing countries, and environmental concerns about the sustainability of natural resources in developed countries. The developing countries' priority of job and wealth creation may often result in actions with potentially pernicious impacts on local communities, who are usually defenceless and incapable of dealing with rapid change (Hamann, 2003). The protection of local communities' interests can be argued to be a key element of sustainable development, giving the company-community issues a crucial role in terms of CSR in the mining industry (Veiga et al. 2001; Hamann 2003).

Alleviating poverty and conserving the environment can be seen as one of the most important objectives of society (Sayer and Campbell, 2004), and Joyce and Thomson (2002) see the mining industry's duty to be balancing environmental and social imperatives and to becoming acceptable in both developing and developed countries. To succeed in this mission, mining companies must be sensitive of their operating contexts (Veiga et al., 2001). There is a need for holistic insight into specific issues of developed and developing countries and recognition of the implications driven by the varying contexts of mining operations.

4.5 Stakeholders of the mining industry

The overall stakeholder groups of transnational corporations comprise tens of groups such as employees, consumers, shareholders, board members, suppliers, buyers, industry chambers, business clubs, trade unions, distributors, government officials, consultants, insurance companies, media, local communities, opinion-makers, the church, vulnerable groups, NGOs and civil society (Zakhem, 2008).

Multiple categorizations exist to classify the stakeholders of the mining industry. For example Mutti et al. (2012) regard national and provincial governments, municipal authorities, local communities, and civil society as the key stakeholders in the specific mining context of Argentina. Furthermore, Hohn (2009) who specializes in mineral

exploration of Canadian companies in developing countries distinguishes small business people, local academics, local elected leaders, community, local NGOs, farmers, national parks, federal government and international NGOs. In many areas mining companies must engage also with indigenous people (Kirsch 2007; O'Faircheallaigh 2008). The cumbersome relations of mining companies and indigenous people have often been underlined in academic literature (Whitmore, 2005).

Companies should analyze and rank their various stakeholder groups in order to balance their contradictory expectations and demands (Clarkson, 1995). Stakeholder networks can be assessed by using several parameters. Divisions can be made in terms of stakeholders' primary versus secondary roles for business, according to their position external versus internal of organization, their role as contracting or public stakeholders, and the primary and secondary social and non-social (environmental) stakeholders (Verdeyen et al., 2004). Hohn (2009) introduces a matrix tool, adopted from the Canadian Business for Social Responsibility (Table 5), for distinguishing stakeholders according to their (supportive or not supportive) attitude and their level of influence on the organization, project or program. In this model the potentially non-supportive stakeholders with the biggest impact are considered the focus area of a company's stakeholder management actions (Hohn 2009, 35).

Table 5: Stakeholder mapping (Canadian Business for Social Responsibility ref. Hohn 2009, 35)

		Stakeholders' attitude / level of support	
		Supportive	Not supportive
Stakeholders' influence on organization / project / program	high influence		Focus of local stakeholder engagement
	low influence		

Furthermore, for companies striving for an integrated and balanced stakeholder engagement model, it is relevant to be able to distinguish the global, national, regional and local layers of stakeholder networks (Sayer and Campbell 2004, 5; Eerola and Ziessler 2013; Owen and Kemp 2013) comprising their characteristic social, political and economic structures (Mutti et al., 2012), realizing the varying interests, needs and modes

of action of stakeholders in developing versus developed countries, states, regions and even towns.

4.6 Approaches to addressing stakeholders of the mining industry

The body of literature concerning CSR in the mining industry to a large extent shares the notion that in many countries mining is not considered acceptable anymore due to the historical image of mining companies to "rape and run" (Joyce and Thomson, 2002). There seems to be a consensus on the need for building a better relationship between mining and society. Two intertwined and overlapping tones can be distinguished, addressing the mining-society relationship with different emphases: sustainable development and business risk. Next both perspectives are discussed.

4.6.1 Sustainable mining

Two opposite forces conflict in mining. On one hand, industrial supply of mineral resources is quintessentially motivated by societal demand (Altaner, 2011). On the other hand, mining companies exploit non-renewable mineral resources and contribute to an extensive modification of environment due to extractive operations. Furthermore, emission of chemicals and CO_2-equivalents during processing and refinery is often brought up as a negative environmental impact of the industry. In the context of a general concern about sustainable development, mining companies' position in the hotspot of public scrutiny and attention is understandable (Moody 2007, 5).

In order to contribute to sustainable development, environmental impact must be minimized throughout mining life-cycle, encompassing mineral exploration, extraction and refining, and finally, reclamation (Hilson and Murck 2000; Veiga et al. 2001). However, environmental impact of mining cannot be totally eliminated, which contradicts with the ideal of *strong sustainability*[3] (see section 2.3.2).

The *weak sustainability*[4] (see section 2.3.2) approach is especially adequate for the mining industry (Mutti et al. 2012; Prno and Slocombe 2012) due to the fact that mining depletes the finite stock of natural resources and has a significant impact on the natural environment (Labonne 1999; Thomson and Joyce 2002). While the current condition of societal and economic development seems to eradicate any possibilities for strong

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[3] According to the *strong sustainability* approach "depletion of natural capital cannot be substituted by an increase in other forms of capital and instead requires a renewal of natural capital" (Mutti et al. 2012, 213).
[4] According to the weak sustainability approach "depletion of natural capital can be replaced with an increase in other capitals (economic and social)" (Mutti et al. 2012, 213).

ecological sustainability, the focus of CSR in the mining industry rather focuses on the question, how to reach *socially* measurable sustainability comprising the objectives of sustainability about maintaining the aggregate stock of natural *and* human capital. Veiga et al. (2001) underline mining companies' responsibility to communicate transparently and to bring a net benefit to the community. Also Labonne (1999) argues that the chance of mining to positively contribute to the sustainability puzzle derives from its economic and social contribution to the community and the region where it operates, and sustainability should be measured against the industry's capacity to *internalize* its own social and environmental costs rather than externalize them upon local communities. However, this requires substantial shifts in the global economic order (Ali 2009 ref. Mutti et al. 2012).

How could the mining industry convert natural capital into economic and social good to address (weak) sustainable development? Many authors stress that mining companies should encourage public participation, dialogue, as well as local empowerment in decision making (Kemp et al. 2011; Mutti et al. 2012; Prno and Slocombe 2012). Especially in developing countries, mines could also finance major community infrastructure projects such as the construction of hospitals and schools, rails and roads (Hilson and Murck, 2000). Furthermore, it is frequently emphasized that any sustainability considerations should be integrated into process planning from the first stages of mineral exploration until post-mine closure (Veiga et al. 2001; McAllister and Fitzpatrick 2010 ref. Prno and Slocombe 2012). Labonne (1999) contributes to the list of sustainable mining policies by advocating good governance and aid to developing countries.

4.6.2 Business risk

As illustrated in the previous section 4.5.1, striving for local communities' wellbeing is often justified by the call for sustainable development. However, the importance of building and maintaining good company-community relations is also expressed in recent industry reviews from the business perspective. For example Deloitte (2012) and Ernst and Young (2012) name stakeholders as one of the most significant challenges of the mining industry, asserting that today's communities and other stakeholders have higher expectations in terms of the level of local investment, open and transparent dialogue, longer-term social commitments and partnerships and an enhanced environmental performance. Companies unable to deliver risk, encourage and engage in community

debates over sustainability priorities, and incorporate risks to the SLO, will face more vocal opposition, difficulties in obtaining project approvals and even riots (Deloitte 2012; Ernst and Young 2012).

While Rajak (2008, 310 ref. Luning 2012, 206) argues that mining companies have moved away from the rhetoric of philanthropy towards the one of capacity building making use of stakeholder engagement and participation, Jenkins (2004) accordingly attains that mining companies tend to underline the ideal of co-operation, common values and equality of power in company-community relations, even though in reality these objectives are rarely met. In the background lies a tone of reciprocity, in which companies gain legitimacy, land, and employees while communities are given sustained economic development, employment and social improvements such as education and health (Jenkins, 2004). The ultimate reason for companies to engage to social and environmental responsibility is though frequently seen to be embedded in the legitimacy theory: companies *must* today adopt strategies to show communities that they are attempting to comply with the communities' expectations (Waddock and Boyle 1995; Jenkins 2004). This argument resembles the *instrumental* and *integrative* CSR theories by Garriga and Melé (2004) discussed in chapter 2.

4.7 Social licence to operate

Next the SLO is discussed as an objective of the mining industry and mineral exploration.

4.7.1 Social licence to operate in the mining industry

There is a vast body of literature dealing with mining companies' conflicting stakeholder relations, in which problems in land allocation, negative stereotypes, inability to understand stakeholder expectations, lacking stakeholder dialogue, relations of power and inequality, as well as companies' lack of respect for indigenous understandings and worldviews, are considered principal sources of conflict (Parker 2005; Zandvliet 2005; Kemp et al. 2011; Hohn 2009). Conflicting company-community relations hardly meet the standards of sustainable development, contributing rather to increasing business risk.

According to Thomson and Joyce (2000b), in many countries the legal, government-awarded right to explore or mine doesn't guarantee universal approval of a project, and other ways of gaining social acceptance for mining activities must be found. In the mining industry of today, characterized by the discourses of sustainable development and

business risk, an essential objective of stakeholder engagement has been frequently illustrated to be finding the focal point where local stakeholders' expectations and needs are met by a company resulting in the earning and sustaining of the SLO of the mining company's operations (Owen and Kemp 2013). According to (Thomson and Joyce (2000b, 2008), the SLO stands for gaining legitimacy, credibility and eventually trust by the local community, resulting as an approval and a broad acceptance of society to conduct its activities.

Table 6: SLO in practice (summary by author)

SLO in practice		
Company comtributions to gain and maintain the SLO	Values and attitudes	Willingness to understand local culture, language and history
		respect towards local stakeholders
	Practical implications "beyond the law"	situational analysis
		education of local stakeholder about project
		participation and community support in the form of partnerships and capacity building
		timely, transparent, responsive, reciprocal and open communication with all stakeholders
		maintaining positive corporate reputation
		engagement with local, non-regulatory stakeholders throughout the mining life-cycle
		being trustworthy

What should mining companies do then in order to acquire and maintain the SLO? Nelsen and Scoble (2006) underline the importance of a situational analysis, for instance by the use of SWOT[5] and PEST[6] tools, during mine planning. Furthermore, Prno and Slocombe (2012) argue that the SLO tactics comprise maintaining a positive corporate reputation, as well as understanding local culture, language and history, and Thomson and Joyce (2008) add to the list respect towards local stakeholders, education of local stakeholders about the project, participation and community support in the form of partnerships and capacity building, transparent, reciprocal and open communication amongst all stakeholders, and being responsive and trustworthy. The SLO essentially comprises continuous engagement with local, non-regulatory stakeholders, throughout the mining life-cycle (Prno and Slocombe 2012; Nelsen and Scoble 2006). Table 6 illustrates a collection of different

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[5] SWOT analysis incorporates assessment of companies' strengths (S), weaknesses (W), opportunities (O) and threats (T) (Dictionary.com, 2013)

[6] PEST analysis incorporates assessment of companies' political (P), economic (E), social (S) and technological (T) environment (Cambridge University Press, 2013)

methods for gaining and maintaining the SLO brought up in the aforementioned literature.

However, not all authors agree with the logic of the SLO. Owen and Kemp (2013) argue the logic of the SLO to be circular, starting and ending in the business case, and failing to provide a clear basis for community engagement. According to the Owen and Kemp (2013, 31) the SLO doesn't comprise an exact articulation of a local-level focus despite the fact that "mining companies and operation associate social licence – first and foremost – with local communities", because the term leaves open the issue whether the society at large can grant the licence at the expense of local perspectives. Owen and Kemp (2013) hence contend that even though the notion of 'social' incorporated in the SLO indicates a trial of taking into account other factors than pure business, the SLO eventually fails to address long-term, explicit tools for the mining sector to reach for sustainable development.

Also the notion of 'community' incorporated into the mining companies' and consultants' discussion of the SLO has been taken as object of critique. Luning (2012) considers the term as blunt since it doesn't specify explicitly *who* should be excluded and included. According to Luning (2012), the problem is that theoretical representations of framed processes of company-community agreements fail to relate to real social processes, and oftentimes social groupings do not contain sufficient members to qualify as 'communities' that could be recognized as partners. Furthermore, Luning (2012) criticizes the linear process model of early stakeholder involvement starting from mineral exploration suggested in the various works of Thomson and Joyce (2000a, 2000b, 2008). Luning (2012) argues that only rarely mineral exploration companies start company-community interaction from scratch.

However, despite these dissonances, it seems evident that in order to understand the dynamics of stakeholder engagement as a tactic for gaining the SLO in the mining industry, the focus must be set in mineral exploration, the first possible stage for any company to start stakeholder interaction.

4.7.2 Social licence to operate in mineral exploration

As underlined in the previous section, gaining and maintaining of the SLO from the local stakeholders becomes underpinned already during mineral exploration. Engaging with host communities and other affected and interested parties is also listed as a priority of

responsible mineral exploration according to e3 Plus, which is a widely known framework for responsible exploration by the Prospectors and Developers Association of Canada (PDAC). There are several examples of technically excellent mineral exploration projects that have failed to obtain permission for development from the local population, and various projects have been delayed due to strong opposition causing them to become economically unviable. (Moon et al. 2006, 68). Therefore, even though finding an ore deposit is a threshold success factor of any mineral exploration project, possibilities for mine development require more versatile efforts.

Mineral exploration as such doesn't have major physical effects on local environment (Myllyoja 2012, 83). Furthermore, it very rarely leads to mine development projects (Moon et al. 2006, 68). However, local stakeholders start to form positive or negative impressions and expectations about mineral exploration projects already in the very beginning when companies start up local operations. There are two scenarios for mineral exploration projects, mine development or abortion of project, and mineral exploration companies should help their stakeholders to prepare for both. Thus, managing expectations through respect and communication can be regarded as the most critical challenge of community relations during mineral exploration (Hohn, 2009; Thomson and Joyce 2000b, 2008). Eventually if a mine is developed, also the related communities should be standing behind the project.

Because mineral exploration as such has a limited environmental footprint, the importance of social issues is often overlooked by mineral exploration companies (On Common Ground Consultants Inc., 2007) leading to the failure of creating a possibility for a company-community dialogue. If a mineral exploration company fails to deal with timely communication (Kemp et al., 2006) providing the local population with reliable information (Thomson and Joyce, 2000a), significant negative impacts are probable to be induced. The local community's opposition might appear as a "not-in-my-back-yard" (NIMBY) phenomenon (Moon et al. 2006; Kopomaa 2008, 123-152; Eerola 2013a), which Azapagic (2004, 642) described as "an attitude and object to a proposed new development". Eerola (2013a) strongly links the NIMBY equation to mineral exploration, arguing that straightforwardly executed mineral exploration projects impose a mixture of shock; fear and anger among local stakeholders, leading to opposition, whereas cases comprising communication embedded in project execution tend to become accepted by the locals.

4.8 The socio-economic reality of mineral exploration: challenging implications

It seems that in most cases mineral exploration companies' SLO cannot be gained without local stakeholder engagement. However, certain factors have traditionally exacerbated the conditions of mineral exploration companies' local stakeholder engagement. Thomson and Joyce (2000a) introduce four challenging implications (Table 7) related to the characteristics of mineral exploration discussed in chapter 3. Firstly, mineral exploration is framed by technical and economic restrictions and requirements setting all activities under significant economic pressure, which can lead to companies' unwillingness to invest in social projects. Secondly, the risky industry is characterized by an atmosphere of secrecy and competition, restricting mineral exploration companies' readiness to open disclosure. Thirdly, from the mineral exploration companies' point of view, the success rate of mineral exploration is very low, which may lead to mineral exploration companies' perception of not being able to promise anything to their local stakeholders. Fourthly, contributions to local employment might lead mineral exploration companies to reason that no more social investments are necessary.

Table 7: Challenging implications of mineral exploration (Thomson and Joyce, 2000a)

Characteristics of mineral exploration	Implications
Technical and economic restrictions and requirements	"We can't afford to run social programs"
Risky and competitive business	"We can't just tell everybody what we are doing"
Low success rate of mineral exploration	"We can't promise anything"
Local economic impact	"They should be pleased to have some hard cash in their pockets"

Even though metal prices and operational costs define the core of economic feasibility, mineral exploration companies shouldn't underestimate the social factors with the potential to lead to escalating problems in stakeholder relations (Parker, 2007). Furthermore, mineral exploration companies' neglects to engage with their local stakeholders may cause significant problems for the next companies operating in the area (Thomson and Joyce 2000a; Eerola 2013b).

5 Research methodology

The objective of this chapter is to justify the choice of mineral exploration companies in Northern Finland as the focus of the empirical study and to point out a research gap. The chapter also introduces the research approach, the selection of case companies and interviewees, methods of data collection and analysis, and a unified structure of the case descriptions.

5.1 Focus on Finland

The motivation to address Northern Finland in the empirical study focusing in mineral exploration companies' local stakeholder engagement can be approached from two angles. Firstly, the mining boom has engendered socio-economic hopes and environmental fears that the Finnish government, the mining industry and the academia have sought to address by responsibility incentives (Ministry of Employment and the Economy, 2013). The mining industry's SLO hence seems to be in crossfire. Secondly, even though the SLO should be gained and maintained from the start of the mining life-cycle, there is little research on mineral exploration companies' work towards addressing their local stakeholders in Finland. Next both drivers are introduced.

5.1.1 Socio-economic hopes and environmental fears

In 1994 when the ETA agreement was introduced in Finland, the country opened up to foreign mineral exploration and mining companies (Hernesniemi et al., 2011). Around 2003-2004 due to the rise of the global metal market prices, foreign companies started to rush to the country applying for claim reservations and claims (Eerola 2008; Hernesniemi et al. 2011). In 2012 there were already around 40 companies doing mineral exploration in Finland (Loukola-Ruskeeniemi, 2012).

A new hope emerged that the mining industry would engender economic activity in regressed areas in Northern and Eastern Finland (Törmä and Reini 2009; Hernesniemi et al. 2011; Reini et al. 2011) and at a national level (Finland´s Minerals Strategy 2010; Hernesniemi et al. 2011). Today Finland's mineral resources, extensive supply of geological data, stabile operating environment and good infrastructure are globally regarded as attractive (Hernesniemi et al., 2011), and Finland was ranked highest in the Fraser institute´s 2012/2013 Survey of Mining Companies (Wilson et al., 2013). On the other hand, also resource nationalistic discourses have emerged. In 2012 a major Finnish newspaper published a text in which a Finnish minister was noted to be suspecting that

the North of Finland had become "the Congo of the Northern hemisphere"[7] (Pietiläinen, 2012). Criticism has been presented in media of the logic of Finland to let foreign companies to take out the ore, leaving only environmental problems behind (Nimtz-Köster, 2012).

The rising metal prices resulted in companies' interest in ore deposits with smaller metal concentrations, and the utilization of poorer deposits is expected to increase waste mineral flows and climatic impacts (Tuusjärvi et al., 2013). Furthermore, the on-going environmental problems of a major nickel mine in Finland (Talvivaara 2010, 2012a, 2012b, 2012c, 2013) have generated a national-wide mistrust of the mining industry's ability to address environmental responsibility. Today a major challenge of the mining industry in Finland is to improve its public image and to contribute to environmental responsibility in order to remain approved and trusted by the Finnish people (Hernesniemi et al. 2011; Tuusjärvi et al. 2013).

5.1.2 Research gap

While there is a range of studies concerning stakeholder relations of mining companies operating in Finland (Sairinen 2011; Jartti et al. 2012; Mononen 2012; Rytteri 2012; Kokko et al. 2013), local stakeholder engagement during mineral exploration has been studied only in terms of uranium exploration (Eerola 2008, 2009). The body of research illustrates uranium as a politicized material causing opposition among local and national audiences, and Eerola (2009) asserts that the research has been biased comprising partly activist presumptions.

The NIMBY concept (introduced in 4.7.2) can be seen to describe the national and local level opposition to uranium exploration in Finland (Litmanen 2008; Eerola 2013a), and according to Eerola (2008), local opposition to uranium exploration was backed in 2005 when local stakeholders were not immediately informed of the foreign mineral exploration companies' plans to operate in Finland. The lack of information created fear and local resistance (Eerola, 2008) and eventually developed to an internationally networked national anti-uranium movement (Litmanen, 2008).

Motivated by the lessons learned from the uranium conflict, Eerola (2009) came out with a tailored list of local stakeholders and a related operations model that mineral

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[7] Translation by author

exploration companies should apply when starting up operations in Finland. According to the model, in order to maintain the SLO, companies operating in Finland should openly and proactively communicate with the most affected local groups, including landowners and local citizens, municipality and entrepreneurs, the "geo-community", mining companies, as well as the local media and NGOs (Eerola, 2009). Furthermore, in the North of the country, reindeer herders and the indigenous Sámi people were underpinned (Eerola, 2013a), and mineral exploration companies should also strive to communicate with their local opponents (Eerola, 2009). Eerola (2009) underlined the importance of open disclosure and having a face in the local stakeholders' eyes, pointing out that mineral exploration companies should internalize local stakeholder engagement as part of normal behaviour.

There has been recently a growing interest to gain insight into the stakeholder groups related to mineral exploration, the key issues of responsible mining, and the challenges and best practices of responsible mineral exploration in Finland. These issues were covered in a study (Pessala et al., 2013) carried out by a consultant agency and ordered by the MiningAcademy[8]. The results of the study (Pessala et al., 2013) that was carried out as phone interviews showed that industrial actors' and stakeholders' environmental, economic and social concerns towards mineral exploration were the same as in the further stages of the mining life-cycle. The underpinned aspects of social responsibility that should be addressed already during mineral exploration were dialogue, distribution of risks and benefits, and enactments and practices (Table 8).

Table 8: Key issues of social responsibility in mineral exploration (Pessala et al., 2013)

Issue category	Summary of the key issues of social responsibility during mineral exploration
Dialogue	Open information
	Taking local stakeholders' opinions and worries into account
	Decreasing fears and worries
	Presence and participation in local activities
Division of benefits and risks	Local operations have to generate proved economic advantages to the local stakeholders and the state
	Introducing new forms of economic activity in the area
	Indigenous rights
Enactments and practices	International enactments of the mining industry underpinning responsible and acceptable operations
	International examples of taking advantage of best practices and guidelines
	Keeping promises

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[8] MiningAcademy is the Finnish Geological Survey's project assigned by the Ministry of Employment and the Economy to collect and establish best practices to all its actors of the mining industry and hence to promote Corporate Social Responsibility during the whole mining life cycle (MiningAcademy, 2013)

According to the study (Pessala et. al 2013) the challenges of responsible mineral exploration were related to (i) the new Mining Act, licences and the authorities, (ii) the general atmosphere in Finland, (iii) and operating in the local community, (iv) taking other sources of livelihood into account, (v) operating in the field, and (iv) some structural issues (Table 8).

The study (Pessala et al., 2013) did not correspond to academically sound methodology. Furthermore, as its sample (n=20) consisted of both industrial actors and stakeholders it did not exclusively provide insight into companies' in-depth perspectives of local stakeholder engagement. However, so far it's the only study in Finland related to local stakeholder engagement of mineral exploration companies unrelated to the uranium conflict, providing the author with additional ideas to design the empirical part of this study.

5.2 Research approach

The empirical study was conducted as a multiple-case study (Baxter and Jack, 2008), comprising three case studies on mineral exploration companies operating in Northern Finland. The approach to the cases was mainly *intrinsic* but also *instrumental*, as the objective was not only to look into them as special phenomena but also to understand local stakeholder engagement in general based on the findings (Baxter and Jack, 2008). The results of the study are discussed from both perspectives in chapter 7. The qualitative case study approach was selected because it allowed gaining an intensive insight into single units for the purpose of understanding a larger class of similar units, enabling also process-tracing (Gerring, 2004). Furthermore, the specified population of the case studies constrained extraneous variation and sharpened external validity (Eisenhardt, 1989).

The gathered data comprised four to five semi-structured company interviews for each case company's employees, and in total 14 company interviews were carried out. Semi-structured interviews were selected as the main data collection method because of their fluid and flexible structure allowing the interviews to be shaped by the interviewees' own understanding and the author's interests (Mason, 2004). Since the interview question set and sequence (see Appendices B and C) were not fixed, the author could tailor the interviews according to each interviewee's professional and personal expertise and interest.

After transcribing the 14 interviews, theory-bounded analysis based on *abductive* reasoning was carried out in qualitative content analysis entailing both induction and deduction (Tuomi and Sarajärvi 2002, 97). Deduction was brought in the by hypotheses and concepts from the literature and previous knowledge gained through expert discussions. Furthermore, induction was brought in by the grounded-theory approach in which emerging concepts and categories were identified and linked eventually leading to inductive theory formation (Bryman 2004, 402-408).

In contrast to an exclusively inductive approach, the grounded-theory analysis, theory-bounded analysis allows theoretical coupling not grounded in the data, and previous knowledge serves in it as a facilitator of the analysis. In theory-bounded analysis previous knowledge and categories remain recognizable, and the significance of previous knowledge is to open up new tracks of thought, rather than to test theories. (Tuomi and Sarajärvi, 2002)

The analysis process entailed within-case analysis and cross-case comparison in an iterative manner. Within-case analysis was carried out for gaining familiarity with the data and generating a preliminary theory, and the cross-case comparison forced the author to look beyond initial impressions and to look at the evidence with multiple lenses (Eisenhardt, 1989). This study presents the results of the within-case analysis as well as a cross-case comparison. The unified structure of the three presented within-case studies was created due to the requirement for comparability of the cross-case analysis.

Enfolding literature in the empirical study process raised the theoretical level and improved and sharpened the constructed definitions (Eisenhardt, 1989). Furthermore, bridging literature with the empirical study was essential because comparison with conflicting literature built internal validity and comparison with similar literature sharpened generalizability (Eisenhardt, 1989).

5.3 Data collection methods

The main data collection method was semi-structured company interviews (see Appendices B and C), but also few secondary sources such as an index of Finnish companies (Kauppalehti, 2013) and the case companies' web sites were used to form background information of the case companies. The interviews were carried out with 14 employees from the three case companies, comprising 21 hours of interviews in total. The average length of the interview sessions was 1h 30min. The face-to-face semi-structured

interviews were carried out during a month-long period. All five interviews with the employees of the case company C3 and four out of five interviews with the employees of the case company C2 were carried out at the case companies' offices in North Finland. Two out of four of the interviews with the case company C1 were carried out in the author's office in South Finland, and the remaining two interviews took place in the North but not at the case company's office. Also a few inquiries were sent afterwards to some interviewees by e-mail when the data analysis revealed gaps in the research data.

The topics covered in the interview questions comprised the case companies' organizational aspects of local stakeholder engagement, identification of the local stakeholder groups, the interviewees' insights into the case companies' local stakeholder engagement and the effect of case company specific factors, and the case companies' manifestation of local stakeholder engagement. The interview questions were designed to answer to the research objectives, and their design was motivated by the findings from the literature review. The objective was to build theoretical representativeness in the research questions (Eskola and Suoranta, 1998). The interview questions were discussed and validated with the supervisor and the instructors of the study, the first one an expert in research methodology and the latter ones in the research topic. Most questions were qualitative, hence answering to the questions *how* and *why*. During the interview process, the interview questions altered somewhat, which was in accordance with the flexible semi-structured (Mason, 2004) and grounded theory (Bryman 2004, 402-408) approaches. The approximate initial version of the interview questions is presented in the Appendix B (Finnish version) and Appendix C (English version).

Triangulation of the data collection method was considered but predominantly omitted due to the restricted scope of the study. However, the author gained perspective from background discussions with experts from the Geological Survey of Finland and CSR representatives of the DILACOMI research consortium from the Universities of Oulu and Lapland. Also participating in academic and multi-sectoral conferences such as the Geological colloquium in Oulu, a seminar of the geologists' guild Vuorimiesyhdistys in Helsinki, and Kaivosteollisuus '13 in Helsinki provided insight into the current problems in the field. The emerging results were also presented and discussed with fellow researchers in the 6th international conference of Sustainable Development in the Minerals Industry in Milos, Greece. Triangulation of data type was limited, since the interviews contained only few quantitative questions.

5.4 Sample selection and representativeness

5.4.1 Target area of research

The instructors of the research selected the target area and the case companies based on their professional insight. The sparsely populated Northern Finland known for its vast conservation areas and natural parks (Jokinen and Tyrväinen, 2013) had in the last years turned into a mining hotspot. However, in the North of Finland environmental values were seen to clash with the economic ones as the area had been suffering from unemployment and depopulation, and mining was commonly seen as a key to turn the descending economic and demographic trend into positive again. North Finland was seen as an interesting target for this study because it incorporated ambiguous pressures that the case companies had to address when engaging with their local stakeholders.

There are various reasons to argue that Northern Finland does not represent the whole country as a context of industrial operations. The South is more densely populated than the North, and it comprises a vaster variety of economic activities. Furthermore, there are many environmental factors indicating a significant difference between the South and the North. However, regional rather than national level representativeness was the objective of the study.

5.4.2 Case companies

The three case companies carrying out mineral exploration in Northern Finland were selected due to their heterogeneous target metals, company sizes and mineral exploration project phases, nevertheless all three focusing already on principal target areas. All three case companies were known to operate close to environmentally sensitive areas, however, none of them known for being in open conflict with their local stakeholders. Only the case company C3 was known to have some local resistance. The objective of the research was not to study extreme examples of the best or worst cases, and the three case companies appeared as representative in the area.

5.4.3 Interviewees

As Table 9 presents, the interviewees were selected to represent a variety of different organizational levels and roles dealing with stakeholder engagement in the case companies. In the background was Kemp's (2010) study on mining companies' organizational roles of community relations and the author's argument that different

organizational stances had different views about the ideals, reality and practices of community relations. The interviewees' organizational roles covered geologists, managers, and employees dealing with community and environmental issues. 8 of the 14 interviewees were professional geologists, and the rest had other educational backgrounds. The gender distribution of the interviewees was half and half for men and women. The quintessential choice of the interviewees was made by the case companies' contact persons, responding to the wish of the author to interview geologists, managers, and some employees dealing inclusively or exclusively with community affairs. The author tried to reach the CEOs of the case companies C2 and C3, but the interviews were not realized in either case.

Table 9: Case company interviewees

	Preliminary responsibility in organization		
Organizational level	stakeholder engagement*	geology or other technical field	**Total**
managerial employee	C1, C2, C2, C2, C3	C1, C2, C3	6
non-managerial employee		C1, C1, C2, C3, C3, C3	8
Total	5	9	**14**
*) The stakeholder-related employees could not be unambiguously categorized into managerial and non-managerial groups			

The actual responsibility descriptions cannot be presented here in order to diminish the identification of the case companies and the interviewees.

5.5 Data analysis

For carrying out a theory-bounded analysis of the data, the author first read through the transcriptions to get an overview of the results and an idea of the commonalities and recurring topics as suggested by Eskola and Suoranta (2005, 150). After this, to become tuned into the key insights, the author wrote a synthesis of the preliminary results. Next, the systematic analysis of the data required using Atlas.ti and Microsoft Excel for qualitative content analysis. The Atlas.ti software was first used for iterative *coding* (identifying and marking) of the topics dealt with in the interviews. The identification of the recurrent concepts and topics was based on abductive reasoning in which the author marked the grounded topics in a bottom-up manner (induction) while searching for answers to the planned research questions in an up-down manner (deduction) (Tuomi and Sarajärvi 2002, 99). This two-way process resulted in finding links between the inductive

topics to the deductive ones, maintaining the balance of the interviewer's *a priori* interests and the interviewees' emerging, *a posteriori* insights. When the recurrent topics were identified, Microsoft Excel was used to more accurate grouping of the inductive and deductive subcategories. For example, Atlas.ti allowed the author to identify the passages dealing with challenges, problems and hardest parts of local stakeholder engagement, and Microsoft Excel was used to label and group the different subcategories. The results formatting process is illustrated in Appendix A.

While abduction was covered throughout the interviews, the base of the coding and the analysis was predominantly inductive especially in the parts of the interviews where the interviewees came up with categories and topics not straightforwardly corresponding to the deductive interview framework of the author. On the other hand, the coding of some other parts of the interviews rather relied upon deduction when the interviewees were talking about anticipated topics of the author's original interest.

To provide an example of the deductive interplay of induction and deduction in the process, one of the original interests of the author had been to study the effect of the explored target metals on the case companies' local stakeholder engagement. Thus, the author deductively coded all passages of the transcribed interviews dealing with any target metals in order to maintain the possibility to separately assess the target metals' effect on the case companies' local stakeholder engagement. However, even though the interview questions had not been designed to examine the relations of the local and non-local stakeholder spheres, the topic had to be coded because it seemed to frequently emerge in the interviews in an inductive manner. In many passages uranium was brought up as a source of especially the national level stakeholders' fears, making also local stakeholder engagement more challenging for the case companies. To merge these inductive and deductive aspects in order to induce abduction, the author decided to deal with the target metals as a distinct section in the results chapter, and to concentrate on the national level fears related to uranium in the section dealing with the local stakeholders' perceived negativity and with the resulting challenges in the corresponding section.

As a tool for keeping on track of the overall abductive framework of the topics covered in the interviews, the author constantly modified a framework that she had first built based on her deductive *a priori* interests and then adjusted according to the inductive, emerging topics. Along with modifying the framework, coding and categorization was carried out

in an iterative and focusing manner. The aim of the author was to gradually increase the accuracy of the codes, groups and categories as well as the coverage of the transcriptions. This included constant checking of the need for merging linked codes. Finally, when the author found that the interviews were thoroughly coded, she locked the first version of the case description agenda based on the current state of the abductive framework, and wrote the first draft of the within-case C1 description serving as a test. Next, the author continued the tuning of the abductive framework by re-arranging the over hundred codes with Microsoft Excel to facilitate the two remaining case descriptions. The final version of the within-case descriptions was hence driven by the emerging requirements of the cross-case description, calling for a systematic and holistic approach.

5.6 Case descriptions

The results section is divided into three within-case descriptions and a brief cross-case comparison, incorporating also discussion of the results. Next both are introduced.

5.6.1 Within-case framework

The within-case descriptions of the three case companies in chapter 6 are presented according to a unified framework. The framework was created in an abductive manner from the qualitative data (see previous section). The results presented in the within-case descriptions in chapter 6 are based on the interviews with the case company interviewees. Table 10 presents the topics and the corresponding key questions of the unified case description framework.

Table 10 (continues on next page): Within-case framework: topics and key questions (i = 1-3)

6.i.1 Organizational aspects of local stakeholder engagement of case company Ci	
Motivation for local stakeholder engagement	As how important is local stakeholder engagement regarded in the case company? What are the reasons and objectives of the local stakeholder engagement?
Strengths in local stakeholder engagement	What are the case company's strengths in local stakeholder engagement?
Employees' insights into opportunities for improvement	Has the case company made mistakes in local stakeholder engagement? How could the case company improve the outcome?
Organization of local stakeholder engagement	How does the case company-corporate interplay work out? What kind of roles are there? What is the relation of strategy and implementation?
6.i.2 Local stakeholder groups of case company Ci	
List of local stakeholders	What is the total list of local stakeholders with whom the case company has interaction?
Local stakeholder identification	How does the case company identify the groups?
Ranking the local stakeholders	Are some groups more important than the others? Which one?

6.i.3 Case company Ci's insights into local stakeholders' perceptions	
Mining vs. mineral exploration	Are the local stakeholders' perceived opinions related to a possible mine or mere mineral exploration? In this respect, are there any misconceptions (in terms of time frame/ success rate) affecting the point of reference?
Varying perceptions and activeness	Are there differences in terms of the local stakeholders' positivity or negativity / activity or passivity within and/or between stakeholder groups?
Perceived negativity	What are the main concerns of the local stakeholders? Are the negative perceptions specific to certain groups? How does the case company respond to the negativity?
Perceived positivity	What are the main positive perceptions of the local stakeholders?
Trust and approval	Is the case company trusted and approved by the local stakeholders? How has the trust and approval been gained and maintained)
6.i.4 Local stakeholder engagement of case company Ci in practice	
Key issues in local stakeholder engagement	What is considered to be most important in local stakeholder engagement (deductively)? Short review of what was generally brought up as important (inductively).
Manifestation of local stakeholder engagement	What are the forums and channels of local stakeholder engagement? Categorization to explicit and implicit & on-going and discrete channels.
Aspects of change in local stakeholder engagement	What was the first contact like? Has the local stakeholder engagement changed? How is change (in multiple levels) dealt with in the interviews?
Challenges of local stakeholder engagement	What are the problems (if any) and (company and personal) challenges in the local stakeholder engagement? What is hardest?
6.i.5 Employees' insights into relation of case company-specific factors to local stakeholder engagement	
Target metals	How do the interviewees consider the effect of the case company's target metals on the engagement?
Company size	How do the interviewees consider the effect of the case company's size on the engagement?
Company nationality, language and local foothold	How do the interviewees consider the effect of the case company's nationality-related issues on the engagement?
Target area	What makes the local site or Finland special in terms of local stakeholder engagement?

Section '6.i.4 Local stakeholder engagement in practice' entailing 'Manifestation of local stakeholder engagement' (Table 10) contains a list of the case companies' local stakeholder engagement activities and issues, categorized according to a framework (Table 11) that was created inductively from the interview data using Atlas.ti and Microsoft Excel. The framework incorporates explicit, implicit, on-going and discrete types of local stakeholder engagement activities and issues, called here as 'manifestation', according to their continuity and relation to other business activities (for explanations see Table 11).

The author came up with presenting the manifestation according to the inductive framework because it seemed as an illustrative way categorizing the case companies' different approaches to local stakeholder engagement, going beyond the framework presented in section 4.3.

Table 11: Manifestation of local stakeholder engagement: categorization into a four-cell matrix (by author)

	Discrete	On-going
Explicit	Chronologically distinguishable or haphazard activities that the case company C carries out as an explicit part of local stakeholder engagement	Chronologically on-going activities or processes that the case company C performs as an explicit part of their local stakeholder engagement
Implicit	Chronologically distinguishable or haphazard activities through which the case company C implicitly contributes to local stakeholder engagement	Chronologically on-going activities or processes through which the case company C implicitly contributes to local stakeholder engagement

5.6.2 Cross-case comparison

The cross-case comparison in chapter 7 was straightforwardly carried out by comparing the data of the within-case analysis. The objective was to present the within-case descriptions in a comparable form and to discuss the results from an *intrinsic* perspective (see section 5.2).

5.6.3 Description of the three case companies

To allow a sufficient level of anonymity, the case companies cannot be introduced to full extent in this study. The organizational facts and figures concerning for example annual budgets, number of employees and operating areas cannot be disclosed here due to an agreement with the case companies. However, approximate information is provided in order to create a basis for the following case descriptions in chapter 6.

The within-case and cross-case descriptions are based on the analyzed interviews and a few focusing questions sent by e-mail. The following case company introductions are based on the case companies' web sites, and official company records (Kauppalehti, 2013).

Case company C1

The parent company of the case company C1 was a foreign listed junior exploration company with global operations. Here the notion of C1 covers the junior company's operations in Northern Finland. The local business unit was recorded as a Finnish company less than two years ago (Kauppalehti, 2013). The case company's main focus of

interest was a gold-uranium *greenfield* exploration site purchased from another company less than five years ago. Compared to the other two case companies and measured in the amount of employees, the case company C1 was the smallest one, and its mineral exploration project stage is the least advanced of three case companies involved in this study.

Case company C2

The notion of C2 covers here the company's two local branches in Northern Finland, of which the one was dedicated to the mine development project of an iron-copper-gold *brownfield* site and the other to mineral exploration of other potential mineral deposits. At the time of the interviews, the case company C2 had carried out mineral exploration in Finland for 5-10 years. The parent company of the case company C2 had globally one operating mine, of which financial problems had also influenced the parameters of the case company C2.

Case company C3

The notion of the case company C3 covers here the Finnish business unit and all mineral exploration activities carried out in Northern Finland related to the multi-national parent company comprising global mining and exploration operations. The local business unit was recorded as a Finnish company less than two years ago (Kauppalehti, 2013). The primary focus of the case company C3 was a *greenfield* mineral exploration project, containing nickel and copper, and to a small extent, gold and platinum. At the time of the interviews, the case company C3 had carried out mineral exploration in Finland for around ten years. Compared to the other two cases of this study, the case company C3 was part of the biggest mining corporation, and it also had the longest history of mineral exploration activities in Finland. The case company has had a contradictory media presence in Finland. On one hand the unexceptional extent of the mineral deposit of the primary mineral exploration project has been underlined, but on the other hand, critical writing on the case company's operations overlaying with a natural conservation district has occurred.

6 Results of the research

In this chapter the results of the study are presented using the within-case framework (see section 5.6). Section 6.4 entails cross-case comparison from the *intrinsic* case study perspective (see section 5.2) and reflection upon literature.

6.1 Within-case description of the case company C1

6.1.1 Organizational aspects of local stakeholder engagement of case company C1

Motivation for local stakeholder engagement

The importance of local stakeholder engagement was rated by the interviewees of the case company C1 on average as 8.6 from 0 to 10. **The main reasons and objectives** for local stakeholder engagement appeared as instrumental, integrative and ethical, using the categorization of Garriga and Melé (2004). The author could not distinguish political drivers (Garriga and Melé, 2004) from the statements. In terms of *instrumental* reasons and objectives, good relations with the local stakeholders were seen to enable a better access to services, employees and information, and a favourable operating environment. An employee of the case company C1 pointed out:

> *"We get people to work for us, if needed. They are happy to come. We gain services – without problems."*

Also *integrative* reasons and objectives were mentioned, and the interviewees brought up maintaining open and trustful communication and the municipality's support of local operations. Furthermore, local stakeholder engagement contributed to being approved, accepted and respected by the local community. To give an example of a statement categorized by the author as integrative, an employee of the case company C1 pointed out:

> *"The objective is probably to be approved in the operating environment."*

In terms of *ethical* reasons and objectives, sharing information was seen as important, and local stakeholder engagement was also regarded as good behaviour. An employee of the case company C1 pointed out:

> *"And of course it's good behaviour."*

The efforts required in local stakeholder engagement activities were neither considered difficult nor time-consuming, as an employee of the case company C1 pointed out:

> "We have done what we have seen to be good, and after all, it's not so much work. And still we have the conception that we have excellent relations to the local stakeholder groups. It's pretty hard for us to imagine how anyone could fail in this badly."

Strengths in local stakeholder engagement

The '**northern mentality**' of the local employees of the case company C1 was regarded as strength in the local stakeholder engagement because it allowed the employees to recognize *how* to tell about relevant issues to the local stakeholders. Also **openness and receptiveness** were considered advantages of the case company C1. An employee of the case company C1 pointed out:

> "We are in contact with many groups, we inform them and we are good at it. --It is illustrative that if a logger calls us like 'we've found here a special stone, can you come and have a look on it?' That they dare and want to contact us; that's pretty good, I think."

Employees' insights into opportunities for improvement

Having only an English **website** was considered a weakness, and providing also information in Finnish for the local stakeholders was seen as an improvement opportunity. It was also brought up that the case company C1 could gravitate to **direct interaction with its opponents**. The case company C1 was also noted to be looking into getting an advisor group of local stakeholders.

In terms of organizational learning, the interviewees did not see stakeholder engagement as an object of benchmarking. Apart from the information provided by press, the employees were noted to know little about other companies' local stakeholder practices. Use of common sense in local stakeholder engagement was stressed. En employee of the case company C1 pointed out:

> "I haven't really thought about this. Usually I'm just like myself with the locals."

In terms of negative anti-benchmarking examples, deficient communication related to Talvivaara's nickel mine (see section 5.1.1) was brought up.

The number of employees of the case company C1 was small, and only one employee was fully **entitled** to other tasks than mineral exploration, including stakeholder engagement. The case company did not entail specified roles such as a tenure document controller, a community liaison officer, or an environmental and safety employee to explicitly deal with authorities, landowners or the case company's environmental responsibility, but the tasks were handled by two managerial employees. The whole team including the case company's geologists was noted to contribute to the daily communication with the local stakeholders while the two managerial employees were responsible for the design of the overall engagement framework and any formal communication with stakeholder organizations. Use of consultants in local stakeholder engagement was not preferred. An employee of the case company C1 pointed out:

> *"I'm not a big fan of delegating things to consultants. I think that people tend to believe thing more if you actually work for the company when you're talking about it."*

The **case company-corporate relationship** was seen as open and supportive. An employee of the case company C1 pointed out:

> *"As far as I know, here in Finland we are totally free, and on the other hand, [we have] the top-level's trust to deal with these issues as we prefer. That doesn't mean that we wouldn't continuously discuss about them with the parent company. That's one advantage in this kind of a flat organization that we have that there is not such blocking. It's easy to say that we are planning to do this and that. You can ask the chairman of the board, 'do you have an opinion on that?' If he has one, he will definitely speak out. It's an efficient way of working."*

Even though **formal guidelines** of local stakeholder engagement were noted to be drawn in the corporate policies and strategies, in practice the local stakeholder engagement of the case company C1 was seen to be rather based on common sense. An employee of the case company C1 pointed out:

> *"We have seen that as long as our practices here lead to the same direction as the broader alignments, I think that we can act according to our vision of those [local]*

people and what we regard as sensible, rather than thinking how we could fulfil all the complexities of the formal standards."

6.1.2 Local stakeholder groups of case company C1

List of local stakeholders

The list of local stakeholders with whom the case company C1 was in contact comprised **reindeer herders** ('paliskunnat'), **landowners** including local and non-local private people and the state (Metsähallitus), **local residents and two village associations** consisting of the local residents, the nearest bigger **city** located about 80 km away, and the **municipality** overlapping with the exploration activities of the case company C1, free time **hunters**, **local entrepreneurs** such as the shopkeeper and accommodation providers, **contractors**, the **local media**, any **individuals encountered** in the field, and **authorities** such as ELY [9] and Tukes[10].

The stakeholder groups of case company C1 were partly seen as overlapping. For example, some of the local residents were noted to be free time hunters or professional reindeer herders while others were included in the category of landowners. An employee of the case company C1 pointed out:

> *"When you talk with somebody it's good to recognize what the stakeholder groups are he or she belongs to."*

Local stakeholder identification

The process of local stakeholder identification of the case company C1 was noted to be based on **basic communication skills and geographical maps**. An employee of C1 stated:

> *"You can't get the information there [in the third world] without spending weeks talking to everybody, whereas here a lot of information is available and you can actually get that information geographically."*

The population in the target area was noted to be rather small, facilitating local stakeholder engagement, as an employee of the case company C1 stated:

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[9] ELY is the Finnish Centre for Economic Development, Transport and Environment

[10] Tukes is the Finnish Safety and Chemicals Agency

> *"There is no 'spare' crowd, so that probably all the people there know us and they know what we are doing there."*

Ranking the local stakeholders

The prioritization principle of the local stakeholders of the case company C1 was noted to be based on proximity to the mineral exploration area. The "close-to-far-strategy", as an employee of the company called it, prioritized engagement with the **residents** and **landowners** of the exploration area because having good relations with them and to keeping them updated was considered important. However, also the **municipality** was seen as important. Furthermore, the case company's principle of good behaviour incorporated fitting with **different sources of livelihood** such as reindeer herding into the same operating area. Reaching a balanced co-existence entailed negotiating and sharing information with the groups.

Also the government **authorities** were seen as an especially important party to deal with. An employee of the case company C1 noted:

> *"Metsähallitus Nature Services and the ELY Lapland based in [the city] are an area where we spend a lot of time."*

6.1.3 Employees' insights into local stakeholders' perceptions

Mining vs. mineral exploration

The perceived feelings of the local stakeholders of the junior company seemed to be often **related to the possibility of a mine**, although the case company was a junior company and no mine was planned yet. An employee of the case company C1 noted:

> *"Some hope that [a mine] would come soon, and others fear that it comes soon."*

The case company C1 was striving to find an economically feasible ore deposit that would eventually become a mine, but the chances of a mineral exploration project to become a mine were around 1:1000, as one of the interviewees noted. Mineral exploration projects were expected to take years, the covered areas were vast, and uncertainty was high especially in the early project stages. An employee of the case company C1 explained:

> *"When you get the exploration licence that's hundreds of square kilometres, and if you ever find a mine within it, it might be three hectares of five hectares. That's it, you don't know where that is."*

The interviewees' accounts were somewhat contradicting when asked whether the local stakeholders were considered to understand the technical parameters or whether they had misconceptions about the case company's project or mineral exploration or mining in general. On one hand, an interviewee noted that the local media, village associations, the municipality and even the opposing groups' media had been receptive to the factual messages that the case company C1 wanted to get across. An employee of the case company C1 pointed out:

> *"I don't know what the truth is, but I think that they know what we are doing there and what it means, and there are no prejudices."*

On the other hand, mineral exploration and mining were noted to be mixed up frequently in Wikipedia articles and the news. Especially the timeframe of the mining industry was noted to be commonly misunderstood. An employee of the case company C1 noted:

> *"In Wikipedia I think there is an article of 'the mine of [the case company C1]'."*

In order to make corrections to any possible misconceptions, the interviewees stressed especially factual communication with the locals. An employee of the case company C1 explained:

> *"We have this kind of an engineer's point of view to that. So, we just tell them the facts hoping that people would understand that what we are doing does not affect their living environment."*

Keeping to facts entailed avoiding fanciful promises, as an employee of the case company C1 stated:

> *"They don't respect that kind of useless hype."*

Furthermore, using layman language was seen as important in order to get across the facts. An employee of the case company C1 pointed out:

> *"Try and explain to people in simple language with respect what's going on and how it works."*

Varying perceptions and activeness

The local stakeholders' **positive and negative perceptions** on the exploration project of the case company C1 were considered to vary individually rather than due to stakeholders' group related pressure. In terms of behaviour patterns, an interviewee assumed that landowners having been around for a longer time were generally more understanding of the mineral exploration process because they had seen mineral companies around already before. In turn, new landowners were noted to be rather vocal in complaining because they felt threatened by the possibility of a mine which they had not planned for when moving to the area. Furthermore, landowners' location in relation to the current operations of the case company C1, were also noted to have an influence. An employee of the case company C1 contended:

> *"People don't want to be in the worst position, no matter what people say about it being good for Finland - if it's you, it's hard."*

While the interviewees of the case company C1 considered the local stakeholder engagement to be free of problems, opposition of the mineral exploration project was seen to mostly derive from outside the local community. An employee of the case company C1 pointed out:

> *"The harshest criticism has been expressed by people who have not come to look what is actually happening."*

Locally based opposition was seen as overwhelmingly marginal compared to the support. An employee of the case company C1 pointed out:

> *"If there's a group of twenty people and one person is complaining, there are the other nineteen people, so it's not so bad."*

In terms of the more **active or passive** local stakeholder groups, also activeness was seen to vary according to personality rather than group wise. For example the local shopkeeper was mentioned to be especially active in the engagement. An employee of the case company C1 summarized:

> *"Of course everybody is not active. Some people are more talkative than the others."*

Perceived negativity

Two issues are worth noting before looking more closely into this section dealing with the interviewees' perceptions of the local stakeholders' negativity. Firstly, although the list of perceived negativity seems manifold, apart from few exceptions, most of the *local* stakeholders of the case company C1 were still regarded as approving of the case company's operations. Secondly, many of the issues dealt with in this section overlap with the ones discussed in 'Challenges of local stakeholder engagement' as stakeholders' negativity tended to generate challenges to the case company. While this section rather serves as an overview of the locals' fears and sources of negativity, the overlapping issues are dealt with in more detail in the section 'Challenges of local stakeholder engagement'.

Bad media image was brought up as a common source of negativity and fearfulness (see also 'Challenges of local stakeholder engagement' in section 6.1.4) of people, even though its influence was considered to be bigger in the national level than in the local one. An employee of the case company C1 noted:

> *"In media anyone can present himself as a specialist. Maybe that scares some people. I would be scared myself if I didn't know anything about these issues and I would only read what the mainstream is writing."*

Especially the environmental problems of **Talvivaara**'s nickel mine in Finland (see section 5.1.1) frequently dealt with in the press in the last couple of years, were seen as a source of negativity (see 'Challenges of local stakeholder engagement' in section 6.1.4). An employee of the case company C1 expressed:

> *"The case Talvivaara has directly changed people's opinions to more doubtful and negative."*

The local stakeholders' **environmental** fears were underlined in the interviews. An employee of the case company C1 noted:

> *"Especially it feels like that it's the environmental and conservation-related things that come up today especially related to the mining industry."*

However, **conservationist** arguments were noted mostly to derive from the South of the country rather than from the local villages. An employee of the case company C1 noted:

"In the South [of Finland in the more populated area] when they start to investigate whether there are flying squirrels, they will always find something interesting. I guess that it's pretty often used as a weapon."

Uranium, one of two target metals, was also seen to arouse fear by the locals as well as non-locals (see 'Challenges of local stakeholder engagement' in section 6.1.4). An employee of the case company C1 pointed out:

"Well, probably generally for people the word 'uranium' causes fear the most out of all metals explored in Finland. That is probably the scariest topic."

Also the **fear of the unknown** was brought up in the interviews. The mineral exploration project of the case company C1 entailed issues with which many locals were originally unfamiliar with, and while the exploration project was still in an early stage the project future and its implications were still open. An employee of the case company C1 pointed out:

"People fear for what they don't know or understand. There is this sort of a fear of the unknown."

In terms of imminent future scenarios, the locals were considered to fear for the **potential harms a mine would impose on their personal property and source of livelihood**. An employee of the case company C1 pointed out:

"They actually have a lot to lose because their whole life-style could change as the result of something being developed."

Also a general dislike of any kind of a **change** was brought up in the interviews. An employee of the case company C1 pointed out:

"So there will always be people who are not happy about development of some sort whether it would be a factory being built or a mine or anything industrial or even people creating a national park saying that you can't go shoot moose in there."

Furthermore, **principled anti-mining attitudes** could be traced. An employee of the case company C1 noted:

"[Sometimes] I think [telling the facts] doesn't lead anywhere. They just have decided that this is a bad thing and that's all."

A discrepancy between the local community and the non-local sphere was again brought up in the interviews. Some locals were noted to having expressed their dislike of the non-locals' opposition, and the locals were considered to support the case company C1 rather than the disapproving non-locals. An employee of the case company C1 pointed out:

> *"[The locals] wonder that the non-locals are complaining even though they don't know the local issues. How do [the non-locals] know how badly or well they [the locals] are doing? That's the sort of feedback we get."*

However, also locals' **not-in-my-backyard** (NIMBY) standpoints (discussed in sections 4.7.2 and 5.1.2) were mentioned in the interviews. The interviewees linked NIMBY especially to retired people and summer cottage visitors. An employee of the case company C1 pointed out:

> *"You know you say you lived somewhere else in Finland and you bought a summer house, and you went up there and had a fantastic summer, and the next year there would be a mine near or something. Everybody would feel sad and not so happy about that."*

Finally, also **nationalistic opinions** on foreign companies' resource utilization were brought up in the interviews (see also 'Company nationality, language and local foothold' in section 6.1.5).

Perceived positivity

The perceived hopes of the local stakeholders of the case company C1 brought up in the interviews were commonly related to **positive economic effects**, especially related to jobs. An employee of the case company C1 pointed out:

> *"The hopes are that economic liveliness and jobs would be created in the area."*

Many locals were considered to be hoping for enhanced prerequisites of living that a mine could bring to the area. The past and current **presence of mining and exploration activities in the region** was considered to induce positive expectations by the locals. An employee of the case company C1 pointed out:

> *"It's mostly that the companies have done their job well and have not caused major damages to the environment. Maybe that influences the positive perceptions of the locals also on our current activities."*

While uranium was seen as a challenging factor (see also 'Perceived negativity' in section 6.1.3), gold was noted to arouse positive expectations by the locals. An employee of the case company C1 pointed out:

"It's mostly gold that people are interested in, like 'oh, where can you find gold?'. We have extracted gold from the soil samples, and there have been pretty nice gold nuggets. People probably wonder also where they could find gold themselves --."

Trust and approval

The interviewees estimated the case company C1 to having gained the local stakeholders' trust and approval. As a footnote, the gained trust was essentially seen as related to mineral exploration and not mining. An employee of the case company C1 pointed out:

"Yes, [the case company C1 has the local stakeholders' trust and approval]. As an exploration company, absolutely yes."

The interviewees stressed **direct communication** as key a factor having contributed to trust and approval. An employee of the case company C1 noted:

"It's probably that we have been in direct contact with the quarters."

Furthermore, **openness and honesty** were seen as crucial factors of trust and approval. An employee of the case company C1 noted:

"Openness and that we stay in contact, informing properly and honestly."

Furthermore, **listening and being approachable and available** were stressed. One-way information disclosure would not suffice to maintain the local stakeholders' trust and approval. An employee of the case company C1 expressed:

"I believe that people believe, which is true, that they can approach us when they have questions."

Also **contributing to the local economy** was brought up. An employee of the case company C1 noted:

"We try to support the local sources of livelihood to the extent that is possible."

Also **personal** and preferably **long term commitment** was highlighted as a factor contributing to trust and approval. An employee of the case company C1 contended:

"There are only few of us. In practice this has been dealt with me and [colleague X]. -- We are the face of the company."

However, a mine development project would involve buying people's land, changing the environment, and changing how local people lived in the area. Thus, shifting from mineral exploration to mining would test the case company's local stakeholder relations. An employee of the case company C1 pointed out:

"The real test [of the local stakeholder relations] is what would happen if you found actually something that would become a mine."

Also accidents were noted to have the potential for causing rapid changes to the local stakeholder relations.

6.1.4 Local stakeholder engagement of case company C1 in practice

Key issues in local stakeholder engagement

When asked for a summary of what the interviewees considered to be most important in local stakeholder engagement, **honesty** was again brought up. Also **openness** of communication was stressed once more (see also 'Trust and approval of the local stakeholders' in section 6.1.4). An employee of the case company C1 pointed out:

"I can't really say much more than 'openness'."

Furthermore, **input of the employees' personality** was seen as one of the most important factors. An employee of the case company C1 pointed out:

"It must be genuine. People are not happy with impersonal [communication] and therefore the interaction must contain also informality so that it's true co-operation."

Finally, **trust** was stressed as most important in local stakeholder engagement. An employee of the case company C1 noted:

"They need to trust that what we are saying we're doing is what's actually happening, because when you lose that, it's very hard to come back to it."

The issues summarized as most important in local stakeholder engagement seemed to reflect and complement the preferable aspects of communication brought up throughout

the interviews and discussed in this study: **factuality, transparency, reciprocity, comprehension of the local context, use of understandable language, and genuine, long term and person-to-person-level engagement.**

Manifestation of local stakeholder engagement

Next the different manifested forms of local stakeholder engagement of the case company C1 are presented. The underlying framework comprising explicit-on-going, explicit-discrete, implicit-on-going, and implicit-discrete type of manifestations was explained in section 5.6.1.

Explicit-on-going type of manifested local stakeholder engagement

Enabling local stakeholders to contact the employees and visit the office was stressed by the interviewees. An employee of the case company C1 pointed out:

> *"We always have 'open doors' at our base or office, so often people just come there to chat and have coffee."*

The case company C1 was noted **not to have a feedback box** in any of the related villages. In terms of the case company's presence on the internet, the English web page of the case company contained technical reports and overviews about the exploration site. However, the case company **did not have a Finnish web page**, which was seen as a weakness that was planned to be fixed.

The entire team's awareness of being responsible for representing the case company was brought up in the interviews. An employee of the case company C2 pointed out:

> *"Well we all are there. Everybody who is moving in the field and represents the company. Everybody has been trained for that in the beginning."*

Explicit-discrete type of manifested local stakeholder engagement

Presentations and info events reflected the case company's response to what the interviewees regarded as one of the local community's basic needs. An employee of the case company C1 pointed out:

> *"We have the idea that the locals are interested in what we do and what is happening there, and we proactively try to tell about it."*

Usually the whole team was present in the presentations. The meetings were noted to be organized by other parties such as the village associations and the municipality. An employee of the case company C1 noted:

> "We haven't organized this kind of [info] events where we would have been the host, but we have always gone there [to give presentations] through the back door."

Even though not having been hosting the events, the case company was noted to be proactive and willing to participate. An employee of the case company C1 pointed out:

> "We have organized it actively by ourselves to go there and we have clearly expressed to these quarters that we are willing to do so."

Showing pictures of mineral exploration activities and the equipment in the meetings and on field excursions was noted to be an effective means of dispelling prejudices and arousing interest. The occasions comprised also dealing with other issues than the case company apart from the case company's presentation, as well time for questions. However, the interviewees stressed the informal part of the meetings. An employee of the case company C1 expressed:

> "Eventually issues start to come up at the point when it's time for coffee. Then the people start to come closer and ask about all kinds of things."

Informing all locals encountered casually in the field was brought up in the interviews. An employee of the case company C1 noted:

> "In the forest you encounter all kinds of people, so even our field assistants have been underlined that they have to present themselves and let people know from which company they are and what they are doing, so it won't remain unclear what it is about."

The case company C1 was noted to be committed to **focused communication with the landowners**[11]. An employee of the case company C1 pointed out:

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[11] Inquired afterwards by e-mail

"We mail the landowners if it deals with something for what we need material to be achieved, [and we also communicate with the group] through info events and, we call them if it exclusively deals with a part of the landowners."

Also the **reindeer herders** were noted to be object of **focused communication**[12]. An employee of the case company C1 pointed out:

"If we have something only for the reindeer herders, we contact the local Paliskunta's master, usually by phone."

Furthermore, the case company C1 was noted to communicate with the free time **hunt associations**. An employee of the case company C1 noted:

"We haven't been in contact with the game management organization, but with the local hunter associations, yes. They are somewhat interested in our actions."

The case company C1 was noted to **directly apply for land use permissions from the landowners**[13] in case a formal claim application process was running in the area but no claims had yet been granted by the authorities. An employee of the case company C1 noted:

"With the private landowners, we have made an agreement to carry out drillings before claims are granted."

The case company C1 had equally had a short period of direct collaboration with Metsähallitus. However, the state-related landowner had refused to grant further land use permissions arguing that it had no obligations to such collaboration. However, when the collaboration with Metsähallitus had still been working, the case company had paid **land use compensations** and some extra **to the state-related landowner**[14]. An employee of the case company C1 noted:

"For the moraine sampling, we paid the normal claim compensations and a bunch of additional costs."

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[12] Inquired afterwards by e-mail
[13] Inquired afterwards by e-mail
[14] Inquired afterwards by e-mail

When it came to responsible behaviour in the landowners' grounds, the case company C1 committed to "good behaviour", by **compensating all damages to the landowners**[15].

There were noted to be no extensive **local sponsorships**[16]. The case company C1 was noted to sponsor a canoeing event and an industry meeting.

In terms of local press relations, the local media was noted to be contacted on a regular basis at the start of each working stage. An employee of the case company C1 pointed out:

> *"Always when we start up a working stage, for example drilling, or when we leave a claim application or do something else like that what has an impact on the locals, we organize a press briefing where we invite all local media operating in the area and give them also the press releases."*

When it came to **environmental NGOs**, the case company C1 was noted **not to commit to direct communication** with them.

Finally, communication with the **authorities** (see also 'Challenges of local stakeholder engagement' in section 6.1.3) was highlighted throughout the interviews. An employee of the case company C1 pointed out:

> *"In terms of the environmental authorities, Metsähallitus Nature services and in ELY, it's the nature conservation side with whom we continuously communicate."*

Implicit-on-going type of manifested local stakeholder engagement

Growing employment was listed as one of the most important perceived hopes of the local stakeholders (see 'Perceived positivity' in section 6.1.3), and **using local workforce** was stressed by the interviewees as part of the manifested local stakeholder engagement. An employee of the case company C1 noted:

> *"We hired locals to work for us. They worked as field assistants."*

Furthermore, the multinational company's local presence in the form of a **local business unit** was stressed in the interviews. An employee of the case company C1 contended:

> *"It is good to have a Finnish business unit essentially."*

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[15] Inquired afterwards by e-mail
[16] Inquired afterwards by e-mail

The **development of an informal social network** was also underlined in the interviews. The employees' personal relations to the locals developed through living and working on spot. A geologist of C1 pointed out:

> *"I think we have pretty close relations [with the shopkeeper]. We're friends even though it's through work."*

The employees and locals were noted to know each other by forenames. The locals showed interest in the employees' personal issues. An employee of the case company C1 noted:

> *"It's rather chit-chatting, like 'what's up'. Typically they ask questions such as whether I've already found gold enough for a ring."*

The entanglement of the case company's intended local stakeholder engagement and casual interaction seemed to have a positive effect on the case company's local relations.

Implicit-discrete type of manifested local stakeholder engagement

Buying local products and services was underlined in the interviews. Using the local shop and gas station contributed to the case company's local foothold, strengthening the employees' relations to the local stakeholders. An employee of the case company C1 pointed out:

> *"Often in summer we used to go to the restaurant to eat, and that's how we met the local entrepreneurs and residents, the local villagers."*

For example talking to the shopkeepers came up as an effective means of spreading facts and news about the case company's current operations in the village. An employee of the case company C1 noted:

> *"The local shop is the village centre that many people visit daily. So, if someone has a question, he or she would ask it probably from the shopkeepers, like 'do you know what they are doing...?' And, then [the shopkeepers] would say 'well yes, the boys just came here...' So, if you could straighten [the misconceptions] to that party..."*

Also **asking for occasional help, advice or services from the locals** came up in the interviews. The case company's dependency on helpful individuals' was stressed

throughout the interviews. Sometimes help was needed for example in order to get through locked gates. An employee of the case company C1 pointed out:

"We've got help to fix the cars or tractor help, all kinds of stuff."

As discussed in 'Motivation for local stakeholder engagement' in section 6.1.1, having an easy and inexpensive access to the locals' help and services was noted to be one of the objectives of local stakeholder engagement

Aspects of change in local stakeholder engagement

The first local stakeholder contact of the case company C1 was with the municipality and the city right after the site acquisition less than five years ago. The case company was noted to always inform the locals in the start of every work stage in a press conference or info event. In the interviews no changes to this procedure were brought up.

In terms of how different levels of change were discussed by the interviewees, the **process view of mineral exploration projects** was underlined, as discussed in 'Mining vs. exploration' in section 6.1.3. Promoting realistic views of the case company's project development was stressed throughout the interviews.

When it came to sudden changes, the local stakeholders' trust and approval was also noted to be prone accidents and dependent of project stage, as noted in 'Trust and approval of the local stakeholders' in section 6.1.3.

In sum, even though the case company's local stakeholder engagement manifestation had not changed much along the project, in technical terms the mineral exploration project was in constant change, which had to be communicated to the locals.

Challenges of local stakeholder engagement

Communication with the **authorities** was considered to entail problems from the interviewees' point of view. An employee of the case company C1 pointed out:

"Because we have a very low impact, we don't have many issues with the local stakeholders. We have more issues with the environmental authority level than anything to do with the stakeholders."

The difficulties were firstly considered to derive from deficient resources of the authorities contributing to the slowness of the claim application processes. Secondly, the different authorities were not considered to communicate with each other effectively.

The licence processes were regarded as critically slow, and complaints about the case company's operations addressed to the authorities were seen to extend them by years. As a result, unrealistic schedules and costs were falling upon exploration companies. An employee of the case company C1 expressed:

> *"Even though the Fraser institute chose Finland as the most favourable country for mining and mineral exploration, this is not really 'the height'."*

On the other hand, when the licence processes stretched by years, there was more time to develop good relations to the local stakeholders. An interviewee of the case company C1 pointed out:

> *"As we couldn't do anything apart from some work in the forest by the public right to of access, we ended up building relations to the locals. In that sense not having the granted claims didn't affect the locals' views."*

The principal mineral exploration site of the case company C1 was partly overlapping with a protected **Natura2000** network area. Even small experiments in the nature reservation area were noted to be deemed undesirable by some non-private stakeholders such as Metsähallitus, some authorities and non-local stakeholders. However, the case company C1 assumed most of its very local stakeholders to regard the hype of the Natura2000 network as exaggeration. The interviewees claimed the harshest critique to be expressed by non-local actors and parties that had not visited the area themselves. An employee of the case company C1 pointed out:

> *"It feels like the locals don't regard the Natura area as anything special. But if you look at the area from a city, you think it's the world's best reservation spot, which it definitely isn't. Many people have missed the difference between a national park or a natural conservation area and the Natura network."*

Some interviewees regarded the communication gaps from the authorities' side as a root cause having led the case company to take samples in the protected Natura2000 area,

which eventually sprang up reclamations and police investigations. However, an employee of the case company C1 pointed out:

"We think that we informed the authorities clearly about these things. And we invited the Nature Services of Metsähallitus to these meetings. They never appeared. Despite our requests, we were never briefed about whether or not we could do minor sampling in the protected area. It doesn't eliminate the fact that we should have known and found it out by ourselves. But we thought wrong that the authorities' guidance would have been correct. And here we are; the police are now investigating shovel pits. I assume they would have something else to do, as well. These kinds of things don't lead to the best possible level of reciprocal trust, and it requires us pointless, extra work, causing delays."

In contrast to gold (see also 'Target metals' in section 6.1.5), the presence of **uranium** in the explored bedrock was noted to be challenging (see also 'Perceived negativity' in 6.1.3). An employee of the case company C1 stated:

"Uranium anywhere in the world is an extremely difficult political element, and we wish in some ways we had none of it. It would be much easier just to have gold, and twice as much gold."

Uranium was seen to make the authorities' licence processes even more difficult, and the metal was noted to cause opposition by different environmental anti-uranium and anti-nuclear power activists located in Northern Finland and in the capital area in the South of Finland. In general, opposition was noted often to derive from outside the local community. An employee of the case company C1 accordingly explained:

"The village association some hundred kilometres away opposes us because they fear that 'uranium exhausts' will fly there and cause everybody to fall ill."

Some interviewees stressed that the locals' fearfulness could be diminished by educating them about radiation. An employee of the case company C1 pointed out:

"Normally it goes like that as we have all kinds of gadgets, gamma spectrometer and so on, so you just explain what they are, and… because often it's unclear to people what uranium is and what it actually means. Since it's invisible, we explain what radiation means: natural background radiation from stones and all these

things. And normally when you explain about the things a little bit, people calm down."

The challenges caused by the presence of uranium were well recognized by the interviewees. But after all, the amount of uranium in the deposit did not seem to be the fundamental factor affecting the local stakeholder relations or the company's operations. An employee of the case company C1 pointed out:

"The starting point of all uranium explorers is that it arouses passion and fears. It hasn't really made any difference to us that it was suddenly found that there was less of it [in the deposit]. It just probably somewhat reliefs those people, and we have had a bit less of those conversations."

Even before the case company C1 had acquired the mineral exploration site from a uranium-focused company, no conflicts with the local stakeholders had been traced. An employee of the case company C1 who had worked also for the previous mineral exploration company, stated:

"I haven't really realized that even then things would've been especially bad in terms of these [local] stakeholder groups."

According to the interviewees, **negative national-level media publicity** contributed to the challenges related to uranium. Also the Finnish **Talvivaara**'s accident-prone nickel mine (see section 5.1.1) had increased the public mistrust of uranium; the company had recently announced its willingness to start the recovery of uranium. Furthermore, also apart from uranium, negative media publicity and the environmental problems of Talvivaara were noted to having worsened the operating environment of the case company. However, these factors were noted to be outside the control of the case company. An employee of the case company C1 pointed out:

"In sum, the [picture of] mineral exploration and mining presented in media has a strong effect on how well we can operate."

Economic downturns were generally brought up as an unavoidable challenge of mineral exploration companies affecting the operating parameters. Economic pressure was noted to be strong in junior exploration companies. However, in terms of whether the economic

parameters were considered to directly affect the case company's local stakeholder engagement, an employee of C1 pointed out:

> "I don't think that it does [affect the local stakeholder engagement]. Of course if there is no work to do anymore, than it does."

While the employees of the case company C1 were predominantly Finnish, the **lack of Finnish language skills** was furthermore noted to be a challenge of local stakeholder engagement for the few foreign employees. An employee of the case company C1 pointed out:

> "There are often elderly people who don't speak English, so there always has to be someone to speak to them when we are working outside. That's a kind of a challenge."

Furthermore, explaining the **technical issues** to the local laymen was brought up as one of the hardest things in local stakeholder engagement. An employee of the case company C1 stated:

> "There are people asking, why you can't get the weather forecasting better. It's quite technical but you have to deal with it every day."

It was also noted that local stakeholder engagement might be hard for employees who did not feel confident with **socializing** with people. An employee of the case company C1 pointed out:

> "Of course if you are not such a social person, it would be hard for you to go and talk with strangers. But that becomes easier when you wear your 'employee gear'."

6.1.5 Employees' insights into relation of case company-specific factors to local stakeholder engagement

Target metals

While uranium was noted to arouse fears (see also 'Perceived negativity' in section 6.1.3 and 'Challenges of local stakeholder engagement' in section 6.1.4), the interview participants of the case company C1 estimated gold to be a more socially acceptable target commodity among the local stakeholders. Showing samples of gold to the local

stakeholders seemed to yield immediate acceptance and interest. An employee of the case company C1 stated:

> *"If I dig a tube full of gold, nearly everybody's faces light up when they see that it's real gold."*

Gold seemed to be a factor contributing to the local stakeholders' readiness to change their disapproval of uranium into approval of the case company's operations. According to an interviewee's account, in an informal face-to-face discussion a local resident had once at first expressed her negative feelings about uranium. However, showing her a sample with a lot of gold in changed her standpoint. An employee of the case company C1 pointed out:

> *"'Look at this, there's also a lot of gold here,' and the lady immediately changed her attitude, saying 'oh really, this is a great thing!"*

Company size

The fact that the case company C1 was a junior exploration company was not assumed to be wholly internalized by the locals, but neither was it considered to significantly affect the constellation. An employee of the case company C1 noted:

> *"I think that most people are unfamiliar with these kinds of things, so they don't internalize the difference."*

For the employees themselves, the small organizational size was considered an advantage in the stakeholder engagement. Being a rather small company was assumed to allow a higher level of authenticity to the interaction. An employee of the case company C1 pointed out:

> *"I would see it as an advantage to be small. It's so much easier. There is not so much official [interaction] as there would be if there were some PR-guys hired. It's kind of more authentic because it is no big corporation for anybody, -- they really see what kind of work we do."*

Being small was noted to be an advantage also because it underlined the impact of the case company's good reputation. An employee of the case company C1 noted:

"I think, while we are smallish and have a good reputation, that's ideal, and so we don't 'bring any baggage with us'. If you're a company that is working in Northern Finland and have a problem in South America, which gets reported in the local news, that becomes an issue. So, the effect of the size on your business depends on the reputation of your business."

Being a junior exploration company was noted to require the case company C1 to report more actively about any successful events in the mineral exploration project. An interviewee pointed out that while for example the case company C3 was a big mining company, it could carry out its mineral exploration operations as *in-house* without the need of external financing, which enabled it to remain more silent about any proceedings. An employee of the case company C1 pointed out:

"They [in the case company C3] don't have to brag about it. If we find a tiny grain of gold we hype about it like the clappers so that we get money because we can't afford it to be secret. We're dependent on the stock exchange."

Company nationality, language and local foothold

In terms of how the interviewees considered the case company's nationality to affect the locals and the local stakeholder engagement, criticism about foreign companies' use of national natural resources in Finland was brought up. An employee of the case company C1 pointed out:

"We have these conversations, and the nationality issue is of course such that it is generally discussed all around Finland --. That foreign people come to Finland, taking out the national property and leaving behind the mess. This is the general conception. It's a belief that affects in the attitudinal level."

The case company C1 was noted to respond to any resource nationalistic preoccupations of the locals by explaining about the capital intensity of junior exploration companies' business model and the fact that raising such amounts of capital without any guarantee for profits would not be possible for purely Finnish companies.

However, also other kinds of nationality-related notions were brought up in the interviews. For example the local restaurant keepers were considered to feel rather positive about the foreign visitors in the local community, and some interviewees considered that the case company's nationality was no concern for the local stakeholders

due to the company's Finnish appearance. An employee of the case company C1 pointed out:

> *"They've been saying that there are a lot of international folks coming by here… But no comments have been made about the nationality of our company. Anyways, it's the Finnish employees that are most actively here."*

The relevance of having a **Finnish business unit** and the employees' **Finnish language skills** was underlined in the interviews. The Finnish employees were seen as a fundamental enabler of the case company's local operations and engagement with the local community. An employee of the case company C1 pointed out:

> *"As a foreign listed company you could not work here without lots of local employees and support like that."*

As noted in 'Challenges of local stakeholder engagement' in section 6.1.4, many of the local residents hardly spoke English, and Finnish language skills were required in contact with the local stakeholders. It was noted that unlike Italian, Finnish was an even language, and without the language skills it was not possible to draw conclusions on stakeholder engagement processes. An employee of the case company C1 pointed out:

> *"So, from the outside you can't actually tell, whether the people agree or disagree or anything because it's all very polite."*

Since some employees, mainly in the upper organizational level, did not speak Finnish, they needed their Finnish colleagues' help with translation. Inter-organizational trust was hence underlined. An employee of the case company C1 pointed out:

> *"So, the challenge for me is only if I didn't trust what they were saying."*

Besides the language skills, the case company's employees' **understanding of the local area and operating context** was regarded as a critical factor of the case company's local stakeholder engagement. An employee of the case company C1 pointed out:

> *"The people on the ground here have been a long time here. They understand it. They know 'the bush' very well."*

In terms of company (trans)nationality, the process of listing the case company C1 to the Helsinki Stock Exchange was noted to be in progress.

Target area

On one hand, differences in mineral exploration companies' local stakeholder engagement were assumed to derive from variation of different **companies' practices** rather than the actual target areas, regions and countries. An employee of the case company C1 pointed out:

> *"I don't think that there is anything too special. They are normal Finnish people. In developing countries they are people, too. For sure different companies have different ways of informing [the local communities] about their operations, and I can't comment on the practices of all the companies."*

However, also certain area, region or country-specific **social drivers** of difference were brought up, such as the fluency of media usage. An employee of the case company C1 pointed out:

> *"I'm pretty sure that somewhere in Africa for example the local population would be interested in the mining companies' activities. But the means of communication are probably more difficult than in Finland. After all, here the society is in the stage that people have got used to use media, so here it's pretty efficient."*

Organization of the local stakeholder groups was brought up as another social driver of difference. Individual landowners and reindeer herders were noted to be well organized into groups, and landownership was noted to be rather individually than group based in Finland. An employee of the case company C1 pointed out:

> *"In developing countries it's completely different in terms of landholders. You have to talk to the chief. And they don't really own the land individually. They have a group of people who are responsible for that area. So, again you need local people to deal with those chiefs."*

In terms of further social factors the overall operating environment of the case company C1 in the North of Finland was tranquil. The population density in the North was noted to be lower than in the South, which was noted to cut down the degree of opposing opinions. Furthermore, in Finland the employees did not have to fear for weapons. In terms of the Finnish mentality, in the Northern hemisphere it was noted to be less talkative than in some other cultures in the world. Furthermore, generally in Finland there were noted to be

no vocational artisanal miners[17] who were considered to be problematic groups to deal with in many other parts of the world.

Besides the social factors, the local **natural environment** was brought up as a source of difference in terms of local stakeholder engagement. In Finland, mineral exploration was noted to have a minor environmental impact, whereas in a desert the tracks would last for a century due to the lack of water, as an interviewee explained. However, conservationist ideas were generally seen to have a big foothold in Finland. But it was also noted to make a difference whether or not a mineral exploration or mining project was carried out in the proximity of a protected area. The very local natural environment of the case company C1 was noted to be not untouched nature, which was seen to facilitate the locals' approval of mining projects. An employee of the case company C1 pointed out.

> *"That is still a mixture of logging areas and desolated forests, so a sort of forestry area with bogs here and there. But if you go more to the North, when it comes to me, I understand that people wouldn't want to demolish untouched nature because of a mine."*

6.2 Within-case description of the local stakeholder engagement of the case company C2

6.2.1 Organizational aspects of local stakeholder engagement of case company C2

Motivation for local stakeholder engagement

The importance of local stakeholder engagement of the case company C2 was rated by the interviewees on average as 9 on a scale from 0 to 10. The employees of the case company viewed the local stakeholder engagement practices as necessary both in mineral exploration and the mine development project. The mine development project was considered to have a big impact on the local economy, area, people and activities in terms of land use and sources of livelihood making the local stakeholder engagement a requirement. An employee of the case company C2 noted:

> *"Otherwise it's like throwing stones in the way of your cart."*

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[17] There are some artisanal gold prospectors in Finland

The main reasons and objectives of the local stakeholder engagement activities of the case company C2 brought up by the interviewees could be categorized into instrumental, integrative, political and ethical according to the framework of Garriga and Melé (2004). In terms of *instrumental* motivation, saving money was brought up, and good relations with local stakeholders were seen to enable getting help and information if needed. Favourable operating environment and good collaboration were also brought up. An employee of the case company C2 pointed out:

> *"It advances our local operations."*

In terms of *integrative* reasons and objectives, maintaining the SLO was brought up. An employee of the case company C2 pointed out:

> *"It's the social licence to operate, I suppose."*

Political reasons and objectives were underlined, too. Sharing the benefits and developing the area and the objective of being seen as a good corporate citizen were brought up. An employee of the case company C2 pointed out:

> *"To be an accepted part of the society and to be seen a good corporate citizen."*

In terms of *ethical* drivers of "doing to right thing", combining success and sustainable development and sharing information was brought up. An employee of the case company C2 pointed out:

> *"It's sharing information."*

Some of the interviewees noted that the case company C2 could somewhat improve its performance of local stakeholder engagement (see 'Employees' insights into opportunities for improvement' in section 6.2.1). However, the case company was commonly considered to invest maximal efforts in the local stakeholder engagement in relation to its size and resources.

Strengths in local stakeholder engagement

The case company's **right mindset** for local stakeholder engagement was underlined in the interviews. Local stakeholder engagement was noted to be seen as a very important part of the case company's operations that could not be done "on the side".

Also having employees, such as the property manager, explicitly **dedicated** to local stakeholder engagement was brought up in the interviews. An employee of the case company C2 noted:

> *"We haven't outsourced it to some lawyer, but we have a person that goes with her own face to do the work. A personal relationship... It's extremely important that people understand and see that we understand that it's a sensitive issue [for them]."*

One interviewee had experiences from other companies recommending their employees not to spend too much time in local stakeholder engagement. However, the employees of the case company C2 invested a lot of time in interacting with the local stakeholders always when they approached the case company. An employee of the case company C2 pointed out:

> *"We're pretty good at the grass-roots-level engagement."*

The case company C2 was noted to having organized successful info events in collaboration with the municipality, and negotiating with the reindeer herders was seen as utterly fluent. Furthermore, the case company was also noted to having succeeded in its employment objective, and lot of positive feedback was noted to having been received from the locals. An employee of the case company C2 pointed out:

> *"If you are familiar with 'The Congo of Lapland[18]' article, that ideology is far from our activities."*

Employees' insights into opportunities for improvement

In terms of qualitative improvement ideas brought up in the interviews, the case company's local stakeholder engagement could be **more systematic and established**. Finding solutions to the financial problems would be helpful for being able to do the work properly. Some mistakes were noted to having been done, for example with the **Sámi people** who had not been contacted in their native language at first. Furthermore, it was noted that communication should not be excessive for the local stakeholders. An employee of the case company C2 noted:

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[18] In the winter of 2012 Helsingin Sanomat, a major Finnish newspaper, published a text in which a Finnish minister was noted to be suspecting that the North of Finland had become "the Congo of the Northern hemisphere" (Pietiäinen, 2012)

"People have a desire for knowledge. But we should find channels that are light enough for people. So that we won't invite people every other month somewhere to drop by if we don't have anything to say, -- so that it becomes a duty for them. Finding a balance in it."

In terms of **facilitating feedback**, all local stakeholders' possibility to contact the case company should still be ensured. An employee of the case company C2 noted:

"I mean those landowners on whose lands we don't operate. Of course the ones on whose lands we have been working know who they should contact. But if they come up with questions, I wonder whether they ponder upon them alone or with the others, or whether they really call us."

In terms of organizational learning, sharing experiences with other companies was assumed to be beneficial for becoming better in local stakeholder engagement. A sort of "cherry picking" was noted to be practiced in discussions with other companies. Also firsthand knowledge on the local society and experiences from previous employers were seen to help to gain perspective in the work. An employee of the case company C2 pointed out:

"I have worked in this area before, so based on that I sort of know what the important things are here to take into account."

However, the interviewees were neither noted to having practiced explicit benchmarking nor anti-benchmarking. No single role models or anti-role models were named. An employee of the case company C2 pointed out:

"Of course there are bad examples. Well, I wouldn't name any single company. I'm sure that in the biggest companies things are wanted to be done properly. Probably nobody wants to do things badly on purpose, I don't think so. But there are certain factors that influence how responsibly things can be done. One thing is that it personifies pretty much in the executive level - what it wants to do or not, and what the top-level personnel's experience is when they entered the company, where they've worked before and what experiences they have had."

Organization of local stakeholder engagement

In terms of the **company structure**, the employees of both the mine development and exploration branches were based in the same local office located in Northern Finland. The employees entitled in the mine development project of the case company C2 were in charge of the local stakeholder relations related both to the case company's mine development project *and* mineral exploration in Finland. The author saw this to contribute to the fact that the issues of both branches' local stakeholder relations were frequently intertwined in the interviewees' statements.

While the whole **team** including the geologists was responsible for contributing to the local stakeholder relations by basic communication, the case company C2 had also **entitled roles** for the engagement. A property manager was fully dedicated to the communication with landowners and dealing with the property issues, and also two other employees were dealing with non-technical and non-geological issues. While the one was responsible for the societal relations of the case company, the other was rather a mediator between the needs of the society, the case company and the natural environment. The CEO of the case company C2 was noted to be responsible for the upper-level political engagement.

The case company C2 was noted to prefer direct contact with the local stakeholders, and consultants were contracted only for special tasks such as environmental impact assessment. An employee of the case company C2 noted:

> *"Well, in terms of consultants, if you send them there as representatives of your company, it's somehow worse than if you go there yourself and talk with [the locals]. It's probably just resilient discussing and showing your face. It requires time and money but that must be accepted. It is part of the job."*

As noted in 'Challenges of local stakeholder engagement' in section 6.2.4, the **case company-corporation relationship** was somewhat seen as a challenge since the corporation's problems affected the case company's parameters. It was also noted that the upper-level bosses did not speak Finnish.

When it came to the use of international **standards** and **best practices**, the case company C2 was noted to apply to the ICMM guidelines and certain standards of the World Bank. Furthermore, the case company was noted to be currently running in the ISO26000

dealing with social responsibility. The case company was also noted to use the GRI reporting framework, and the case company's environmental and safety policies were told to be based on the ISO14000 and ISO18001 standards. The case company C2 was also noted to have a public engagement plan comprising also mineral exploration, and a best practice manual for mineral exploration was noted to be in progress. Still, the interviewees noted to feel free in the local stakeholder engagement work. An employee of the case company C2 noted:

"I've got 'a proxy in blank'."

6.2.2 Local stakeholder groups of case company C2

List of local stakeholders

The current list of the local stakeholders related to the mineral exploration activities of the case company C2 was reported to cover **private** and **state-related** (Metsähallitus) **landowners**, **reindeer herders, local entrepreneurs**, **local residents**, **village associations**, **municipality**, **local media** and **Sámi** people in certain areas, as well as **authorities**[19].

Besides the aforementioned groups related to the mineral exploration activities of the case company C2, the mine development project additionally covered **tourism-related entrepreneurs** and **tourists** since the project was located close to a popular outdoors travel destination and summer cottage owners[20] in the surroundings. Also **game management organizations** as well as **environmental NGOs** were included in the engagement.

Local stakeholder identification

The interviewees considered the case company's process of local stakeholder identification to be based on the **employees' personal experience** from other projects and the local employees' **understanding of the local society**. Furthermore, internet was told to be used in the process for example in finding out the local village associations. In addition, an interviewee noted that the list of the identified stakeholders was considered to accumulate by the help of the local stakeholders themselves. Once a person was

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[19] Authorities essentially influenced the parameters of the local operations of the case company C2 both in terms of mineral exploration and the mine development project. However, crossing the layers from regional to national, authorities were seen rather as non-local stakeholders

[20] The summer cottage owners were most commonly not dealt with as a distinct group in mineral exploration, but in the mine development project they were rather seen as a group of their own.

contacted, he or she could help the employees of the case company C2 to get further in the process. The **local stakeholders' knowledge on the local social networks** was considered to be harnessed for example to finding out landowners. The locals were noted to have often more accurate and updated information than official state-run registers.

Ranking the local stakeholders

Both private and state-related (Metsähallitus) **landowners** were considered to belong to the **most important** local stakeholder groups since both mineral exploration and mine development were based on operating on lands not owned by the company. Also **local residents** were considered one of the most important local stakeholders because even though they might not be directly tied to the project through landownership, they were affected by the company's operations. Furthermore, **reindeer herders** were considered a crucial group with which the case company C2 had a lot of interaction starting from the exploration stage. There were told to be lots of reindeer herders in the mineral exploration areas of the case company C2, and since mineral exploration was a mobile project stage, it tended to have an impact on the source of livelihood. Additionally, when it came to the mine development project, **groups related to tourism** were regarded as especially important due to the closely located travel destination and their fear of inclining attractiveness of spot. Also the **municipality** was regarded as an important local stakeholder essentially because of its planning and construction operations.

6.2.3 Employees' insights into local stakeholders' perceptions

Mining vs. mineral exploration

Some of the local stakeholder groups' perceptions were considered to be related to **mineral exploration** as such. Reindeer herders were brought up as an example of such a group. The group was considered to be especially interested in mineral exploration because reindeer herding covered mobile operations in a vast area whereas mines were small and static in comparison. Reindeer herders were seen by the interviewees as an active but unproblematic group in the interaction.

However, in terms of both the case company's mine development project and mineral exploration in other target areas, the local stakeholders' perceived attitudes were considered to be commonly linked to the **possibilities and risks of a potential future mine**.

In terms of possible **misconceptions** related to the case company's operations and the industry, the interviewees' accounts were somewhat contradicting. On one hand, mineral exploration and mining were noted to be often mixed up. An employee of the case company C2 noted:

> "Often there are issues like what mineral exploration actually means. People mix up the terms. And really, if we come to an area to do geological mapping, people already see mine construction to be in progress next year."

On the other hand, some other interviewees noted the locals to understand mineral exploration pretty well. Furthermore, the locals were considered to approach the case company in case they had questions. An employee of the case company C2 pointed out:

> "We have been talking with [the locals] so much that they know quite well what we are doing there. So, we've really been talking about these projects and activities pretty openly."

However, uranium was seen as a hazard even though the case company C2 did not explore it. Furthermore, the environmental problems of the Talvivaara nickel mine (see section 5.1.1) were noted to be often regarded as a misleading reference. An employee of the case company C2 pointed out:

> "A general misunderstanding is that the case Talvivaara could happen also here. You've got to explain pretty often that this is not a similar kind of a project at all."

Furthermore, non-locals were noted to tend to have misconceptions that contributed to negativity and opposition of the case company's activities. An employee of the case company C2 noted:

> "Somebody from the South [of Finland in the more populated area] might think that the mine is constructed immediately and that mineral exploration means that and that they are worried about it."

Varying perceptions and activeness

In terms of perceived **positivity and negativity** connected to the case company's mine development project, two completely different groups were distinguished: (i) critical and fearful summer cottage owners and groups related to tourism, as well as environmental NGOs and other non-local groups, and (ii) local residents having possibly witnessed past

mining operations in the region, explicitly hoping for a mine. In mineral exploration the most challenging group was seen to be the indigenous Sámi people.

Balancing was considered important as different local stakeholder groups had partly contradicting viewpoints. An employee of the case company C2 brought up a situation when the company-stakeholder discussion ended up in a topic unrelated to the case company's activities:

"Then we just sit there and listen to the different stakeholder groups' talk. It's so difficult since all stakeholder groups have different needs and agendas of their own. It's such balancing."

In terms of the different local stakeholder groups' dynamics, fearful summer cottage owners were noted to having a tendency towards domination. An employee of the case company C2 pointed out:

"The locals didn't manage to make their voices heard since the summer cottage owners were constantly talking. It can't be said that the impact would be smaller for them, but, after all they don't live there permanently. They just go there for vacation."

In terms of generally negatively positioned environmental NGOs, the Finnish Association for Nature Conservation (FANC) was though brought up as a positive example of collaboration. An employee of the case company C2 noted:

"They [in the FANC] have been very active in the mining discussions but I think that they have the right attitude. They are critical, but they discuss and they gather at the same table, introducing concrete improvement ideas and courses of action. That's good."

In terms of mineral exploration activities of the case company C2 in other areas in Northern Finland, engagement with the indigenous Sámi people was regarded as challenging, requiring the company much efforts. The group was noted to prefer company-stakeholder communication in some of their indigenous languages, but the case company had become aware of the wish only after the failure of initializing the contact in Finnish. Hardly any representatives of the indigenous group had come to the first meeting

organized by the company. By the time of the interviews, no dialogical connection with the Sámi people had been established. An employee of the case company C2 pointed out:

> *"It seems they want to discuss by letters of complaint and the lawyers' replies and so on, which is regrettable because at the point when lawyers are called in, I think it's too late, it's off mark."*

In terms of especially **active or passive** local stakeholders, some groups were considered to be more active in the engagement. Such groups were reindeer herders, groups related to tourism, summer cottage owners, some environmental NGOs, the municipality and generally some non-local groups. In turn, local private landowners and local residents as well as free time hunters and other local entrepreneurs were regarded as rather passive in the communication.

Perceived negativity

In terms of the mine development project of the case company C2, the main source of negativity was considered to be the planned mine's **possible risks to the nearby outdoors travel destination**, creating income and livelihood to the surrounding villages and a beautiful spot for tourists and summer cottage visitors for spending holidays. The travel destination's image was seen to be risked by a future mine. An employee of the case company C2 noted:

> *"The [nearby outdoors travel destination] is a really sensitive issue. The image thing is like a hot potato. It's probably the most critical issue."*

According to a study[21] mentioned by an interviewee, the nearby tourists were found to be more negative towards the *planned* mine than another travel destination' visitors who were less negative towards the nearby, *existing* mine. While the case company C2 had no operating mine yet, only mental pictures were available, and the **fear of unknown** was seen to stimulate fears by the local stakeholders. An employee of the case company C2 noted:

> *"On one hand there is no mine yet, and it's a completely different situation. You can't compare an existing mine to a potential one of which future impacts nobody*

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[21] For the sake of keeping the case company anonymous, the reference cannot be mentioned here.

knows yet. If this [mine development] project will be a mine in 10 years, it would be interesting to see whether the attitude has changed."

The environmental problems of **Talvivaara**'s nickel mine (see section 5.1.1) were noted to be connected to the unproved hazards of a future mine. An employee of the case company C2 noted:

"They don't criticize us for what we've been doing or how we've done things. Instead, it's rather a fear of what if things go wrong. What if the 'case Talvivaara' happens here?"

Furthermore, also **uranium** was noted to be seen as a hazard even though it was not explored by the case company C2. An employee of the case company C2 stated:

"They are always asking about uranium. But there is not more uranium than the basic background radiation."

There was noted to be a general fear of the radioactive metal. The incidents of Talvivaara were noted to having caused mistrust in mineral exploration, and mining companies were suspected be quintessentially interested uranium. An employee of the case company C2 noted:

"Probably all mineral explorers are asked about uranium."

Nevertheless, due to the background concentration, some uranium was involved. As an employee of the case company C2 noted, the fact could also be used for intimidation:

"So, if you're asked directly whether or not there is uranium, you say 'yes'. However, it's a completely different thing whether it is exploitable and whether the amounts are insignificant. But there is some of it. I say, anybody wanting attention can frighten the others by talking and emphasizing the wrong things."

According to an interviewee, some non-local anti-uranium activists had participated in the info events of the case company C2, trumpeting about uranium. However, the local participants had not seemed to respect this kind of behaviour.

In terms of the **non-local groups' conservationist views** related both to the mine development project and mineral exploration in general, industrial activities in the area

were not seen to be preferred by people from the South of the country. An employee of the case company C2 noted:

> "The image of Northern Finland is that people go there to spend nice holidays. It's wilderness that should not be toughed from the Southern point of view."

However, opposition and complaints rooted in environmental worries were not assumed to be totally eliminated even by a multiplication of the case company's local stakeholder engagement. An employee of the case company C2 pointed out:

> "In Finland there is no environmental decision on granted licences that wouldn't be complained about. It's certain that somebody will complain about it causing a delay."

In terms of the mine development project of the case company C2, negative perceptions were also seen to be linked to **property risks and displacement**. An employee of the case company C2 pointed out:

> "And then there are the land acquisitions and redemption things. A summer cottage becomes a burden. They can't sell it to anyone and it becomes a burden. We're causing a deadlock situation for these groups."

The case company C2 was planning to compensate to the residents and landowners their properties inside an exclusion area comprising one kilometre around the potential mine. The first reaction of the summer cottage owners, living in the immediate vicinity and whose properties the company was planning to redeem, had been panic, fear and hostility that the author categorized as a **NIMBY** (see sections 4.7.2 and 5.1.2). An employee of the case company C2 pointed out:

> "It doesn't necessarily fit to the picture that it would be a calm place for living in retirement."

However, time and information had helped even the summer cottage owners to calm down, and at the time of the interviews, the group was considered to be expectant and pragmatic rather than hostile.

Some of the locals were considered to be **fearful of the possible noise and dust** due to their past experiences with mining in the area. Furthermore, **bad behaviour of mineral**

exploration companies having operated in the area in the past was noted to be remembered by the local stakeholders. An employee of the case company C2 noted:

"We have noticed now through the lines of our geologists that if you go to an area where somebody has carried out exploration having done things in a bad way, people don't give you easily the permission to operate there."

In such instances face-to-face communication was considered to smooth down the opposition. Sometimes a visit of the case company's geologists could convert opposition into approval. An employee of the case company C2 pointed out:

"They went there and chatted happily for a couple of hours, listened to the grandma's worries, showed her maps, drank a lot of coffee and ate some bun. Then they finally left with a licence in the pocket after a few hours. The Granma had told them, 'it's ok, you can come and do here what you like'."

The perceived negativity of some locals was also seen to be related to the dislike of **foreign mining companies**. An employee of the case company C2 pointed out:

"There has been critical feedback, which is also a general discussion topic in media --. So, people wish that the money stayed here in Finland."

Furthermore, it was also noted that the local entrepreneurs' opportunity to become contractors was feared to be lost to non-locals since the formal documents of the parent company of the case company C2 were written in English, requiring language skills from the contractors.

Sometimes negativity was seen to be rooted in **principled anti-mining attitudes**. Some interviewees had been approached by individuals criticizing the case company or individual employees for working in an 'evil industry'. An employee of the case company C2 noted:

"Their world view is something totally different, and no dialogical connection can be established. --. Their attitude is basically that the mining industry is sinful and that it lies."

Locals' negativity was also seen to be rooted in the mining industry's **bad image presented in the national-level media**. An employee of the case company C2 pointed out:

> *"In terms of the media, I'd say that the challenge is that the press interviews people who don't necessarily know about the issue, which partly fuels the fears --."*

Perceived positivity

Many local stakeholders of the case company C2 were considered to still **remember past mining operations**. A mine was considered to be wished for because it would bring more **jobs, tax income and overall economic wellbeing** to the area. An employee of the case company C2 pointed out:

> *"The locals think based on my experience that it's good that more jobs come and so forth. They are familiar with mining."*

Many locals were noted to work for a mining company in the neighbour municipality some 70 km away wishing to be able to a mine-related job closer to home in case a mine would be constructed. New jobs would also contribute to the acceleration of inflowing migration as well as the employment prospects of especially the young population. An employee of the case company C2 pointed out:

> *"There are returning migrants who are happy to return to their home region."*

Also certain **local economic investments** were noted to be hoped for. An employee of the case company C2 pointed out:

> *"For example there are ice hockey hall type of wished that there would be economic investments to increase the local cosiness."*

Trust and approval

Despite the negativity (see 'Perceived Negativity' in section 6.2.3) and challenges (see 'Challenges of local stakeholder engagement' in section 6.2.4) in regard of the mineral exploration and the mine development project, the employees of the case company C2 considered the case company to having been able to gain and maintain the local stakeholders' trust and approval. An employee of the case company C2 pointed out:

"At the moment it's a bit hard to say since we have had problems in the corporation --. I don't know how much it was wrecked our credibility. I'd say somewhat. After all, in sustainable development there are three basic pillars, out of which one is the economic aspect. It it's not all right, it's understandable that the other two pillars become a bit wrecked, too. To my mind, the rich can better afford to be responsible. But I'd say that we are trusted in Finland."

Open communication was seen as a key factor contributing to the local stakeholders' trust and approval. An employee of the case company C2 noted:

"[Trust and approval] has been gained by interaction, communication, and open informing."

Listening was regarded as essential. An employee of the case company C2 pointed out:

"So that people have the feeling that they have been heard."

Letting the locals affect the project was also stressed. An employee of the case company C2 noted:

"People have the feeling that they can affect the project and how it is planned. We have taken wishes into account."

This was connected to **informing the landowners in advance** about the operations on their lands. An employee of the case company C2 noted:

"You inform them beforehand about what you are going to do. -- The landowner might have an opinion on it."

Even though the financial challenges were linked to the overall corporation, the maintenance of trust and approval was considered a rather personified issue depending on the employees' **personal commitment**. An employee of the case company C2 noted:

"It is personified. It's not so much about the company."

6.2.4 Local stakeholder engagement of C2 in practice

Key issues in local stakeholder engagement

When asked for a summary of what was most important in local stakeholder engagement, **personal**, **open and honest communication** was again brought up by the interviewees (see 'Trust and approval' in section 6.2.3). Also **disclosure of right information** was underlined. Furthermore **staying in contact with all levels of local stakeholder's organizations** was stressed. An employee of the case company C2 pointed out:

> *"If the other party has a kind of an organization, then you must communicate with all the spheres of that organization."*

Having the **resources** for the work was also underpinned. And finally, possessing a humble and a helpful attitude to provide good service was underlined.

The issues summarized here as most important in local stakeholder engagement seemed to reflect and complement the preferable aspects of communication brought up throughout the interviews and discussed in this study: **responsibility, transparency, reciprocity, flexibility and negotiation, sensitivity to the local cultural context, use of understandable language, and genuine, long term and person-to-person-level engagement.**

Manifestation of local stakeholder engagement

Explicit-on-going type of manifested local stakeholder engagement

The case company C2 was noted to have a **Finnish webpage** for the mine development project. Also a **feedback box** in the local Nature centre was mentioned. Furthermore, enabling **local stakeholders to contact the employees and visit the office** was brought up in the interviews. An employee of the case company C2 noted:

> *"Normally it's rather one-way informing but we also always give them our contact information, so that they can contact us if they have something they want to ask you about."*

The importance of reacting to all feedback was emphasized. However, enabling feedback was partly seen as challenging. Some interviewees wondered whether all local stakeholders really knew whom to contact in the case company. Another question was whether the received feedback would be forwarded to the right employee.

Also the **entire team's awareness of being responsible for representing the case company** came up in the interviews. An employee of the case company C2 pointed out:

"Each of us is [responsible]. No one of us is in an ivory tower."

Explicit-discrete type of manifested local stakeholder engagement

Giving **presentations and organizing info events** related to the mine development project was underlined by the interviewees. An employee of the case company C2 pointed out:

> *"Last winter our company organized weekly info events [in the outdoors travel destination] to everybody who was interested; the villagers, tourists, landowners and so on."*

Discussions after the formal part were regarded as good occasions for the local stakeholders to come up with their fears they had not dared to bring up in the formal part.

The info events explicitly related to mineral exploration were focused especially in the start and end of the active exploration season, thus being organized cyclically. Also certain work technologies, such as flight geophysics entailing low flights above the exploration areas were introduced in the info events. The case company C2 was noted to use phone calls, letters and e-mails, and advertisements in newspapers to invite locals to the events.

In terms of the case company's mine development project, organizations such as the FANC and some tourist organizations were noted to having frequently asked the case company C2 for informative presentations. For appearing as approachable to these organizations, the profound pro-activity of the case company C2 was seen as fundamental. An employee of the case company C2 noted:

> *"They wouldn't have been able to come and speak to us if we hadn't spoken to them at first."*

Also **informing casually encountered individuals** in the field was stressed in the interviews. An employee of the case company C2 pointed out:

> *"They just ask us what we're doing and why we're here. Normally I just say that I'm mapping the bedrock because if I start talking about too complicated things... You shouldn't speak 'Geolanguage'."*

The local stakeholders of C2 were noted not to generally understand highly specified, technical expressions. Hence best outcomes were considered to result from the use of layman language when informing the local stakeholders about current practices of the case company.

The case company C2 was also noted to have **meetings with the municipality**. An employee of the case company C2 noted:

> *"With the municipality we have a good and active contact, so that we have check-up meetings every other month."*

Also **focused communication with landowners** was emphasized. Landowners were not necessarily informed beforehand about very light operations due to the coverage of public right of access. However, landowners were informed in advance about heavier operations requiring mechanical work. In case of mechanical drilling operations, access routes were also discussed with landowners that sometimes had preferences.

Land use and transit permissions were most commonly asked by letters, but the landowners often called back before granting the permission. Nevertheless, letters allowed easy disposal as well as the formation of negative presumptions about faceless bureaucracy. Phone calls as a first approach were hence considered a better way of dealing with the local landowners.

In order to fit in the same operating area with **reindeer herders, the case company committed to negotiations and focused communication** with the group as noted by the interviewees. The case company C2 was noted to be able to agree upon schedules and operating locations respecting the marginal terms of the source of livelihood. Furthermore, reindeer herders provided the case company with route recommendations. The relations of the case company and reindeer herders were considered good, as an employee of the case company C2 asserted:

> *"[The relationship works out well] as long as you speak with them on the phone, meet them, drink litres of coffee at a time, show them your operations on maps, and kind of ask about their opinions. We have always fitted on the same operating area."*

In the mine development project of the case company C2, the source of livelihood was well taken into account in very practical terms. An employee of the case company C2 pointed out:

"Now we have got bands for the reindeers, and we're following where the reindeers move there, so that we can plan the routes so that they can move under or over the conveyor line."

The case company C2 was also noted to organize **small group working sessions** related to the environmental impact assessment of the mine development project. In this working method all local stakeholders were divided into groups such as reindeer herding, entrepreneurs, tourism, authorities, local residents and so on. The groups were provided with maps of the region, being suggested to mark the areas causing any concern. The small group working sessions entailed discussions with all groups, and listening was considered crucial. An employee of the case company C2 pointed out:

"You just have to listen, and the process will proceed."

Balancing between the different groups' needs was brought up in the interviews. An employee of the case company C2 pointed out:

"Probably a kind of communication, informing and both parties' readiness to be flexible if possible… Or, if there is a way to compromise so that all parties could kind of win in the situation. I don't know if that's possible, but it requires good will and a lot of discussion."

Also **local free time hunters were contacted**. Communication with the group was on one hand seen as a safety issue as in the hunting season moving in the forest was seen as dangerous. On the other hand, it was about respect. An employee of the case company C2 pointed out:

"Maybe the hunter associations -- are marginal, but often - at least I'm used to it - we discuss whether they have some perfect positions."

When a claim application was pending at Tukes and the case company C2 wanted to carry out mineral exploration activities, **landowners were directly contacted by letters, asking for land use permissions**. An employee of the case company C2 pointed out:

"Normally people called us first before they gave the permission. They called as a response to the letter. And then they asked for some details before giving the permission."

When this was the case, the case company C2 had to pay remarkable land **use compensations to the state-related landowner**. An employee of the case company C2 noted:

"Metsähallitus -- is blackmailing us with the fact that it takes so long for Tukes to handle the licence issues."

Responsible behaviour in the landowners' grounds was stressed by the interviewees. Tidying up after operations was considered important. An employee of the case company C2 noted:

"If a landowner went to his forest and saw that the places have not been cleaned up, the trust would be lost."

Damage compensations were paid to the landowners. An employee of the case company C2 noted:

"They are pleased that we collect a kind of a list of compensations about what has happened. And then when the landowner finds out trees have fallen, we have counted the trees exactly. They are happy that the initiative comes from us and they don't have to call us first."

In terms of the mine development project, the engagement practices of the case company C2 encompassed also **significant sponsorships** of several local parties, such as local sports organizations, school children, the Scouts, an organization of the handicapped, events, and for example cultural activities such as the local theatre. The underlying idea was to support local groups so that they could grow independent from the case company. An employee of the case company C2 pointed out:

"The objective is not that people are like 'oh – they always give us money', even though money is always needed. It's rather like 'teach them to fish', so that they can live of it."

Especially in terms of the mine development project, the case company C2 was also noted to **keep in contact with the local media**. An employee of the case company C2 noted:

"They frequently call us from [the regional paper] --. We have good relations to them. Then in [a village 10 km from the mine development project site], there is a paper that is more focused on tourism. But if something happens there, the chief editor goes through what the situation is in terms of the project. The chief editor also visits the small group working sessions."

In terms of **company-NGO engagement**, the case company C2 was committed to direct communication with the FANC. An employee of the case company C2 noted:

"And then the NGOs... We have included the FANC in our small group working sessions. And they have come to talk in our annual meetings."

Finally, the case company was noted to communicate with the **authorities**.

Implicit-on-going type of manifested local stakeholder engagement

The case company C2 was also noted to **use local workforce**. An employee of the case company C2 pointed out:

"Our objective is also to employ the locals."

The importance of contributing to the local economic impact was stressed by the interviewees. The company had a local foothold through the **Finnish business unit**. An employee of the case company C2 noted:

"After all, it probably goes so that we are just people there. And in that sense we are involved that we have really come to the locality."

Implicit-discrete type of manifested local stakeholder engagement

Buying local products and services was also brought up in the interviews. For example the local supermarket provided an interface for encounters with the local stakeholders and building up relationships. An employee of the case company C2 pointed out:

"I think that the local [employees] are an important group because when they go to the super market, people come and say that 'I didn't dare to ask you'... They come in the shop and ask all kinds of things. I'm asked, too, even though I live in [a town

about 70 km away]. But if we meet, they ask me. It's fine. So, every one of us has an important role in this. I think everyone knows his or her responsibility."

Asking for help, services and advice was also mentioned only in terms of negotiations with the local landowners. An employee of the case company C2 noted:

"It's recommendable to ask the landowners what would be the best route, or, if there is anything special about the area."

Aspects of change in local stakeholder engagement

The case company's first contact with the local stakeholders was noted to having taken place in the form of a letter, as an employee of the case company C2 expressed:

"The first contact with the people in the direct proximity of the project didn't happen so elegantly. It happened before I was in the company, but I've heard that the first contact was that they sent a letter saying more or less 'we have conquered this area'. I actually haven't seen it, but it was something like 'a mine project is being planned here; your land has been occupied'. -- So, it wasn't too stylish. But that was something like in 2005 or 2006. It has been fixed after that."

By the time of the interviews, all local stakeholder groups of the mine develop project of the case company C2 had been identified and dealt with in a systematic manner due to the social impact assessment. However, in terms of the case company's mineral exploration projects, local stakeholder engagement had been left without much notice until approximately one year before the interviews. Only since then the case company C2 has systematically practiced local stakeholder engagement also related to its mineral exploration projects in Finland. Before embarking on systematic local stakeholder engagement practices, the case company C2 had been merely committed to finding out the local landowners and acquiring land use permission. An employee of the case company C2 pointed out in relation to the past:

"Traditionally the mineral exploration geologists just went somewhere to make the investigations, and they hardly asked anybody anything."

After the decision to embark on systematic local stakeholder engagement also in mineral exploration, the case company C2 started to put together a manual of best practices in mineral exploration covering also the topic of local stakeholder engagement.

The **current principle** of local stakeholder engagement in mineral exploration was noted to be that when the case company C2 entered a new mineral exploration site after acquiring the claim reservations, it first organized an info event to which all local stakeholder groups were invited. Furthermore, discussing about any details of the project plans with the local stakeholder groups such as reindeer herders and landowners was underlined.

Also other aspects of change related to local stakeholder engagement came up throughout the interviews. Firstly, as projects proceeded, **new stakeholder groups were identified and involved in the engagement**. En employee of the case company C2 pointed out.

> *"The last ones were – because we didn't at first grasp it, and still we haven't put enough energy into them – the summer cottage owners of [a village 10 km away from the mine development project site]. So, we should focus more in them. Now they have been asked to join us. It's a bit hard since we're 10 km away and we didn't suppose that it would be such a big thing since we have focused on the nearby summer cottage owners since there are so many of them."*

Notions were also made about the **opening up of the culture of the mining industry** in Finland. Local stakeholder engagement was becoming more and more institutionalized, as an employee of the case company C2 noted:

> *"It's not only us but the whole industry that is changing. And I see that we are a bit ahead compared to the others. The others must also change, too, but they are coming a bit behind. It's about a kind of openness thinking, starting already from the mineral exploration stage."*

Furthermore, changes along projects were noted to require engagement practices **helping local stakeholders to adjust to the changes**. As an example, an employee of the case company C2 brought up the issue of a technology deployment plan part of the mine development project:

> *"It was exciting to realize how it [the deployment plan] awoke the stakeholders. It had to be deliberated and reflected upon. It had to be digested."*

All project changes had to be well communicated to the local stakeholders. The future of the case company C2 seemed uncertain due to a funding crisis. Even the employees themselves were unaware of the future, as an employee of the case company C2 stated:

> *"No one of us knows, neither. Even my boss doesn't know about the end result. It's hard to communicate to the others when you only know what is published in the stock exchange."*

Also **changes in the internal organization of the case company** C2 were brought up in the interviews.

> *"So, there have been really lots of organizational changes and all kind of fuss in the firm during the life-cycle as I've heard and seen. All the time we are in a constant change, and it doesn't of course promote the establishment of any kinds of practices."*

Finally, **changes in legislation** were brought up. The new Mining Act (612/2011) was noted to having caused more interaction with the landholders, for instance. Hence, even though local stakeholder engagement "goes beyond the law" (On Common Ground Consultants Inc., 2007) (see section 2.3.1), changes in legislation seemed to have an influence to local stakeholder engagement.

Challenges of local stakeholder engagement

Various aspects of change were seen as hard and challenging to deal with personally and in the company level. Firstly, **changes in legislation** were brought up as challenging because they required the internalization of new procedures. An employee of the case company C2 pointed out:

> *"It's a challenge because everything's new. The Mining Act is new."*

Also the **constant change of projects** (see 'Aspects of change in local stakeholder engagement' in section 6.2.4) was brought up as a challenge of local stakeholder engagement because of a high expiration rate of information that the local stakeholders did not necessarily understand. An employee of the case company C2 pointed out:

> *"Projects are changing radically. Today you say that the project is like 'this and that' and we are doing 'this and that', but after two months it's completely different.*

We are not doing it like [we'd said before], and people don't understand that it's part of the process, and that the project is changing all the time. They only see that 'you were lying to me when you said last time this but now it's like that.' That's been a challenge."

Constantly changing projects and the **corporation's financial problems** (see 'Aspects of change in local stakeholder engagement' in section 6.2.4) contributed to the uncertainty of future, and they were seen as one of the hardest issues to deal with. An employee of the case company C2 pointed out:

"As the [parent] company has had financial problems, it has been a question mark how the project will proceed --. So it's just been brought further-further-further, and then it's not been clear which way to go, but it's been brought further-further-further again... So that's challenging. It's not clear like 'this is my project, this is what I'm talking about', but it's constantly changing."

Furthermore, besides the financial uncertainty, **changes in internal organization** were brought up as a challenge of local stakeholder engagement because they were noted to hamper the establishment of stabilized practices. An employee of the case company C2 pointed out:

"The company has been 'fermenting' all the time since I started to follow the situation, and there have been terribly many organizational changes and all kind of stuff. So, one big challenge is to get formal instructions and a system for the company."

Also **limited resources** were seen to contribute to the challenges of local stakeholder engagement of the case company C2. As an interviewee noted, such factors comprised having enough employees and time for stakeholder engagement. An employee of the case company C2 pointed out:

"We have a small, hardworking team. Everybody has terribly much work, and sometimes there is only little time, so that time becomes a limited resource."

On the other hand, since many employees within the team communicated with the local stakeholders, it was noted to be hard to **enable all feedback and enable it to be channelled to the right person**.

Also **case company-corporate coherence** was brought up as challenging. An employee of the case company C2 noted:

> *"Not everybody has the same picture of these things in the corporation, or, if the picture was the same, the implementation might differ. -- We do some things very differently in Finland than in [another country where the corporation had a mine]. In practical terms, it depends on the people who are working there. And if the people are not doing things well, it reflects upon the other parts of the corporation."*

Proximity to settlement in general**, and the closeness of the mine development project to the outdoors travel destination** in particular was regarded as challenging in the case company's local stakeholder engagement. The mine development site location required intensive engagement with fearful stakeholders, especially the summer cottage owners and the groups related to tourism. The summer cottage owners located just outside the redemption zone were regarded as especially challenging to deal with. An employee of the case company C2 pointed out:

> *"It's more difficult outside the one kilometre [redemption zone] because the people [living or owning property] stay there, and they don't get compensations but they are affected, though. I'd see that they will be the most difficult ones."*

Furthermore, in terms of challenges and problems induced by mineral exploration project location, communication problems with indigenous **Sámi people** were underlined by the interviewees.

Also **dealing with authorities and the state-related landowner** was seen as challenging. Authorities' processes of handling with claim applications were complained to be slow. However, when a claim application was pending at Tukes, companies could conduct exploration by a landowner's permission. At this stage the compensations required by the state-related landowner (Metsähallitus) were pointed out to be higher than required if the case company had a valid claim for the area. An employee of C2 stated:

> *"When we asked for land price estimation, they [in Metsähallitus] told us that the local forests' average price is 1300 € per hectare, but, because the state requires more money, you can be prepared for at least 3000 € per hectare."*

However, even though the authorities' long queuing times were seen as challenging, slowing down the case company's operations, an interviewee regarded the long timeframe also as an advantage. An employee of the case company C2 pointed out:

"I think that it's all right that [the licence processes] take long because then you have the time to deal properly with this kind of difficult issues. It's not a good thing to rush into many things."

Even though in the last ten years mineral exploration and mining companies were noted to having been increasing their input into local stakeholder engagement (see 'Aspects of change in local stakeholder engagement'), the **media image** of the industry was noted to suffer in the nation-wide public, which was considered a major challenge by the interviewees. The current public discourse often presented in the media was critical of the nationality of the companies operating in Finland in the mineral industry, and foreign companies were feared to steal the Finnish treasures leaving a mere mess behind. Also uranium had been discussed in media in a way that caused challenges to the case company C2. Furthermore, the problems of **Talvivaara**'s nickel mine (see section 5.1.1) had created an atmosphere of fear of environmental catastrophes, and all companies in the industry were noted to be commonly compared to Talvivaara. Bad media image was also noted to hamper **junior companies' possibilities to gain funding**. Overcoming the challenges caused by the bad image of the industry was noted to require extra efforts. An employee of the case company C2 noted:

"When you are engaging with your stakeholders, you first have to lift yourself up over the general mine discussion before you can start bringing further your own cause. Now it requires more than before, I guess."

It was also seen as a challenge that facts and fiction were frequently mixed up in media, and not only experts but also laymen had their word to say. However, the very local stakeholders of the case company C2 were seen to be better aware of the facts. An employee of the case company C2 pointed out:

> *"I think that also the locals understand that mines won't be built everywhere where mineral exploration is carried out, which the news of YLE[22] apparently has not understood."*

Finally, local stakeholder engagement was noted to be fundamentally dependent of personal interaction. **The first steps in building relationships** were considered hard, and the local stakeholders' feelings could be easily hurt as the engagement encompassed **communicating about sensitive issues**. In addition, technical issues had to be explained to laymen in understandable language. Furthermore, when the interests of the local stakeholders and the case company were conflicting, **compromising** and **treating everybody equally** was seen as hard.

6.2.5 Employees' insights into relation of case company-specific factors to local stakeholder engagement

Target metals

As discussed in 'Perceived negativity' in section 6.2.3, uranium was regarded as a hazard even though it was not even explored by the case company C2.

According to the interviewees, the target metals (iron, copper and gold) of the case company C2 did not seem to rouse special interest by the local stakeholders. However, some interviewees noted that if the local stakeholders of the mine development project were familiar with geology, they would know that an iron mine implied transportation of big volumes.

Company size

As discussed in 'Trust and approval' in section 6.2.3, small and junior companies were noted to have less experience and to be prone to economic vulnerability, risking the *triple bottom line* incorporated in sustainable development and corporate responsibility. While junior companies produced mere expenses, unexpected costs were harder to be covered than in the case of senior mining companies having operating mines creating income. Furthermore, in small mining companies, financial problems could dirty also the names of business units that were doing well. An employee of the case company C2 noted:

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[22] YLE is The Finnish Broadcasting Company

> *"The [parent] company has dirtied its own name -- even though we haven't polluted or caused any environmental catastrophes compared to Talvivaara."*

As the case company C2 was a small company, there were fewer resources for local stakeholder engagement (as discussed in 'Challenges of local stakeholder engagement' in section 6.2.4). In small companies there were less established best practices and expertise than in big companies' in terms of local stakeholder engagement. On the other hand, the small size of the case company C2 and its parent company did not seem to especially rouse attention by the local stakeholders, and the small size was noted to rather appear as a sympathising factor. An employee of the case company C2 noted:

> *"We are not such a big company that comes with all the logos and so on. We are maybe a bit less faceless."*

In the case company C2, the organizational roles were not as established as they could have been in a bigger company. Referring to the start of the personal contract, an employee of the case company C2 noted:

> *"It started so that I had a notebook when I came to work, and I always went to my colleague to ask what I should do. Then she listed ten things, I wrote them down and thought about some of them what they might mean. Then I went to my room and searched them in Google."*

Company nationality, language and local foothold

In terms of the case **company's nationality**, it was brought up that according to the resource nationalistic public discourse in Finland, being a foreign listed mining company was generally not considered to be seen as positive. An employee of the case company C2 pointed out:

> *"It has recently been so much in the media that the foreign companies come and exploit our natural resources leaving only the mess behind."*

Direct, critical company nationality related feedback was noted to having been received from some local stakeholders. However, the employees of the case company C2 were mostly Finnish, which was considered to have a bigger influence in the local stakeholders' image of the case company rather than the parent being a foreign listed company. Furthermore, the case company created local employment and provided young people

with beneficial experience through internships and job opportunities. An employee of the case company C2 noted:

"The work is being done here, after all."

When it came to the local stakeholders perceptions of the company-level **language** issues, an interviewee noted that while English was the official language used in the case company's formal documents, some local entrepreneurs feared for losing contracts to non-locals due to their better language skills (see 'Perceived negativity' in section 6.2.3). However, since most of the employees were Finnish, a lack of language skills was not brought up as an issue in the interviews.

In terms of the case company's **local foothold**, even though most of the employees were originally non-local Finns, some of them had been working in the area for a long time and hence viewed themselves as understanding of the local context. **Sensitivity to the cultural context** was seen as essential in order to find the right tools to operate. An employee of the case company C2 pointed out:

"There is not one pattern that could be copied everywhere. You have to snuffle what the local context is like so that you can adopt the best tools."

The case company C2 was noted to be willing to address the local community and to gain a local foothold by participating in the local life. An employee of the case company C2 pointed out:

"We don't come here arrogantly, barricading ourselves in an ivory tower but generally speaking we are in direct interaction. We strive to be easily approachable and to move in the area."

For example in terms of the indigenous Sámi people in certain mineral exploration areas, understanding the indigenous people's wish to be approached by using their native language was seen as important.

Target area

On one hand, differences in mineral exploration companies' local stakeholder engagement were assumed to derive from the variation of different **companies' practices** rather than

the actual target areas, regions and countries. It was also underlined that people wanted to be heard everywhere in the world. An employee of the case company C2 pointed out:

> "It's not about the country --. Of course countries can set limits that you can't underbid, like 'this is the minimum standard'. --. A kind of corporate social responsibility, a sort of self control of companies - I'd say that it's even more important than legislation."

However, also area, region or country-specific **social drivers of difference** could be distinguished from the interviewees' accounts. Local stakeholder engagement of the case company was seen to be directed by addressing local problems such as youth employment. Increasing employment was considered to be one of the locals' most significant hopes (see 'Perceived positivity' in section 6.2.3), and the case company C2 wanted to respond to it. It was also noted that as the local stakeholders of the case company C2 were familiar with mining, it was relatively easy to operate in the area. Experience was underlined also in terms of the comparison between local stakeholder engagement in developing and developed countries. An employee of the case company C2 pointed out:

> "As we're talking here about developing and developed countries, it's an interesting division as many countries that could be seen as a third-world country can be pretty developed in terms of mining."

In terms of the cultural operating context of the case company C2 in the North of Finland, the presence of the indigenous Sámi people and the Lappish mentality were seen as drivers of difference.

Categorized by the author as a combination of social and **socio-environmental drivers** of difference, nature was noted to be highly respected by Northern people. An employee of the case company C2 pointed out:

> "Here [the environment] has a special significance. And whether there are other factors – animals or other things to take into account in the region. If you think about worries, they are related to that we wouldn't tidy up after operating. Tidying up is really important. Here in Lapland people are pretty strict about landownership, and people even take care of other people's things."

6.3 Within-case descriptions of the local stakeholder engagement of the case company C3

6.3.1 Organizational aspects of local stakeholder engagement of case company C3

Motivation for local stakeholder engagement

The **importance** of local stakeholder engagement was rated by the interviewees on average as 9.4 on the scale from 0 to 10. The interviewees totally agreed upon the importance of local stakeholder engagement. An employee of the case company C3 pointed out:

> *"It's nearly ten. I mean, it's the base how you operate. You can't develop a deposit of a mine without having the support by the local stakeholders, it just doesn't work. So, the stakeholder engagement is always the base. You can't operate in Finland if the people and the government don't want to."*

Another interviewee pointed out that new employees of the case company C3 were taught to appreciate the part of their job of dealing with the local community. However, due to the big size of the corporation, all-encompassing ratings were challenging to make. An employee of the case company C3 noted:

> *"It should be the responsibility of all responsible companies to say '10'. I believe it's 10. But I can't talk for everyone in [the corporation], all I can talk is what I can control. I can't talk for what the directors of [the corporation] believe, because I don't know."*

The **reasons and objectives** of the local stakeholder engagement of the case company C3 seemed to be instrumental, integrative, ethical and political using the categorization of Garriga and Melé (2004). The interviewees' statements categorized here as *instrumental* comprised issues such as saving money, enabling a favourable operating environment and gaining an access to help and information. An employee of the case company C3 pointed out:

> *"We learn from the local stakeholders, from all the reindeer herders you learn from the municipality, you learn from the persons in the supermarket."*

In terms of the *integrative* reasons and objectives, maintaining open and trustful communication and the SLO was brought up. An employee of the case company C3 noted:

> *"I think our objective is to keep our license to operate."*

On the other hand, also *political* aspects were brought up as the case company C3 wanted to share the benefits instead of just exploiting the region. An employee of the case company C3 pointed out:

> *"The Finnish region here, the Lapland region, should benefit and yes, also our company would have a benefit but it's the way we are working: we are trying to develop something hand in hand with all the [people] wherever we work in."*

Finally, also *ethical* perspectives were brought up. Bringing in expertise, doing the right thing and keeping the reputation, and sharing information were mentioned. An employee of the case company C3 noted:

> *"Let's just be good human beings. Let's try to benefit, let's stop all the things that aren't right. Let's stop anything that's wrong with children, let's have a society that lives a better life. That's part of the job we do. I mean I'm one cog in that wheel. I wanna be known for something so that people say, 'he's a good person'."*

However, an employee of the case company C3 pointed out that the whole question setting of the "reasons and objectives" was wrong:

> *"The way you say it is wrong. What is the objective, what is the reason, it's people's right to know what's going on. I have a philosophy and I always had a philosophy. If I'm working on someone's ground, I would like then to be treated exactly the same way as if they were working on my land. To know what's happening. That's a basic philosophy I have and I've always used. It's got nothing to do with 'this is CSR'. It's basic being a proper human being."*

Strengths in local stakeholder engagement

When asked about the case company's strengths in local stakeholder engagement, difficulties in making generalizations were brought up. An employee of the case company C3 noted:

> *"A company is always about people. People make companies. I can't say for what other people do. I can only say for what I believe in, my interpretations how it should be done and push as far as I can and make it as right as possible. It's like all responsible companies."*

Furthermore, a lack of comparison was brought up. An employee of the case company C3 noted:

> *"It's so hard to say as I don't know to what it should be compared."*

However, local stakeholder engagement was noted to be rated very high in the case company as well as in the higher corporate level. The corporate level supported the case company's local stakeholder engagement for example by providing framework tools, which was seen as strength. Another interviewee saw the case company C3 as good at contacting the local landowners and keeping them updated. Also organizing open meetings and having open discussions with the affected people were seen as the case company's strengths. An employee of the case company C3 noted:

> *"It's not like we only talk to any authorities --. It's like we're really where our impact is, where we work."*

Employees' insights into opportunities for improvement

When it came to how the case company C3 could become better in local stakeholder engagement, some interviewees stressed that there was always room for development. Ideally **more information** should be given out to the local stakeholders. Some suggestions concerned also **increasing the human resources** dealing with landowner issues. Also creating a **broader communication interface** was brought up. Reindeer herders could be met more often face to face, and there should be more interaction with landowners. An employee of the case company C3 pointed out:

> *"Not just that 'we want to go to your lands'."*

It was also noted that **communication with the head office** could be better. The case company-corporate collaboration was ideally seen to consist of a combination of the head office's insight of the bigger picture and understanding of the overall needs and the case company's local experience of its local stakeholders. In terms of explicit improvement ideas, setting up a **Finnish home page** was seen as beneficial.

In terms of learning from other companies, two nearby operating mining companies were brought up as examples of exemplary responsibility. Referring to one of the two companies, an employee of the case company C3 pointed out:

> "Up in Lapland I think the way Agnico is dealing has been very good. They deserve a lot of credit and Agnico is a very good company, it's a responsible mining company. They've done very very good. They are the ones that I could suggest is the benchmark here."

However, the difficulty of benchmarking other companies was also brought up by some interviewees. An employee of the case company C3 pointed out:

> "No, it's hard to say how other companies are."

Individual employees' experience from other companies and projects was also brought up as a source of organizational learning.

> "From other companies? No. It's mostly that the experience comes from other projects inside the company."

In terms of anti-benchmarking, Talvivaara's environmental problems (see section 5.1.1) were brought up both in explicit and implicit ways. In order to avoid similar mistakes, the feasibility of an ore deposit was stressed. Furthermore, environmental regulations were not seen to support environmental responsibility of mining companies operating in Finland. An employee of the case company C3 noted:

> "What's sad is that it creates a bad image to everybody --. But that's why there need to be stricter regulations in Finland. I said in the presentation - in must be 12 years ago or something - about bringing stricter regulations to Sweden and Finland, and it was always ignored. Putting a project into production, the operation has to be economic, otherwise people do shortcuts. If I tell myself: 'I save some cents here and here a ton', and I won't do what I'm supposed to do, not putting underneath a layer where you're supposed to have it, then things go wrong."

Organization of local stakeholder engagement

In terms of **team involvement**, the case company's Finnish and the managerial employees were noted to be mostly in charge of communicating with the local stakeholders even

though the whole team was seen to be responsible for representing the case company C3 as noted in 'Manifestation of local stakeholder engagement' in section 6.3.4.

The local team comprised a few **entitled roles** for dealing with local stakeholders such as an employee to take care of the land use permissions, and some managerial employees including the local CEO. The corporate-case company interface was bridged by certain managerial employees that visited the local office on a regular basis. For example the head of corporate affairs in mineral exploration visited the local business unit approximately four times a year, bringing in the corporate view of local stakeholder engagement.

The formal **case company-corporation areas of responsibility** were well defined. For example formal communication was noted to be handled by the head office abroad. An employee of the case company C3 noted:

> *"In reality it's like for a company like [the parent corporation] you have to keep things under a certain umbrella, which is not hiding. But if it comes to a public question, there are professional people who give professional answers. We are here as part of [the parent corporation] but we are [the case company C3]. We're doing our local engagement here but we are driven by the corporate strategy."*

An extensive set of **international standards** was noted to be applied by the parent corporation. An employee of the case company C3 noted:

> *"Well, [the parent corporation] applies to all the best international standards. There's a whole set of everything to do with emission standards, different parts of transport issues, of chemicals…There are books bigger than this room all of them full of standards applied in all the full operations."*

A **toolbox** was noted to be developed by the parent corporation to be applied in local stakeholder engagement in a variety of contexts in business units around the world. An employee of the case company C3 noted:

> *"It's also for the different parts of the world and for different levels of projects. All these things are to ensure that in certain parts of the world people know what to do. People are like 'oh yeah, I didn't think about that and I need to do this and I need to do that,' and that's what the toolkits are for: 'Oh, nearly forgot that'. But*

the point is that if you have experience and you've done lots of things lots of times, they're only to backup things. It's important to have them and they're very good. They are there for everyone. It should be an open document so that everyone can have the idea."

However, even though the parent corporation provided the case company with a variety of formal CSR frameworks, responsibility was noted to be quintessentially a question of personal values and practice. An employee of the case company C3 pointed out:

"I personally don't like these bingo names 'corporate social responsibility'... It's stuff that you should always do. It is your responsibility to do it. We did it before the law forced us to do the things because I believe it was right."

The flux of employees with accrued experience and expertise was noted to contribute to responsibility detached from project ownership. An employee of the case company C3 noted:

"It's to ensure that everything is best practices, whoever owns it. That's the fundamental in it. We geologists always work for different companies and any geologist at least at my age has worked at least for two to three companies. You learn best practices from the different ones and bring them to the new company and learn the best practices there."

The **whole mining industry** was seen as an essential unit of responsibility. An employee of the case company C3 pointed out:

"The whole point isn't just that this company and that company does this… The industry does things. Responsible companies, so not one company or the other company. There are a bunch of responsible companies and that's the difference. There are responsible companies. In a unified manner they are members of the ICMM or other organizations. They bound by certain rules and regulations that are self-applied by the industry. And all the responsibility comes as part of that. Any other big mining company becoming part of that if they want to be deemed as good it's that they apply the regulations."

6.3.2 Local stakeholder groups of case company C3

List of local stakeholders

The total list of the local stakeholders of the case company C3 comprised **reindeer herders** ('Paliskunnat'), **private**[23] and **state-related** (Metsähallitus) **landowners**, **municipalities**, **local residents** of the four nearby **villages** and the respective **village representative committees**, and local **contractors** and other **entrepreneurs**, as well as all casually encountered **individuals**. Also **authorities** were considered an important stakeholder group with whom the case company was noted to communicate intensively. However, due to the legal and non-local aspects involved in the engagement with the authorities, the group was distinguished from the rest of the local stakeholders.

In terms of local NGOs, even though two members of the Lappish department of the FANC were part of the local village representative committees, neither local nor regional or national environmental NGOs were directly included in the local stakeholder engagement even though some attempts had reportedly been made. So far the case company-NGO interface was noted to consist of formal complaints of the claim decisions, and opposition of the case company's operations in the area (see 'Varying perceptions and activeness' and 'Perceived negativity' in section 6.3.3).

The local and regional media was hardly mentioned by the interviewees.

Local stakeholder identification

Along the nearly ten years of operating in the area, the case company C3 was considered to having accrued substantial understanding of the local social context, and the local stakeholder identification of the case company C3 was seen to be based on the employees' accumulated knowledge on the local social networks. Local experience was seen as a crucial factor, as an employee of the case company C3 noted:

> *"First, if you're a local people, [you] know everybody. I mean, when you have to go and create maps about everyone you need to talk to, it means you don't know the local place."*

Even talking about "stakeholder groups" as an abstraction was criticized.

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[23] The employees of C3 did not distinguish the local and the non-local (summer cottage owners) private landowners.

Ranking the local stakeholders

The employees of the case company C3 regarded the **citizens living closest to the operations** as the most important local stakeholders of the case company. Highlighting the role of communication with the local stakeholders in direct proximity of the case company's mineral exploration project, an employee of the case company C3 pointed out:

> *"The point is that it's just communication with anyone where we work."*

Furthermore, while many claims were expired and new ones were still pending at Tukes, the role of **landowners** was underlined, as an employee of the case company C3 noted:

> *"Since the claim situation is like this and we are missing valid claims, we have to apply for claims from the landowners, so the landowners are very important."*

Also **reindeer herders** were considered to belong to the most important local stakeholder groups. The reindeer herders of the region were formally entitled to 'special treatment', indicating the government's objective to protect the source of livelihood. Hence, the group had to be taken into consideration in all operations of the case company C3. The case company was noted to commit to negotiations with the group in order not to disturb its activities. The local reindeer herders were considered to be very conscious of their special position, but communication with the group was though considered free of problems.

6.3.3 Employees' insights into local stakeholders' perceptions

Mining vs. mineral exploration

The local stakeholders' perceptions were considered to be commonly linked to the feared risks and wished possibilities of **a future mine**. However, considering that all activities of the case company C3 had so far merely dealt with mineral exploration, and no mine had been planned yet, the question arose whether the local stakeholders were considered to understand the case company's operations and mineral exploration in general.

In terms of **misconceptions**, an interviewee pointed out that the Finnish term standing for a granted claim[24], used in the former Mining Act, did not realistically correspond to the

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[24] In the old Finnish mine law from 1965 (renewed in July 2011), the Finnish word for an exploration permit (claim) was called 'valtaus' (conquest in English), which has often been misunderstood in the public.

success rate and societal benefits of the mineral exploration and the mining industry. An employee of the case company C3 pointed out:

> "The industry's average for discovery of an economic deposit is one in a thousand. I work with a team that didn't have it one in a thousand but one in a hundred which is successful. Mining companies are terrible about explaining mostly what we do and what are the benefits. For modern society, you have to have mining, same as farming and pharmaceuticals."

Mineral exploration was noted to be easily mixed up with mining. An employee of the case company C3 noted:

> "Many people mix it up like 'I don't want to have a mine even though mineral exploration is anything but a mine."

However, the very local stakeholders were mostly seen as understanding of mineral exploration and the case company's operations.

Varying perceptions and activeness

In terms of perceived **positivity and negativity** connected to the case company's mineral exploration activities, the Lappish department of the FANC was considered clearly to oppose the case company C3 (see 'Perceived negativity' in section 6.3.3). An employee of the case company C3 noted:

> "The Lappish department of the FANC, is the most active opponent."

The FANC had made complaints about the authorities' claim decisions, and even more complaints were awaited, as an interviewee noted. The complaints were correspondingly regarded to slow down further the licence processes.

While the foreign employees of the case company C3 seemed to estimate the local stakeholders' overall opinions as somewhat more positive than their local colleagues, it was pointed out that negative perceptions could not be totally avoided. An employee of the case company C3 pointed out:

> "You've always got people on your side and against. It doesn't matter what you do. If you're a football team --, you're gonna have people like you and dislike you.

You're always gonna have that. What you've got to show that it's a benefit for everybody and that's the whole point."

However, usually local stakeholders approached the case company C3 asking for more information before expressing their final refusal of operations on their lands. An absolute "no" was estimated to be marginal (see 'Perceived negativity' in section 6.3.3), as an employee of the case company C3 pointed out:

"I think that the percentage of the people who really say 'no' is less than one or something."

In terms of negativity appearing in a less drastic form than absolute refusal, according to an interviewees' estimation, one to two out of ten local stakeholders were regarded to stand negatively with the operations of the case company C3.

In terms of the **local stakeholders' varying degree of activeness**, reindeer herders were considered to be especially active or even overrepresented in the engagement.

When it came to the internal variation of the stakeholder groups' activity, an interviewee estimated the landowners owning more land to be more active and interested in the engagement than the ones with less land. Some interviewees had also traced individual variation of activeness related to political activity. An employee of the case company C3 pointed out:

"We have that one young female politician and she's been quite active talking to the local press and also even to the higher up Helsinki areas."

As an indicator of the local landowners' activity, an interviewee brought up the 'hearings' of Tukes, taking place before the authority granted claims to exploration companies. While the idea of the hearings was to allow local stakeholders to report their opinions to Tukes, it could be seen as a certain kind of a measure of the local stakeholders' interest and activity in exploration companies' operations. However, in that stage most landowners were not generally considered to show any major interest. Based on personal experience, an employee of the case company C3 stated:

"In the hearing stage when the information goes to the landowner, 98 % doesn't react at all. Then maybe some 2 % writes an opinion like 'I don't like that they come to my district'. Or they demand some restrictions."

Perceived negativity

The principal mineral exploration site of the case company C3 overlapped partly with the **Natura2000 network**, which was considered to be the root cause of the complaints of the FANC (see 'Varying perceptions and activeness' in section 6.3.3). Two members of the FANC were involved in a village representative committee that the case company C3 was engaging with. However, it was noted that the opposition and complaints were not channelled in the face-to-face meetings. An employee of the case company C3 contended:

> *"I mean obviously yes, they are against any impact onto the ground. That's probably what they argue about, but like here in this group where we sit at a table face to face, there has never been anything brought up directly, which is interesting."*

Another factor behind the perceived negativity, also related to the Natura2000 network was linked to **landownership**. When the Natura2000 network was established, private people had to sell their overlapping land to the state. Later the value of the sold land increased, causing unease for the former landowners. Now the case company C3 was noted to try and find innovative solutions to allow the original landowners benefit somehow. An employee of the case company C3 noted:

> *"In [the Primary mineral exploration project of the case company C3], the main issue was that Metsähallitus purchased land from people for what was a peppercorn amount of money and now that land is worth more money and people are upset about that. That's the fundamental reason of the main concern of certain people."*

Another source of negativity of the local stakeholders was considered to be the **fear of health-related problems** caused by a possible future mine. Dust, pollution, noise, and traffic were regarded as hazards. Also **uranium** was considered to be feared by some local stakeholders, even though the case company C3 did not explore the commodity.

Some employees mentioned also the case **Talvivaara** in relation to the fear of uranium. Talvivaara was also brought up related to fears of less specific environmental problems (see section 5.1.1). The influence of **negative reportage** was that people often expected the worst thing to happen. An employee of the case company C3 noted:

"There has been critical news about other companies. That has mostly generated the negativity."

Also **change** was considered to be a source of the local stakeholders' fears and negative perceptions, as an employee of the case company C3 pointed out:

"Every time you do something that is different, it's scary for everybody."

Related to change, **fear of displacement** was considered to be an issue requiring the case company to work closely with the affected stakeholders. An employee of the case company C3 noted:

"The issue is that you know mines do sometimes displace people, that's always the way."

Negative attitudes towards mineral exploration activities were sometimes also considered to be rooted in the **fear of property damages**.

Some interviewees noted that also **principled anti-mining attitudes** could be traced. Also **dislike of foreign companies** was brought up. Furthermore, as an interviewee noted, sometimes people just refused the case company's operations "on their backyard", which the author categorizes as part of the NIMBY phenomenon (see sections 4.7.2 and 5.1.2). In the areas comprising expired or invalid claims local landowners were asked for land use permissions by letters. In case of absolute refusal landowners, the case company would not force the landowners to allow operations on their lands. An interviewee underlined that it was the reason why land use permissions were first asked for. The refusal rate was estimated to be a few in two hundred. An employee of C3 pointed out:

"Last autumn when I sent the letters [asking the landowners for land use permissions], only one landowner visited the office. The person strictly refused it. And some letters came back with a 'no' while I'd sent more than a hundred of them. Furthermore, some didn't answer at all which was a 'no' for us."

Perceived positivity

While the list of the local stakeholders' negative perceptions seems to be longer than the one of the positive ones, the interviewees considered the local stakeholders' overall atmosphere to be predominantly positive. Furthermore, the local stakeholders' willingness

to know about what was going on was underlined. An employee of the case company C3 pointed out:

"They want to know if there is a future for the next 2 or 20 years."

When asked about the interviewees' views of the local stakeholders' positive perceptions, the hope for **job creation and increasing economic liveliness** were emphasized. An employee of the case company C3 pointed out:

"Then the services… [They hope] that they would improve here."

Also **returning migration** was considered to be positively perceived by the local stakeholders. An employee of the case company C3 noted:

"After 30 years the community was actually growing rather than losing people because there was always a big drive to go the South [of Finland in the more populated area] and the bigger cities, to the more populated areas."

Some local stakeholders were also noted to hope for **gold**, as noted in 'Target metals' in section 6.3.5.

Having **witnessed the enlivening effect of the nearby operating mines** on the local municipality was also seen as an essential contributor to the local stakeholders' positivity.

Trust and approval

Although the local stakeholders' extent of trust and approval was noted to vary somewhat between the different villages in the mineral exploration area, all interviewees considered the case company C3 to having the local stakeholders' trust and approval. An employee of the company C3 pointed out:

"At least in terms of the people with whom I have taken up."

The local stakeholders' trust and approval was considered to be based on a personal level. An employee of the case company C3 noted:

"I'm not sure how they deem us as a company but as people. I think the people know us - myself and [the CEO] and the team."

Honesty was seen as a fundamental factor for the case company to having gained and maintained the local stakeholders' trust and approval. Also **being available for the locals** was brought up. An employee of the case company C3 noted:

> *"Being available so that people can come to talk to you and see where you work, because people will always come across you when you work outdoors."*

Furthermore, **personal and long term commitment** was stressed. An employee of the case company C3 pointed out:

> *"You know, you go there every year and usually it's the same faces; our team is not changing every year."*

Furthermore, **going beyond the law and informing the local stakeholders about operations beforehand** was brought up. An employee of the case company C3 pointed out:

> *"For example in terms of a claim area we inform [the landowners] beforehand. It's respecting the landowner - even though we have the claim, we respect that we are [operating] on your area."*

However, even though the importance of honesty was underlined by the interviewees, the case company C3 was noted to be bound to obey the corporation's strict disclosure policies. The related challenge is discussed in 'Challenges of local stakeholder engagement' in section 6.3.4.

6.3.4 Local stakeholder engagement of case company C3 in practice

Key issues in local stakeholder engagement

When asked for a summary of the most important elements of local stakeholder engagement, **open** and **honest informing, and building trust** in the affected area were underlined. An employee of the case company C3 pointed out:

> *"The most important is to tell openly about our purposes and what we are doing there. It's to tell honestly about our courses of action and aims."*

The issues summarized here as most important in local stakeholder engagement seemed to reflect and complement the further preferable aspects of communication brought up

throughout the interviews and discussed various chapters in this study: **being informative and realistic, committing to informal and long term person-to-person-level engagement, being approachable and receptive, striving for mutually beneficial solutions, and understanding the local context.**

Manifestation of local stakeholder engagement

Explicit-on-going type of manifested local stakeholder engagement
Enabling local stakeholders to contact the employees and visit the office was brought up in the interviews. It was noted to be especially important in situations when the landowners were unhappy about the case company's mineral exploration activities. An employee of the case company C3 pointed out:

> *"There are some cases that a sort of negativity continues. Usually they contact me personally since they have my number. Normally when I call them and inform them that we're coming, I give them my number so that they can call me if they have anything to complain about."*

In terms of the case company's web page, the case company C3 was noted to still be lacking one. The case company was also noted to have a **feedback box** in the nearest city. An employee of the case company pointed out:

> *"We have this post box in the municipality, so whenever there would be any concerns or complaints from people, we would be aware of them and we're happy to talk to them."*

The locals' perceptions of the case company were considered to partly break down to the individual employees' behaviour in the long run. Accordingly, the **whole team's awareness of being responsible for representing the case company** was stressed in the interviews. An employee of C3 the case company noted:

> *"In the town here, we are driving our routes with our big cars. People see you and we see the people. After four years you know the faces and people know you and it's the overall behaviour: you represent the company here, you represent the project here. You're a foreigner in a way. It's the picture you represent, even if you go to the petrol station or to the supermarket. Or if there is the local municipality, meetings over the year."*

On the other hand, it was also noted that engaging with the local stakeholders was not only about maintaining a bright image of the case company, but it was also essentially an issue of personal reputation. An employee of the case company C3 pointed out:

> *"When you go drinking coffee with people for over eight years or something, you're seeing them all the time. They see how you behave, they know you. I don't want to have a reputation for someone who does not tell the truth, I want to keep my reputation for someone who's honest."*

Explicit-discrete type of manifested local stakeholder engagement

Responding to the local stakeholders' basic need to be informed was underlined in the interviews. **Giving presentations and organizing info events** to the local community living and operating in the proximity of the case company's operations was seen as an important channel of engagement. The objective of the info events was to report about the case company's newest operations and allowing time for questions. An employee of the case company C3 pointed out:

> *"First of all, there's a lot of people coming to those meetings when we announce and invite the local people. It's always a full room. People are interested and there are always discussions --."*

Being ready to encounter and inform any individuals in the field was also brought up in the interviews. An employee of the C3 pointed out:

> *"This is how you approach the people. I mean, you don't want to be always saying that 'oh we must go there and shake hands because it's the official way'. It's like you just see that people are quite curious. They would like to meet you and know in detail what you do, and they also like just to invite you for a coffee."*

Also **meetings with the municipality** were brought up. An employee of the case company C3 pointed out:

> *"Speaking to the board of the commune... That would be done by the management level."*

Furthermore, the case company C3 was noted to engage with the **village representative groups**. However, direct, informal and individual contact to the employees of the case

company C3 was seen to be preferred by the local stakeholders. An employee of the case company C3 noted:

> *"Now there is this representative group that represents the [The primary mineral exploration project of the case company C3] area, which really has not been as active as we hoped. That's been a disappointment. We hoped that there would be a lot more engagement but people prefer to talk to us individually and directly."*

The significance of informal, personal level of communication ranging from casual encounters with the locals in the field to discussions in arranged occasions was underlined throughout the interviews. A merely official company façade was seen as insufficient, and letting people know informally about issues that the corporation did not want to tell them was sometimes required. An employee of the case company C3 noted:

> *"One thing that's interesting from Finland is that when you're honest and open with different groups you get a lot more than when you just follow the company line like 'this is the press release of the company', which is a disaster. It doesn't work in Finland. You need to be open and honest."*

Focused engagement with landowners and **reindeer herders** was also brought up. An employee of the case company C3 noted:

> *"If you're a local landowner or a local reindeer herder, you want to know what's actually happening. You want to know about the future. It's clear."*

Engagement with these groups was noted to be primarily carried out by letters and phone calls. Furthermore, the interviewees also occasionally met these stakeholders face-to-face.

As **landowners had to be asked for land use permissions by formal letters when claim applications were pending at Tukes**, the importance of company-landowner communication was stressed. An employee of the case company C3 noted:

> *"Since the situation with authorities and the mining agency is that the processing of claim applications is so slow, and companies can't wait forever, we have had to ask the landowners directly for permissions."*

However, landowners were contacted in advance even when the case company C3 was formally allowed to operate in the respective areas. An employee of the case company C3 pointed out:

"We don't just go there saying 'we have the granted claim!'"

When operating by the public landowner's permission, **land use compensations** were noted to be paid to Metsähallitus. An employee of the case company C3 pointed out:

"Metsähallitus doesn't lease the land for free. Currently they require a compensation of 30 Euros per hectare."

Damage compensations were paid to all landowners. An employee of the case company C3 noted:

"Of course we pay the tree stand and terrain damages and such."

In terms of **sponsorships**, the case company C3 was noted to having supported for example the local rescue helicopter, school kids by providing them with clothing, reindeer herders, a student group's visit to see the company's operations abroad, a reindeer race event, and some research projects. In terms of the underlying sponsorship strategy, an employee of the case company C3 pointed out:

"Stuff that is practical that can benefit people."

How the case company C3 dealt with the local media relations was not brought up in the interviews supposedly because the CEO who was responsible for the case company's press relations was not included in the interviewees. An employee of the case company C3 noted:

"Well, the [name of regional paper] has been writing of us. But I think they have mainly reported about the complaint processes or something, but rather in a neutral tone."

As noted in 'List of local stakeholders' in section 6.3.2, 'Varying perceptions' in section 6.3.3 and 'Challenges of local stakeholder engagement' in section 6.3.4, the case company C3 was noted not to having succeeded to establish direct communication with the regional department of the FANC.

As noted in 'Aspects of change' in section 6.3.4, **communicating with the authorities** had always been in the agenda of the case company C2.

Implicit-on-going type of manifested local stakeholder engagement

Using local workforce was stressed for two reasons. Firstly, creating jobs for the locals was seen to be able to convert local stakeholders' negative viewpoints into more positive ones as it could be seen to prove the case company's contributions to the local economy. Secondly, it provided an interface for communication between the case company and the local community. An employee of the case company C3 noted:

> *"First of all, lot of local people work in companies that work for us. We have a direct contact to locals because they're working for us."*

Having a face and being part of the local community were emphasized by the interviewees. The establishment of the **Finnish business unit** was brought up as an important event because it indicated that the case company was not a free-rider. An employee of the case company C3 pointed out:

> *"One of the most important days was when we set up the local company here. [The case company C3] is registered in [the local municipality] and it's paying taxes in [the municipality]."*

Also the **development of informal social networks** was underlined. An employee of the case company C3 noted:

> *"We've worked here so closely for such a long time that we know people personally, they're not a circle on a piece of paper like 'oh this is the person you have to deal with'. That's someone we go and talk to, we have coffee with and that's the difference."*

The combination of informal and formal relations in local stakeholder engagement was stressed in the account of an employee of the case company C3:

> *"I see them on the field. And if necessary… Like with the reindeer herders. We managed to get a nice still from a film, a nice picture, so you take it to them and say 'here's a present, thank you very much for being in the film, here's a nice picture, hope you like it'. And then you sit down and drink coffee. We've so often been in [a local, native employee's] parents' house and of course the other people*

in [the nearby village] come and say hey, and there are potatoes for everyone. So it's relationships, but it's honest relationships."

Implicit-discrete type of manifested local stakeholder engagement

Buying local products and services was brought up as a platform for encountering the local stakeholders also in more informal occasions. An employee of the case company C3 noted:

"After being here for more or less four years, people know each other. Even when you go the supermarket the people there they know us."

Asking for help, advice or services from the locals was brought up but only in terms of negotiating with local landowners or reindeer herders about route choices. An employee of the case company C3 noted:

"If there's an especially critical location, we can still try to call them and ask whether there was something left unclear, if we can go there."

Aspects of change in local stakeholder engagement of C3

The case company's first contact with the (local) stakeholders when it started doing mineral exploration in Finland was with the authorities in the North and the South of the country. After that the case company C3 had contacted the municipality and organized an info event for the local residents of the potentially affected villages.

In terms of possible changes in local stakeholder engagement along the years, continuity was underlined in many respects. For example the principle of informing landowners about operations in advance **had not changed**. An employee of the case company C3 noted:

"Before we're doing work on somebody's land, even before the law was changed, we have always talked to the land owner to explain that we're going to come and work on their ground. And of course talk to the reindeer herders and all the other groups that we are involved with. So there's not really lot of change. There's not much difference. We still have the same communication with people and I think the people know us now."

Also info events had been organized for the affected villages from the start. An employee of the case company C3 noted:

> *"We will always have a yearly meeting with the commune there so we were inviting all the village people to just explaining 'yes we are this company, we want to do this and this work and this is our current situation' and we were doing this since -- we were here the first time."*

Furthermore, for example the team was noted to comprise long-term employees whose faces the locals were noted to know.

However, the local business unit was formally registered only a couple of years ago. In terms of other aspects of change, the change of the Finnish Mining Act and the related slowing down of the authorities' processes were brought up (see 'Challenges of local stakeholder engagement' in section 6.3.4).

Challenges of local stakeholder engagement

The interviewees saw dealing with the **corporation's disclosure restrictions** as a personal and a case company level challenge and one of the hardest parts of the local stakeholder engagement. An employee of the case company C3 pointed out:

> *"It should be said in the human rights to have information. I mean, that's the problem, [the parent corporation of the case company C3] doesn't like to give too much information."*

However, the problem was noted to be occasionally avoided by switching to a personal and informal level of communication. An interviewee also told about an incident in which the case company C3 had given out certain project information to its local stakeholders before the information had been officially published. The corporate level was not pleased. An employee of the case company C3 pointed out:

> *"'Oh, why did we say it? It's never been done in [the corporation]!' Well, maybe it should be done all the time in [the corporation], that's the difference. Big companies are like a big super tanker: you try to get it to the change, it's so hard."*

An interviewee regarded **building trust** as one of the hardest tasks of local stakeholder engagement of C3. An employee of the case company C3 explained:

> *"It takes years and years and years to build trust and it takes two minutes to lose it."*

The employees of the case company C3 saw also **authorities** as another challenge of the local stakeholder engagement. The slowness of the claim application processes was seen as a serious risk of exploration companies' operations in the country. An employee of the case company C3 pointed out:

> *"I mean, this licence situation is worse than the third world. It's worst of what I've ever seen in my professional life."*

Since a big part of the claims had expired while new ones were pending at Tukes, the case company C3 was forced to ask for land use permissions directly from landowners. The processes had become even slower due to the environmental NGOs complaints about claim decisions. According to an interviewee, in an ideal situation, expiring claims would be automatically extended, erasing the time gap that was currently taking place between expired and new claims.

The slowness of the licence processes was partly seen as linked to the problems in information management of the different authorities, which in turn were seen to derive from the transition to the new Mining Act. An interviewee pointed out that due to the change of law, the authorities being responsible for the case company's licence processes were changed from one base to another so that knowhow was partly lost. Furthermore, it was noted that some authorities did not always seem to know what other authorities were doing.

In Finland the whole mining industry was noted to having faced serious **image problems** partly due to the environmental problems of the **Talvivaara**'s nickel mine (see section 5.1.1). Some interviewees noted that the news distributed by the media had reached also the local stakeholders bringing up unease, and commenting on other companies' business was seen as a personal challenge in local stakeholder engagement. Also the fear of **uranium** was noted to be a common problem in Finland.

Language skills were brought up as another personal and case company level challenge of the local stakeholder engagement. The case company C3 employed several foreign employees. Some of the Finnish employees saw the local stakeholder engagement to rely on them since Finnish was very much needed in the engagement. An employee of the case company C3 stated:

"I think the only real thing for me personally is that I would like to do more direct communication with the local stakeholders. There is a language boundary that kind of prevents the direct communication. It's a problem and it can be challenging, but, so far we've always found the way to talk to everyone."

Furthermore, as an interviewee noted, potential future changes related to a **transition** from mineral exploration to a **mine development project** might be challenging for the case company's local stakeholder engagement. An employee of the case company C3 noted:

"If we keep up the way we're working, [the primary mineral exploration project of the case company C3] is growing, and at some point if we will go to the stage where we open a mine, it would bring more people in even from the other parts of the company. Because we are doing exploration and when an exploration project becomes a mine and we hand it over to a different business unit. Then the question is, are the people still the same working here, dealing with the local stakeholder engagement, so that would be the question that you have to consider."

Also the **Natura2000** conservation area was considered a challenge for the development of the mineral exploration project. The case company C3 had ordered investigations to review the flora and fauna in the area, but the process was noted to having been tricky. However, when asked whether the very local stakeholders were considered to see the operations in the protected area as a problem, an employee of the case company C3 pointed out:

"I don't have the feeling because the locals never came to us to say 'how can you operate on a protected Natura2000 area?'. I mean, people are just arguing 'Ok, what are your long term plans, what is your impact there?' And yes, we had there an NGO as I said earlier. There are two people from the [nearby] village and they are obviously asking what is our strategy for the next years, what could be an impact. And we're trying to be as honest and open as we can be, to say that so far we don't know. We don't want to say that there's nothing. But neither do we have a final strategy for what to do there. Now we have a program that doesn't impact too much, and that's what it is for now."

However, another employee of the case company C3 pointed out that not all locals seemed to directly accept the case company's operations in the Natura2000 area:

"According to some of the [locals'] comments, it must be wondered whether or not we can go there. But some people think that it's ridiculous to prohibit it."

Economic downturns were brought up as challenges as they could affect the case company and therefore also local contractors. An employee of the case company C3 noted:

"I know that in 2008 there were many companies that stopped doing exploration completely and… So far it didn't have an effect on the local stakeholders here, but I think there would be an effect if [the parent corporation] said that the business is bad and we would have to reduce our operation footprint. Then of course we would do less work and maybe stop working in the worst case so that definitely would have an effect on the local stakeholders."

Therefore the feasibility of an ore deposit was underlined. An employee of the case company C3 pointed out:

"The deposit has to take all the cost, it has to take the reclamation cost, it has to take all the best practice costs, all the economics have to be built in the project and if it's not possible, the project should never be developed. It's simple."

Finally, some **practical issues of communicating** with the local stakeholders could be challenging. Finding the right contact person or landowner was brought up as one of the hardest parts of local stakeholder engagement. Furthermore, sometimes local landowners did not want to give their account numbers so that compensations could be paid to their bank accounts. Also explaining about technical issues in simple language was seen as difficult.

6.3.5 Employees' insights into relation of case company-specific factors to local stakeholder engagement

Target metals

As noted in various sections of this study, **uranium** was seen as hazard by many local stakeholders even though it was not explored by the case company C3. The case

company's response to the fears was explaining the local stakeholders about facts. An employee of the case company C3 pointed out:

> "We show them the stuff. Through the analysis we know that there's no uranium. You've always got some people telling 'oh they're looking for uranium' but our company doesn't mine uranium; it doesn't look for uranium so why would we look for uranium. It's become problem in Finland."

The deposit of the primary mineral exploration project of the case company C3 contained small amounts of gold, and some local stakeholders seemed to be hoping for gold. An employee of the case company C3 pointed out:

> "Everybody normally expects that we are looking for gold but that doesn't really interest us, does it."

The primary target metals of the case company C3, nickel and copper, were considered to be recognized by the local stakeholders as basic commodities needed by the society. These metals were not seen to cause strong feelings by the locals. Local stakeholders typically had questions about the target metals' use and what the mine would look like if there was one.

Modern society's need for metals was frequently brought up by the interviewees as a quintessential justification of the mining industry and also the case company's operations. An employee of the case company C3 pointed out:

> "And it's still the main point: who nowadays doesn't have a mobile phone in a country like Finland, or, who doesn't have a computer! You can easily say 'ok, I want to have a mobile phone but I don't want to have a mine somewhere close by'. You always have to see that you need a mine if you want to have a phone."

Company size

Some local stakeholders preferred Finnish companies, but on the other hand, as an interviewee noted, some local stakeholders might be rather expectant because the company had more capital to carry out the operations. A local employee of the case company C3 pointed out:

> "Somehow people might feel that this is a solid company, and that the operations model that we have. We're a trustworthy company, we don't walk over people and

we respect these sources of livelihood, the locals and so on. I think that they have a pretty good picture of this company."

The big size of the overall corporation had sometimes yielded negative associations by the local stakeholders, requiring to be smoothed down by the employees. An interviewee brought up a case of some local stakeholders linking the case company C3 to some negative information they had read about another company which used to be once part of the parent corporation. However, it was seen as an essential factor of the case company's image that when dealing with the case company C3, the local stakeholders encountered the same faces year after year. An interviewee of the case company C3 pointed out:

"They've been here since the beginning, so I think they are happy to see the same people in every year because that shows the commitment of the people in the company as well. Maybe they see us more as small company. I mean they know there's a bigger company behind but I think the engagement we have and being open and honest and having those meetings showed them that ok, this is the people we deal with and I think. I wouldn't think it has a negative effect."

Company nationality, language and local foothold

Even though not all interviewees considered the case company's nationality to be an issue for the local stakeholders, the general atmosphere in Finland was seen as nationalistic. However, running down domestic exploration and mining activities was noted to having been a conscious decision made in the past, and today only foreign mineral exploration companies could acquire the funding to carry out the expensive operations. According to an interviewee, the primary mineral exploration project of the case company C3 could not have been found by the Finnish state. An employee of the case company C3 noted:

"People have such a short memory. They don't remember what was in the background."

However, as a response to occasional critique, local stakeholders were educated about the case company's Finnish business unit. An employee of the case company C3 noted:

"Sometimes when I discuss with the local landowners on the phone, it comes out that they think that foreign mining companies come to Finland and take everything. But then I explain that, well, this is a local branch, and there are so many of us here and even the foreign employees are registered in the local city, paying their

taxes here and staying here. And the office and everything has been built here. So we're here for real, not as if the company had come here like a boogeyman that takes it all."

A further aspect of the case company's multi-nationality and the big corporation size was related to the availability of information on the internet. An employee of the case company C3 noted:

"I think it could have a minor effect in these days where you can do a lot of search on the internet for example and you would find a lot of information from [the case corporation] worldwide, and then people would associate it with our project and again, if there are any concerns raised you should say it's that situation… Because sometimes you can't compare projects in different countries or different cultures."

Finnish language skills and local employees were seen as a requirement in the business unit in order to deal with the local stakeholders. Dealing with a local employee was considered to generate trust and an impression being on the locals' side. An employee of the case company C3 noted:

"They feel that there's nobody here bossing about them. They feel somehow safer that the person on the phone is a local, a native from here. This is such a small municipality that in principle people know who your parents are and who you are."

Local landowners were considered to give land use permissions to the case company more easily when the contact person was a local person. An employee of the case company C3 pointed out:

"Probably if we Finnish speaking employees weren't here, mineral exploration would be impossible to carry out with the permission of the landowner. It's clear. Probably we wouldn't get the permissions if we tried to explain in English or German that we want to make investigations on their lands. It surely wouldn't work out."

The Finnish, local employees themselves regarded their knowledge on the local people, environment, culture and the *modus operandi* as a clear advantage in local stakeholder engagement. Engaging with local stakeholders was seen to be easier when their attitudes

were understood. Also communicating with authorities was seen to be facilitated by a native and local background.

The foreign interviewees considered the local stakeholders not to have negative perceptions caused by the employees' lack of language skills or the foreign background. However, the foreign employees admitted to be dependent on their Finnish speaking colleagues' translation help in cases when the language barrier could not be bypassed by using another language. Since approximately 80 % of the personnel of the case company C3 were Finns, translation was enabled.

Target area

The interviewees did not underline **company-specific practices** as drivers of difference of local stakeholder engagement.

When it came to area, region or country-specific **social drivers of difference**, it was noted that all local stakeholders should be treated equally even though the standard of education in the target area would be higher than somewhere else. An employee of the case company C3 noted:

> *"The only difference is in that in certain parts of Europe the level of education is a lot higher, so people have laws – so, people have a clearer understanding of things. But I think that it's a totally wrong way to do it that there should be difference to someone who in on an island in Indonesia to someone anywhere else. Everyone should be treated with fairness and respect. They're the legal right holders in the area, they should be treated properly."*

The indigenous Sámi people and reindeer herders were brought up as important stakeholder groups specific to the North of Finland. In the North, there were also noted to be less private landowners, which was seen to make the engagement easier. However, the Northern parts of the country entailed more conservation areas, which made the engagement more complicated. Concerns of the local stakeholders were noted to vary between different areas. Furthermore, informal case company-stakeholder communication was required in Finland.

In terms of **socio-technical drivers of difference**, several indirect factors were brought up. Firstly, the Finnish environmental standards were seen as too low. An employee of the case company C3 noted:

> *"I mean in terms of the sulphate emissions it's unbelievable what people can get away with in Finland. It should be much stricter, should be of international standard."*

Furthermore, authorities were again brought up as an especially disadvantageous factor of operating in Finland, while safety and good infrastructure were seen as advantages in the country.

6.4 Cross-case comparison and reflection on literature

In this section, the three case companies C1, C2 and C3 are compared with each other, and reflection on literature is carried out along the comparison. The perspective of the section is *intrinsic* (see section 5.2), seeking to find deep understanding of the chosen cases without making generalizations. The agenda of the cross-case comparison corresponds to the framework of the within-case descriptions. The section addresses the second research question of *"Why and how do mineral exploration companies operating in Northern Finland engage with their local stakeholders?"*

6.4.1 Organizational aspects

The interviewees reported the three case companies to be **well motivated** for local stakeholder engagement (Table 12) that was regarded as a fundamental part of local operations. However, the interviewees might have felt obligated to express exaggerated motivation to the author, and more reliable results could have been gained by carrying out also participant observation to assess the case companies' motivation.

Table 12: Case company interviewees' perceived importance of local stakeholder engagement

Importance on average (from 0 to 10)	C1	C2	C3
	8,6	9	9,4

The case companies' justifications for local stakeholder engagement were manifold, and local stakeholder engagement seemed hardly to be based on purely ethical or instrumental justifications as pointed out also by Freeman et al. (2010). The author used the framework of Garriga and Melé (2004) introduced in chapter 2 to categorize the case companies'

approaches to local stakeholder engagement (Table 13). However, the author found it difficult to distinguish purely **instrumental, integrative, political** and **ethical reasons and objectives** from the interviewees' accounts, and the results presented in Table 13 should be rather seen as the author's interpretation.

Table 13: Reasons and objectives of local stakeholder engagement

	Reasons and objectives of local stakeholder engagement	C1	C2	C3
Instrumental	saving money		X	X
	good relations enable getting help, information or employees if needed	X	X	X
	favourable operating environment	X	X	X
	collaboration		X	
Integrative	gaining the municipality's support	X		
	social licence to operate (SLO)		X	X
	being approved, accepted and respected by local community	X		
	maintaining open and trustful relations and communication	X		X
Political	sharing the benefits and developing the area		X	X
	to be seen as a good corporate citizen		X	
Ethical	bringing in expertise			X
	sharing information	X	X	X
	good behaviour	X		
	doing the right thing and keeping a good reputation			X
	combining success and sustainable development		X	

Instrumental and *integrative* drivers (Table 13) were underlined in all case companies. Distinguishing these categories from each other seemed artificial, as the root cause of the integrative approaches often appeared to be instrumental: according to the author' interpretation, gaining and maintaining the SLO and the local stakeholders' support, trust and approval (categorized here as integrative), and maintaining good relations and communication were seen as important by the case companies, because otherwise they would have had problems to continue their local operations. On the other hand, these elements fitted well to the definition of integrated CSR by Garriga and Melé (2004, 57), maintaining that "business depends on society for its existence, continuity and growth". However, all case companies brought up also direct economic benefits from engaging with the local stakeholders.

The case companies expressed also *political* perspectives of local stakeholder engagement (Table 13), but distinguishing them depended once more on the author's interpretation.

Political drivers seemed to be more emphasized in the case company C2 than in the other case companies. In the case company C1, no political drivers were brought up probably due to the interviewees' educational backgrounds in geology and another technical field (see section 5.4.3).

Also *ethical* reasons and objectives (Table 13) seemed to be incorporated in the case companies' local stakeholder engagement. Sharing information was underlined in all case companies, and an interviewee from the case company C3 saw it even as a human right. In the case company C1, local stakeholder engagement was internalized as good behaviour. The case company C2 was the only one to bring up sustainable development as an objective of local stakeholder engagement, which was introduced as an ethical CSR perspective in section 2.1.

Many case company interviewees independently brought up maintaining the SLO as one of the reasons and objectives of local stakeholder engagement (Table 13), even though none of the interview questions explicitly brought up the concept of SLO. Furthermore, the objective of being approved, accepted and respected by the local community was highlighted (Table 13) by several interviewees. This indicated that working towards gaining the SLO and ensuring the local stakeholders' trust and approval already during mineral exploration was an important driver of local stakeholder engagement in the case companies, like pointed out also in the literature review (Thomson and Joyce 2000a, 2000b, 2008). Furthermore, as the interviewees of all case companies represented an organizational crosscut, the results indicated that local stakeholder engagement and the SLO were no theoretical concepts solely introduced in official corporate publications. However, the three case companies were rather small and compact, leaving it though an unanswered question, how good a motivation and what kind of justifications bigger *mining* companies' local teams would have for local stakeholder engagement.

In terms of the case companies' **strengths** in local stakeholder engagement, good motivation and attitude, as well as focused and open informing and discussions were brought up by the interviewees (Table 14). Also having entitled employees with local understanding was underlined. Thus, the case companies' strengths in local stakeholder engagement seemed to address especially qualitative rather than purely quantitative aspects.

Table 14: Strengths in local stakeholder engagement

Strengths in local stakeholder engagement	C1	C2	C3
high motivation, right attitude		X	X
focused and open informing and discussions	X	X	X
entitled employees with local understanding	X	X	

The **opportunities for improvement** (Table 15) included versatile company-specific issues ranging from very explicit to more general. The only common issue brought up in the case companies C1 and C3 was establishing a Finnish web page. Further opportunities for improvement were related to the case companies' specific challenges such as establishing direct interaction with opponents (for the case company C1), improving the communication with the indigenous Sámi people (for the case company C2), and providing more openly information (for the case company C3). The information disclosure restrictions by the parent corporation of the case company C3 seemed to be regarded as especially stressful, and the topic was brought up in various contexts throughout the interviews.

Table 15: Opportunities for improvement in local stakeholder engagement

Opportunities for improvement	C1	C2	C3
more information should be given out			X
more resources			X
case company-head office communication			X
Finnish home page	X		X
more systematic and established approach		X	
facilitating feedback		X	
direct interaction with opponents	X		
communication with the Sámi people		X	
broader communication interface with landowners and reindeer herders			X

In terms of **organizational learning**, the case companies did not systematically benchmark other companies about their local stakeholder engagement. Neither was systematic "anti-benchmarking" applied. Nevertheless, some interviewees in the case companies C2 and C3 noted that employees' experiences from other companies and projects brought in new insight into the organization. The organizational attitudes towards local stakeholder engagement were seen to personify in the executive level, but on the other hand, some interviewees from the case companies C2 and C3 also contended that big corporations were generally more advanced in terms of corporate responsibility.

Furthermore, an interviewee from the case company C1 pointed out that local stakeholder engagement was what the boss did and how the team had been trained to behave, and that it was just normal behaviour.

In terms of **organization towards local stakeholder engagement**, all three case companies were noted to have at least one employee responsible for stakeholder-related tasks and whose daily responsibilities were unrelated to geology or mineral exploration. Direct contact with the local stakeholders was underlined, and the use of consultants in the company-stakeholder interface was explicitly noted no to be preferred in the case companies C1 and C2. In the case companies C2 and C3, there was an entitled employee for dealing exclusively with the landowner and claim issues. Both case companies had additionally a few employees responsible for other stakeholder-related tasks such as local community relations or environmental and security issues. While contributing to local stakeholder relations was seen in the three case companies as the whole teams' shared day-to-day responsibility, specific tasks such as media relations and communication with different levels of authorities were seen as more specified responsibilities of certain employees.

The interviewees did not point out contradicting views of local stakeholder engagement between the different organizational roles and stances, unlike Kemp (2010) had found in terms of mining companies as discussed in section 4.3. This might be an implication of the compact local team sizes and the remoteness of the parent companies that were seen by some employees of the case companies C2 and C3 as challenging to deal with. Knowledge and understanding on local issues and the local context resided in the local teams, but they still had to comply with the different views of other parts of the corporations. In this respect, the case company C1 seemed to be more integrated throughout the whole corporation.

In terms of the adaption of international **best practices, norms, standards and codes of conduct**, the parent corporation of the case company C3 was noted to provide a general toolbox for designing and assessing the company's community relations. However, in the case company level, responsibility was noted to rather be a question of personal values and practice. The case company C2 was noted to apply to many international standards, and a manual of a best practice manual of mineral exploration was noted to be in progress. The local stakeholder engagement of the case company C1 was seen to be rather

based on common sense, even though formal guidelines of local stakeholder engagement were noted to be drawn in the corporate policies and strategies.

6.4.2 Local stakeholder groups

The local stakeholder groups of the three case companies varied only to a small extent (Table 16), and the list resembled to a large extent the one introduced by Eerola (2009) (see section 5.1.2). However, project location and stage seemed to somewhat affect the attributes of the case company specific list of local stakeholders, and the "geo-community" and other mining companies were not underlined like in the model of Eerola (2009). Local stakeholders' proximity to the case companies' mineral exploration projects was brought up as a prioritizing factor in the case companies C1 and C3 (Table 16). Also contact with reindeer herders, landowners, local residents, as well as local municipalities and authorities was underlined. The stakeholder mapping tool presented in section 4.5 (Canadian Business for Social Responsibility ref. Hohn 2009, 35) did not seem to apply to the case companies since none of the case companies pinpointed the least supportive stakeholder as the primary focus of their local stakeholder engagement.

While engagement with the very local stakeholder groups (apart from the indigenous Sámi people) was noted to be rather fluent, non-local groups were frequently regarded as especially challenging to deal with in the case companies C1 and C2 (Table 16). A discrepancy between local approval and national unease was stressed in the interviews. Also working with the groups related to the popular outdoors travel destination was brought up as challenging for the case company C2, and for the case company C3 the regional department of the FANC, an environmental NGO, was seen as especially troublesome to deal with. Furthermore, the Sámi people had been difficult to deal with for the case company C2, the only one of the three case companies operating also in indigenous areas.

Not all stakeholders were seen as active in the engagement (Table 16). Apart from reindeer herders who were seen as especially active in the case companies C2 and C3, the results were rather contradicting. For example certain local entrepreneurs were seen as active stakeholders by the case company C1, but the opposite was contended by the case company C2. This result seemed to underpin the case companies' understanding of the qualitative aspects of the very local social context, rather than only being able to name the different groups.

Table 16: Attributes of local stakeholder groups (* = especially local private landowners; ** = local grocery store, owner of accommodation facilities, service providers etc.; *** =not brought up in interviews; **** = establishing contact failed; ***** = private landowners owning more land)

Local Stakeholders	Contacted local stakeholders			Active			Passive			Challenging			Most important		
	C1	C2	C3	C1	C2	C3	C1	C2	C3	C1	C2	C3	C1	C2	C3
reindeer herders (Paliskunnat)	X	X	X		X	X							X	X	X
landowners (private and state-related)	X	X	X			X*****		X*					X	X	X
local residents	X	X	X										X	X	X
municipality/city council	X	X	X		X								X	X	
village associations / representatives	X	X	X										X		
tourism (generally)		X			X						X			X	
contractors	X	X	X												
other local entrepreneurs	X	X	X	X				X					X**		
indigenous Sámi people		X									X				
hunter organizations	X	X	***					X							
summer cottage owners (# included in 'landowners')	#	X	#		X						X				
any encountered individuals	X	X	X												
local / regional environmental NGOs		X	****		X							X			
authorities	X	X	X							X			X	X	
local media	X	X	***												
(non-local stakeholders)				X						X	X				
Local Stakeholders	C1	C2	C3	C1	C2	C3	C1	C2	C3	C1	C2	C3	C1	C2	C3
	Contacted local stakeholders			Active			Passive			Challenging			Most important		

The case companies C1 and C3 had not established collaboration with environmental NGOs (Table 16). It seemed that NGOs were not seen by these case companies as local stakeholders like other groups such as reindeer herders, even though it was brought up in the literature review as a recommendable activity (Hollander 2004; Eerola 2009). The case company C2 was hence the only one of the three case companies, fully integrating

dialogue with the FANC at least in the mine development project. However, also the case company C2 had found collaboration with certain NGOs as impossible due to their drastically different world views.

The case companies C1 and C2 were explicitly noted to systematically engage with the local media, but in terms of the case company C3 the *how* of the local media relations remained blurred (Table 16). Generally speaking, local media was brought up as a distinguished stakeholder compared to most of the other local groups. This could be explained for example by the formality of media relations in contrast to the rather informal and personal-level engagement with the other groups, carried out by all employees of the local teams. However, while media was noted to significantly contribute to the bad image of the whole mining industry in the national level (Table 17), intensive communication with all levels of media, including the local one, could be expected to work out as a counter force within the case companies' reach (see section 7.5).

6.4.3 Insights into local stakeholders' perceptions

The perceived negativity and positivity of the local stakeholders of all three case companies was seen to be frequently related to a future mine even though only the case company C2 was in a mine development stage. Mineral exploration was noted to be easily mixed up with mining. Also understanding the low success rate, the long timeframe of mineral exploration and the societal benefits of mining were considered to be commonly unclear for laymen, even though the very *local* stakeholders located in direct closeness of the case companies' operations were regarded as more realistic than other Finnish stakeholders in general. This could indicate that mineral exploration companies tended to create "circles of factuality", of which influence was limited to the immediate proximity of their mineral exploration projects (see section 7.5).

As Table 17 illustrates, **perceived negativity** of the local stakeholders was noted to frequently concern **health and environment** including fear for pollution, dust, noise, and problems similar to Talvivaara's nickel mine (see section 5.1.1). Conservationism was noted to be a concern of especially the non-local groups. Furthermore, uranium was considered to be feared by all three case companies' stakeholders, even though only in the case company C1 uranium was involved. The second category of perceived negativity labelled here as **undesirable changes** entailed different aspects of change causing unease by the local stakeholders. The future seemed to be regarded by many local (and non-

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local) stakeholders as potentially worse than the presence. Thirdly, **principled dislike** of the mining companies' operations was brought up by the interviewees. Also **other** sources of negativity were brought up, such as bad experiences with other companies having operated in the area before the case companies. Also the bad media image of the industry was seen as a source of negativity.

Table 17: Perceived negativity of local stakeholders

Category	Perceived negativity	C1	C2	C3
Health and environment	fear of health-related and environmental disturbances	X	X	X
	conservationist views (*incl. Natura2000)	X*	X	X*
	fear of environmental problems: Talvivaara vol. 2	X	X	X
	fear of uranium	X	X	X
Undesirable change	fear of the unknown / things not understood	X	X	
	tourists, summer cottage owners and travel entrepreneurs: possible risks to nearby outdoors travel destination		X	
	fear of losing property / property damages	X	X	X
	fear of being displaced		X	X
	fear of change	X		X
Principled dislike	principled anti-mining attitudes	X	X	X
	not-in-my-backyard attitude	X	X	X
	dislike of foreign mining companies		X	X
Other	bad experiences with former exploration companies		X	X
	fears based on bad or deceptive national-level media image of the mining industry	X	X	X

According to the list of perceived negativity (Table 17), the industry's general reputation and previous actors' behaviour seemed to have an influence on the case companies' (local) stakeholders. This was in accordance with the argument of Luning (2012), holding that mineral exploration rarely takes place in a "tabula rasa" context (see section 4.7.1).

One could conclude from Table 17 that there were enough elements to spring up local resistance. Curiously enough, despite the long list of negativity, not a single interviewee saw the overall atmosphere of the *local* stakeholders to be overwhelmingly opposing. Here triangulation, such as stakeholder surveys and interviews would be in place to study the local stakeholders' negativity.

Local stakeholders' **perceived positivity** was related in all three case companies to positive economic prospects, increasing liveliness of the local area, and positive experiences from past or nearby mining operations (Table 18). Mineral exploration was

seen to be perceived as a promise of growing liveliness of the sparsely populated Northern Finland, as discussed in section 5.1.1.

Table 18: Perceived positivity of local stakeholders

	Perceived positivity	C1	C2	C3
Economic	hope for a job-creating effect due to a mine	X	X	X
	hope for an increased local economic wellbeing due to a mine	X	X	X
	hope for local economic investments		X	
Other	hope for returning migration		X	X
	positive experiences from past / nearby mining operations	X	X	X
	Hope for gold	X		X

Local stakeholders' perceived economic hopes and (partly) environmental fears (Tables 17 and 18) reflected the research background discussed in section 5.1.1. However, the fact that the fears were outweighed by economic hopes in a developed country such as Finland seemed to conflict with the comparison of (economics-driven) developing and (conservationism-driven) developed countries discussed in section 4.4. It seemed that neither mineral exploration nor the mining industry could be justified or denied in Finland by referring to one-sided advantages or disadvantages.

Table 19: Trust and approval of local stakeholders

Category	What has led to trust and approval?	C1	C2	C3
Transparency	informing (beforehand)	X	X	X
	direct, open and honest communication	X	X	X
Reciprocity	listening / being approachable and available	X	X	X
	letting locals affect the project		X	
Economic impact	contributing to local liveliness	X		
Personal	personal (long term) commitment	X	X	X

The interviewees considered the perceived (economy-focused) positivity (Table 18) to having outweighed the risk related or principal negativity (Table 17) in the very local level, and all case companies were regarded to having succeeded in gaining and maintaining the local stakeholders' **trust and approval**, at least as far as no mines were constructed. The factors that were considered to having contributed to the status quo could be categorized into transparency, reciprocity, economic impact, and personal commitment (Table 19). The presence of a local business unit with a local team showing the more or less same faces from year to year was considered to be well recognized by the

local stakeholders no matter what the press was writing about. However, the result was based only on case company interviews, and stakeholder interviews and participant observation would be needed to reflect the company insights with the actual stakeholders' experiences.

6.4.4 Local stakeholder engagement in practice

The issues regarded as most important in local stakeholder engagement were **honesty** and **openness** of communication. Also **building trust** was stressed in the case companies C1 and C3. Exclusively formal and non-personal communication was noted not to suffice for the local stakeholders, which companies should consider when planning their local stakeholder engagement. It would be interesting to test big teams' ability to perform personal and unofficial tones of local stakeholder engagement.

The manifestation of local stakeholder engagement (Table 20) seemed to a large extent entail the same components in the three case companies. Both *explicit* and *implicit* forms of engagement (for explanations see section 5.6.1) could be distinguished. This indicated that the case companies' *de facto* local stakeholder engagement was integrated also to other business and personal activities besides the ones directly related to CSR and local stakeholder engagement. Even private social connections and simply living in the area seemed to contribute to the case companies' local stakeholder relations, making local stakeholder engagement a holistic activity and not only something that the public relations department would use to greenwashing and polishing the case companies' profile. Everything that the employees were doing seemed to matter, which implied both a big potential and risk for the case companies.

Furthermore, the case companies' local stakeholder engagement entailed both *on-going* and *discretely* performed actions. The categorization was used by the author to help assess the nature of the different components of local stakeholder engagement manifestation. The result indicated that besides the *discrete* components, there were also certain processes running in the background. The immediate, local stakeholders were for example enabled to contact the case companies any time. However, the interviews did not provide exact information about who was excluded from this group of stakeholders. The case companies C2 and C3 had also feedback boxes, which, however, were apparently not frequently used by the local stakeholders. Furthermore, in all case companies, the whole team was reported to be aware of every employee's responsibility for representing the

case company, implying a constant readiness to encounter the local stakeholders in a decent manner. Moreover, the case company C2 had also a Finnish website that the local stakeholders could any time have a look on.

As illustrated in Table 20, the relevance of being a local actor was brought up in many different forms. Having a local business unit, using local workforce and services, as well as having Finnish employees as contact persons, and knowing local people, was brought up as essential components of local stakeholder engagement. Having a face seemed to be essential, as suggested by Eerola (2009). It seemed that a personal and local level of communication with predominantly local or at least Finnish employees was seen to help the local stakeholders to feel trust and digest the potential changes that the mineral exploration projects could have upon their lives.

Also more formal components of local stakeholder engagement manifestation were brought up in all case companies, including such as acquiring land use licences directly from landowners in cases of pending licence processes of the authorities. Furthermore, in such situations informal land use compensations were paid to Metsähallitus in the case companies C2 and C3, as the state agency did not anymore allow the case company C1 to operate on its lands. Contact to authorities was discussed as part of the case companies' local stakeholder engagement, even though it is not an activity going "beyond the law" (On Common Ground Consultants Inc., 2007) as noted in the literature review.

Specially targeted local stakeholder engagement addressed reindeer herders, municipalities and landowners in all case companies (Table 20). Communication with these groups was emphasized, and landowners were also paid damages compensations.

Category	Manifestation	C1	C2	C3	Examples
explicit-on-going	Finnish web page	no	yes	no	Local project(s) are described and contact information is provided also in a Finnish web page.
	enabling local stakeholders to contact the employees and visit the office	yes	yes	yes	Giving out employees contact information such as e-mail address or phone number, and, welcoming visitors to the office
	feedback box	no	yes	yes	Having a feedback box to enable locals to write comments about the company's operations.
	entire team's awareness of being responsible for representing the case company	yes	yes	yes	Employees e.g. geologists have internalized to be considered the company's "business cards" in all occasions.
explicit-discrete	presentations / info events to local community	yes	yes	yes	Pro-active or on-demand organization of info events and giving presentations to the local community
	being ready to encounter and inform any individuals in the field	yes	yes	yes	Informative communication with any randomly encountered local e.g. while doing investigations on the field.
	meetings with municipality	yes	yes	yes	Keeping the municipality updated
	focused communication with landowners	yes	yes	yes	Informing in advange about current activities etc.
	focused communication with reindeer herders	yes	yes	yes	Negotiations about work schedule and locations in order to fit into the same area.
	organizing small group working sessions	no	yes	no	Related to the social impact assessment, organizing discussions for distinct focus groups, e.g. reindeer herders, landowners, tourism-related entrepreneurs etc.
	village representative committees	no	no	yes	Discussing with special representatives selected from the affected villages
	contact with local hunters / game management organizations	yes	yes	#	Communicating about schedules and locations with hunters in order to avoid insecurity (# = not brought up in the interviews)
	acquiring land use licences directly from landowners	yes	yes	yes	Asking for landowners' permission to carry out mineral exploration on their lands e.g. between expired and renewed granted claims (when applications are pending at Tukes)
	land use compensations to Metsähallitus	#	yes	yes	Paying for land use in case of invalid claim (# = not anymore)

Category	Manifestation	C1	C2	C3	Examples
explicit-discrete *(continuation from previous page)*	damage compensations to landowners	yes	yes	yes	Compensating damages of tree stand or terrain
	local sponsorships	#	yes	yes	Economic support to local groups or targets, e.g. sports club or school kids (# = no extensive sponsorships)
	local media relations	yes	yes	#	Reactive or pro-active communication with the local media by e.g. press releases or press conferences (# = not brought up in the interviews)
	direct contact with environmental NGO's	no	yes	no	Discussing with local or regional environmental NGO's, e.g. the FANC
	communicating with local, regional and national authorities	yes	yes	yes	Formal interaction with Tukes, ELY etc. in terms of claim reservations and applications, environmental licences etc.
implicit-on-going	using local workforce	yes	yes	yes	Using local contractors or other permanent services (e.g. renting an apartment), employing local assistants or field technicians etc.
	Finnish business unit	yes	yes	yes	Bringing up the case company's local presence as a positive factor of local stakeholder engagement
	development of informal social network	yes	#	yes	Personal-level communication due to being a native resident or having lived/worked in the area for long (# = hardly mentioned)
implicit-discrete	buying local products and services	yes	yes	yes	Using for example the local super market or gas station
	asking for occasional help, advice or services	yes	#	#	Asking for locals' help, advice, or services in case of regular or unexpected need (# = only asking for landowners' and reindeer herders' advice mentioned)
Category	Manifestation	C1	C2	C3	Examples

In terms of the **dimensions** of companies' community involvement discussed in section 4.3, the manifestation of the case companies' local stakeholder engagement seemed to entail both *traditional* and *emerging* forms (Table 4). Information production and dissemination in the form of giving presentations, informing landowners and reindeer herders, and being ready to inform all encountered individuals, as well as taking care of media relations[25] was one of the most established and underlined activities of the three case companies' local stakeholder engagement (Table 20), implying an emphasis on the type (i) of *traditional* community involvement (Table 4). Problem solving and control issues were also present in all case companies' local stakeholder engagement, taking the

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[25] It was not discussed in the interviews how the case company C3 was dealing with the local press.

form of paying damage compensations to landowners, dealing with the licence and land use issues directly with the landowners, and communicating with the authorities (Table 20), which the author categorized here as the type (ii) of *traditional* community involvement (Table 4).

Case company-community communication was also pointed out to essentially incorporate two-way interaction and relationship building in the form of dialogue and listening in all case companies, development of private social network especially in the case companies C1 and C3, working with village committees in the case company C3, and organizing small group working sessions in the case company C2 (Table 20). This referred to a focus on *emergent* community involvement of the type (iii) (Table 4).

Developmental processes and participation of the type (iv) of *emergent* community involvement (Table 4) hardly seemed to be present in the manifestation of the case companies' local stakeholder engagement. However, especially the case company C2 seemed to pursue also the type (iv) of *emergent* community involvement (Table 4), as the interviewees brought up developing the area and contributing to sustainable development as the case company's drivers of local stakeholder engagement (Table 13). However, it is difficult to determine without triangulation whether these developmental issues were truly embedded in the case company's day-to-day reality of local stakeholder engagement, or whether they should rather be regarded as organizational *values*, which was the actual context where they were brought up.

Looking at Table 4 may bring up the question of the role of philanthropy as part of the case companies' local stakeholder engagement. In this study, philanthropy seemed to mark advanced community involvement unlike Table 4 suggests. As noted in chapter 3, mineral exploration generates mere costs (Atlas Copco Exploration, 2010-2011), and being able to donate requires more resources than what is enabled in less developed mineral exploration project stages. Due to the more advanced project stages of the case companies' C2 and C3 principal mineral exploration projects, the local stakeholder engagement of the case companies C2 and C3 incorporated also significant sponsorships (Table 20). However, philanthropy did not seem to be the determining factor of successful stakeholder relations. For example the interviewees of the case company C1 contended the case company to have excellent local stakeholder relations even without remarkable sponsorships to the local community.

In the case companies C1 and C3, the manifestations of local stakeholder engagement were noted to having changed only in terms of some details over the years, but in the case company C2, local stakeholder engagement related to mineral exploration was noted to having been unsystematic until a year before the interviews. Dealing with change was stressed in all three case companies. The process-likeness of mineral exploration had to be well explained to the local stakeholders, which was hard if the projects and organizational contexts were in a constant state of flux. In terms of the dimension of community involvement, this set an emphasis on a combination of information production and dissemination (i) and dialogue (iii) (Table 4).

When looking at the case companies' manifestation of local stakeholder engagement (Table 20) and the lists of perceived negativity and positivity (Tables 17 and 18), it seemed that addressing *weak sustainability* (Gowdy and McDaniel 1999; Ayres et al. 2008; Mutti et al. 2012; Prno and Slocombe 2012) (discussed in sections 2.3.2 and 4.5.1) was highlighted in the case companies. Many interviewees tended to stress the fact that the case companies to an extent (no digits were brought up) increased the local liveliness and employment by hiring local workforce and using local services. References to local economic impact were also brought up by Thomson and Joyce (2000a) (Table 7) as a common excuse for mineral exploration companies not to engage more extensively with their local stakeholders, as noted in section 4.8. However, also the *strong sustainability* (Ayres et al. 2008; Mutti et al. 2012; Prno and Slocombe 2012) approach was indirectly underlined by the case companies C1 and C3, as the interviewees tended to stress the small environmental footprint of mineral exploration.

The **challenges** of the case companies' local stakeholder engagement (Table 21) were related to state agencies, project location, national-level fears, change and uncertainty, case company-stakeholder communication and some organizational aspects. Dealing with economic uncertainty, authorities' slowness and the negative national-level media publicity of the mining industry, as well as being constantly compared to the Talvivaara's nickel mine (see section 5.1.1) were seen as challenges in all three case companies. In the case companies C1 and C3 overlapping with the Natura2000 region had aroused challenging opposition of some *non-local* spheres, and the case company C3 had also some *local* opponents from the Lappish FANC. Non-local groups and summer cottage owners were challenging to deal with also for the case company C2 that was developing a mine close to a travel destination. Furthermore, in the case company C2, handling with

change, financial uncertainty and the indigenous Sámi people in certain areas was seen as challenging, while in the case company C3 the corporation's disclosure restrictions were highlighted. Even the author could feel this when she approached an employee of the case company afterwards by e-mail, seeking to find answers to additional questions. The response to the inquiry was that that the employee was not in charge of the area and that the e-mail had been forwarded to the CEO, who, nevertheless, never replied to the author. Instead, the employees from the case companies C1 and C2 always answered to any further questions, proving the "openness" that they had been talking in the interviews.

Table 21: Challenges of local stakeholder engagement

Category	Challenges / problems / hardest in local stakeholder engagement	C1	C2	C3
State agencies	authorities' licence processes	X	X	X
	Metsähallitus / high land use fees		X	
Project location	Natura2000 (authorities, NGOs and non-locals)	X		X
	proximity to outdoors travel destination		X	
	proximity to settlement		X	
	dealing with indigenous Sámi people		X	
National-level fears	Uranium	X	X	X
	negative media publicity of the mining industry	X	X	X
	comparison to Talvivaara / worst scenario thinking	X	X	X
Change and uncertainty	economy	X	X	X
	changes in legislation		X	
	constant change of projects		X	
	corporation's financial problems		X	
	changes in internal organization		X	
	effect of possible future transition from exploration to mining			X
Case company-stakeholder communication and relationship	first steps in building stakeholder relationships		X	
	communicating about sensitive issues		X	
	compromising and treating everybody equally		X	
	building trust			X
	practical issues of communicating with landowners			X
	foreign employees' lack of Finnish language skills	X		X
	explaining technical issues to laymen	X		X
	enabling targeted feedback		X	
	corporation's disclosure restrictions			X
Organization	case company - corporate coherence		X	
	limited resources		X	

When the list of challenges of the case companies' local stakeholder engagement (Table 21) is compared to Table 7 in section 4.8, comprising four basic challenging aspects of mineral exploration pointed out by Thomson and Joyce (2000a), certain similarities can be found. Firstly, as noted in section 4.8, Thomson and Joyce (2000a) argued that the technical and economic restrictions and requirements of mineral exploration were among

the most common challenges for mineral exploration companies in terms of "running social programs" (Table 7). In this study, limited organizational resources were seen as challenging especially in the case company C2 suffering from economic problems, and the ups and downs of economy were brought up in all case companies as challenging. However, "running social programs" was not explicitly lamented to be challenged due to this in any of the case companies. According to the author's interpretation, "social programs" were *de facto* limited in all case companies, (especially in the case company C1 with the least advanced stage of the principal project) due to the strict economic parameters, but it did not keep the case companies from facilitating other forms of local stakeholder engagement.

Secondly, the low success rate of mineral exploration listed in Table 7 as a common challenge of mineral exploration companies' local stakeholder engagement was brought up by many interviewees, but again not for the same reason ("We can't promise anything") as pointed out by Thomson and Joyce (2000a). As noted in section 6.4.3, laymen easily misunderstood the prospects of mineral exploration and in the case company C2, constant change and uncertainty was seen as especially difficult to communicate to the local stakeholders (Table 21).

Thirdly, especially in the case company C3 it was seen as challenging to not being able "just to tell everybody" what the case company was doing (Table 7), as Thomson and Joyce (2000a) formulated, but the reason for this was the corporation's policy rather than the "risky and competitive business" that also the two other case companies were equally part of. Fourthly, as already discussed, the three case companies often referred to the local economic impact as part of their local stakeholder engagement, but in another tone than Thomson and Joyce (2000a) pointed out (Table 7). Because resource nationalistic discourses were noted to having been frequently used by Finns (see section 5.1.1), the author saw the case companies' talk about the local economic impact rather as a response to the public discourse than a crude denial of other forms of local stakeholder engagement. Nevertheless, another relevant question is, whether the hyped local economic impact of mineral exploration, and especially the one of *mining,* in absolute terms exceeds the one of some locally competing industries like tourism.

6.4.5 Interviewees' insights into effects of case company-specific factors

Uranium was regarded as a challenge in all case companies (Table 21) as former studies confirm (Eerola 2008, 2009) while it was included only in the primary mineral exploration project of the case company C1. **Gold** was noted to be hoped by the local stakeholders of the case companies C1 and C3. The other target metals were not regarded to arouse special feelings by the local stakeholders as most of them did not know the practical implications of mining the commodities.

In terms of company **size**, being or appearing a small company was seen as an enabler of agility and informality and hence an advantage in local stakeholder engagement. Even though the case company C3 was part of a big corporation, the local team was noted to appear as small due to the employees' long term face-to-face commitment. In big companies, local stakeholder engagement was seen as more established, while small companies had to develop their procedures from scratch. Economically stable, big companies were seen to have more resources to be responsible than small companies that were more prone to risk. Junior companies were also noted to have to communicate more in order to gain funding while big companies could carry out mineral exploration "in house".

In terms of company **multi-nationality**, critique of foreign company nationality was in all case companies noted to be characteristic of the current public discourse in Finland, brought up in section 5.1.1. However, the case companies' local stakeholders were noted to having treated the employees in a friendly manner regardless of the parent companies' nationality, and the employees' predominantly Finnish nationality seemed to outweigh the overall corporation's multi-nationality. The employees' Finnish language skills and the personnel's understanding of the local socio-cultural context were underlined especially in the case companies C1 and C3 entailing also foreign employees. The author interpreted this as a proof of the relevance of personal relations in business. The threshold to criticize the case companies appeared to be lower when (non-local) stakeholders saw them faceless. However, the situation seemed to change when the employees stepped out from anonymity, giving the case companies a more sympathetic appearance in the local community.

Category	Area, region or nation-bound drivers of difference of local stakeholder engagement
Social	well organized stakeholder groups
	stakeholders' fluent media usage
	informal stakeholder engagement required in Finland
	safety
	high standard of education in Finland
	no vocational artisanal miners in Finland
	local and regional unemployment issues
	dealing with the indigenous Sámi
	tranquil, sparsely populated environment
	less private landowners in the North of Finland
	dealing with reindeer herders in the region
	northern mentality
	experience with mining in the area and region
Socio-environmental	touched or untouched (and protected) natural environment in proximity of case company's main exploration area
	respect of nature
Environmental	forests - no deserts, no enduring tracks
Socio-technical	good infrastructure
	low environmental standards
	slowness of authorities' licence processes

In terms of **target area, region or nation-bound drivers of difference of local stakeholder engagement**, the author could distinguish social, socio-environmental, environmental, and socio-technical factors (Table 22). Certain issues of local stakeholder engagement were stressed to be company-specific (e.g. versatile established practices and CSR) or even universal (e.g. treating all stakeholders equally no matter where the operations were taking place). Table 22 helps to assess to what extent the results of this study can be generalized.

7 Discussion

In this chapter, the main finding of the study are presented and discussed against the "big picture" assessing the possibilities for an *instrumental* case study approach (see section 5.2). Finally evaluation of the study, avenues for future research, practical recommendations and concluding remarks are presented.

7.1 Main findings

The overall research problem *"Why and how is local stakeholder engagement manifested as part of the corporate social responsibility framework by mineral exploration companies globally and in the special context of Northern Finland?"* has been addressed in this study in the literature review and the empirical, qualitative research focusing on three mineral exploration companies (case companies C1, C2, and C3) operating in Northern Finland. Next follows a review of local stakeholder engagement in the global context, based on the literature review (1st research question; see section 7.1.1), after which the results from Northern Finland (2nd research question; see section 7.1.2) are reflected on this background.

7.1.1 The general context of local stakeholder engagement

According to the *stakeholder* approach incorporated in the concept of CSR, companies' responsibility can be articulated not only to be addressing *shareholders* but also *stakeholders* (Carroll 1979; Freeman 1984; Donaldson and Preston 1995; Verdeyen et al. 2004; Joutsenvirta et al. 2011; Mutti et al. 2012). As part of CSR, companies strive to balance economic, environmental and social responsibility (Marrewijk, 2003), and the concept of CSR is closely related to sustainable development entailing the same three components (Dashwood, 2012). Companies can gain economic advantage from addressing their stakeholders, often referred to as the *business case of CSR* (Hamann 2003; Luning 2012), but there are also CSR theories underlining the social demand, as well as political and ethical approaches (Garriga and Melé, 2004).

CSR in the field of the mining industry arose as an institutionalizing response to the growing pressure of global, critical audiences in the turn of the millennium (Labonne 1999; Kapelus 2002), but also as a result of the process of organizational learning and norms socialization (Dashwood, 2012). CSR is often approached in the mining sector from the perspectives of sustainability (Labonne, 1999) and business risk (Deloitte 2012; Ernst and Young 2012).

Within the CSR framework, the SLO is the local stakeholders' informal, tacit permission to let a company continue its local business operations, and gaining and maintaining the SLO is frequently presented in the literature as an objective of mining companies' local stakeholder engagement (Thomson and Joyce 2000b; Eerola 2009; Prno and Slocombe 2012). The SLO is crucial for mineral exploration and mining companies, because their operations are fixed to the locations of mineral deposits in the bedrock and cannot hence be shifted to other locations when problems occur with local stakeholders. Mineral exploration is the first stage of the mining life-cycle, and the SLO of the further life-cycle stages depends on companies' ability to address the local stakeholders already in the first contact (Eerola 2009; Luning 2012).

Local stakeholder engagement can gain *traditional* and *emerging* forms, varying from information production and dissemination to control issues, dialogue and eventually developmental processes (Kelly and Burkett, 2008 ref. Kemp 2010). The emphasis of mining companies has been, however, on the traditional forms of engagement (Kemp, 2010). Due to the technical and economic restrictions and requirements, risky and competitive business, low success rate and local economic impact of mineral exploration, community involvement has often been underestimated by mineral exploration companies (Thomson and Joyce, 2000a). However, company-community engagement is vital for managing local stakeholders' expectations (Moon et al., 2006). Furthermore, insensibility to local issues has been studied to lead to conflicts between local population and mineral exploration companies (Parker, 2005), and opposition of mineral exploration activities might prevent companies from the continuation of local operations (Moon et al., 2006).

According to the literature, the emphases of local stakeholder engagement are different in developing and developed countries. In developed countries the local stakeholders tend to focus on environmental values, while in developing countries a hope for improving the economic prospects is underlined (Thomson and Joyce, 2002). However, Northern Finland, having faced a rush of foreign mining and mineral exploration companies, has recently ran into a crossfire of both environmental and economic values, which makes it an interesting environment to study how mineral exploration companies manage to address their local stakeholders' varying hopes and needs.

7.1.2 Local stakeholder engagement of mineral exploration companies in Northern Finland

According to the case company interviewees, the three case companies C1, C2 and C3 were highly motivated for local stakeholder engagement, rating the activity correspondingly 8.6, 9 and 9.4 on average (from 0 to 10). The case company interviewees expressed a variety of drivers of local stakeholder engagement in all organizational levels. Using the categorization of CSR theories by Garriga and Melé (2004), e*thical*, *instrumental*, *political* and *integrative* reasons and objectives could be distinguished. The case companies seemed having internalized norms of ethical behaviour, but local stakeholder engagement was also essentially seen as beneficial from the business perspective. Furthermore, the local stakeholders' support was seen as a requisite of local operations, and especially the case companies C2 and C3 expressed a willingness to develop the area.

The case companies' strengths in local stakeholder engagement concerned the right motivation and attitude, and the qualities of communication and the staff. Versatile ways were brought up by the interviewees to improve the case companies' performance in local stakeholder engagement. The only issue shared by at least two case companies was setting up a Finnish web page by the case companies C1 and C3, and the rest of the opportunities for improvement were case company specific.

Most of the case companies' local stakeholder groups were the same. However, summer cottage owners and groups related to tourism were specialties of the case company C2, which was also the only case company having established dialogue with a local environmental NGO. Some local groups such as reindeer herders were seen to be more active in the engagement than the others. Reindeer herders, landowners and local residents were seen as the most important local groups, along with the municipality and authorities. Non-local stakeholders were frequently seen as difficult to deal with, and also some other case company specific groups were found to be challenging in the engagement.

The (local) groups' viewpoints were often seen to be related to a mine even though the case companies were only doing mineral exploration. Misconceptions about mineral exploration were considered to occur frequently by laymen, but the interviewees assumed the very local stakeholders to understand the case companies' operations better than the

ones further away from the case companies' influence. The different stakeholder groups were considered to have manifold negative (health and environment, undesirable change, principled dislike and other special issues) and positive (economic and other special issues) perceptions of the case companies' operations. Despite the negativity, all case companies were regarded to having gained their local stakeholders' trust and approval due to transparency, reciprocity, economic impact and personal commitment. In sum, due to demographic loss, weak employment prospects and the highly respected natural environment of the region, the author considered North Finland to polarize the (local and non-local) stakeholders' perceived negativity and positivity. The case companies' challenge seemed to be maintaining the SLO without underestimating the risks and exaggerating the advantages.

The case company interviewees stressed honesty, openness and building trust as most important in local stakeholder engagement. The three case companies' manifestations of local stakeholder engagement were to large extent similar, entailing *on-going*, *discrete*, *explicit* and *implicit* forms of local stakeholder engagement. The presence of implicit forms of local stakeholder engagement could be seen to indicate that the case companies' local stakeholder engagement was embedded in versatile organizational activities. Local stakeholder engagement seemed to essentially entail personal and informal levels of involvement. A local foothold was emphasized from various perspectives. Finnish language skills of at least part of the employees and understanding the local context were seen as a requisite for local operations.

Information production and dialogue were emphasized in all case companies, but the case company C2, being already in the mine development stage, seemed to having created the most established and extensive forums for dialogue. Extensive local sponsorships were part of the case companies' C2 and C3 local stakeholder engagement, but the case company C1 had less philanthropic activities, probably due to its less advanced project stage.

Weak sustainability seemed to be addressed in the local stakeholder engagement manifestation by the case companies' contributions to issues such as the local economic liveliness. The case companies also seemed to pinpoint their small physical footprint in the communication with the local stakeholders, which the author interpreted as references to *strong sustainability*. All employees were reported to be somehow involved in the case

companies' local stakeholder engagement, and there were no signs of inter-organizational contradictions between managers' and community relation workers' perspectives within the case companies. However, the case company-corporation interface was seen as partly challenging in the case companies C2 and C3.

All case companies were currently facing challenges because of the locations of their primary mineral exploration projects. The projects of the case companies C1 and C3 were partly overlapping with Natura2000 districts, and the case company C2 was developing a mine close to a popular travel destination. Also national-level fears and authorities were seen as challenging factors of local stakeholder engagement in all case companies. Also various aspects of case company-stakeholder communication were brought up as challenging in all case companies. Furthermore, the case company C3 saw the information disclosure restrictions of the parent corporation as challenging, for the access to information was seen as local stakeholders' right and also a requisite for good relations. Change and uncertainty was seen as especially challenging in the case company C2.

Uranium was seen as a challenge in all case companies even though it was only involved in the primary mineral exploration project of the case company C1. Curiously enough, the presence of uranium did not seem to impede excellent local stakeholder relations, as the local stakeholder engagement of the case company C1 was reported to be utterly fluent. The presence of gold was regarded to mostly facilitate local stakeholder engagement because it was hoped for by the local stakeholders. Other target metals were not seen to arouse special interest. In terms of other case company-specific factors affecting local stakeholder engagement, the study covered also effect of project location, company size and nationality, each factor entailing essential implications for the case companies' local stakeholder engagement.

7.2 Case studies from Finland: windows to the big picture

Meticulous *intrinsic* examination of the second research question was conducted in section 6.4. Here the discussion of the results from Northern Finland seeks to assess the possibility to draw wider conclusions from an *instrumental* perspective (see section 5.2).

The results from Northern Finland could be considered to indicate a *business case* (Hamann 2003; Luning 2012) for mineral exploration companies' local stakeholder engagement, meaning that mineral exploration companies could expect to benefit directly from the activity. Even though no exact value for local stakeholder engagement was

brought up in this study, at least *not* engaging with local stakeholders was seen to lead to a bad outcome. Furthermore, apart from the business benefits and an apparent need for social legitimacy, local stakeholder engagement also seemed to be internalized as an organizational norm in the case companies.

Local stakeholder engagement was reported to essentially facilitate local operations in Northern Finland. Is it hence reasonable to suppose any globally operating company practicing mineral exploration to increasingly take on local stakeholder engagement? There are various reasons to say "Yes". Local stakeholders can provide mineral exploration companies anywhere in the world with valuable information on the local context, local expertise, easy access to services and employees, and collaboration with local stakeholders can help companies to avoid costly conflicts and failures. Furthermore, angry stakeholders can harm companies' and the whole industry's operational preconditions.

However, there are also reasons to suppose not all companies to be motivated for local stakeholder engagement. On one hand, open, honest and transparent communication could be considered not to bring advantages to mineral exploration companies that actually have something to hide. On the other hand, local stakeholder engagement could be seen to diminish the social risk but not to eliminate it totally. Local level opposition may depend upon several factors related to the local context, history, previous conflicts, economic and social structure, and location in relation to bigger population centres, just to give some examples. In some places, mineral exploration companies might have no motivation for local stakeholder engagement if it does not seem to have any impact on the local opinions towards mineral exploration. Finally, there might also be mineral exploration companies not engaging with their local stakeholder because the companies have not been having problems with them in any case.

However, the author sees a bias embedded in the research question of why companies *do* engage with their local stakeholders. Assessing the reasons and objectives of local stakeholder engagement should be balanced with asking the interviewees also about any reasons for mineral exploration companies *not* to engage with their local stakeholders, in order to find a more realistic rationale behind mineral exploration companies' local stakeholder engagement. There must also be business benefits and values at odds with local stakeholder engagement. This balanced "why / why not" question setting would

eventually generate an opportunity for interviewees to express a more extensive variety of pros *and* cons of mineral exploration companies' local stakeholder engagement. However, in this study, no drivers of *not* engaging with local stakeholders were brought up by the interviewees, making it difficult to generalize the case companies' motivation for local stakeholder engagement. Presumably even in Finland, there are still mineral exploration companies that do not see local stakeholder engagement as a relevant activity, but the studied case companies did not reveal any motivation for such choices.

As noted in section 4.2.2, an institutional change towards an increasing emphasis on mineral exploration companies' CSR and local stakeholder engagement could be indicated if mineral exploration companies were seen to incorporate the following components: (i) strategic adaptation to external pressures, (ii) learning processes associated with CSR, and (iii) internalization of sustainable development norms and standards of appropriate behaviour (Dashwood, 2012). However, even though these components would be present in the studied companies, the research population would still be too small to make industry-level conclusions.

In terms of *how* local stakeholder engagement was carried out in the case companies and by mineral exploration companies in general, one could assume the case companies' manifestations of local stakeholder engagement to be transferable to other contexts, too. Mineral exploration companies operating also in other contexts would presumably set an emphasis on communication and dialogue (to manage expectations) especially in early project stages due to the lack of financial capacity to commit to vast social projects and give out sponsorships. However, another question is, how many mineral exploration companies operating for example in The Democratic Republic of Congo actually hire local employees, drink coffee and have informal face-to-face discussions with the locals, inform any individuals about the project in the local super market or bazaar and interact with the local community in their native language. More studies should be carried out to assess the realities of local stakeholder engagement of mineral exploration companies in the global context.

However, the case companies of this study could be considered to have similar challenges to overcome as any mineral exploration company in the world: sensitive natural environments, partly indigenous population, negative national-level discourses, economic insecurity and volatility, change of organization and projects, problems of other

companies operating in the country, tricky authorities, proximity to settlement and so on. Also the organizational traits of the case companies could be seen to represent the industry entailing different organizational structures (juniors and mining companies), and varying degrees of globalization. In the interviews several employees of the case company C3 assaulted the corporate level of information disclosure limitations. This brings up the question, how openly and fluently would the tens of the other transnational mining corporations deal with stakeholder communication. The author doubts that the case company C3 was an exception in this respect.

The target of mineral exploration companies' operations is to locate commodities lying in the bedrock, and studying them requires geological education, robust analytical skills, and a natural scientific approach. However, a general conclusion of this study can be seen to be that mineral exploration and mining companies operating them must prepare to deal with tacit, psychological, social and societal issues such hopes and fears concerning future and change, and (contradicting) values. Many of the local stakeholders' reactions might be irrational from the mineral exploration companies' "scientific" points of view. Companies may think: we are only exploring, we have a small physical footprint. However, there will always be opposing local stakeholders, and even though most local stakeholders might understand the companies' point of view, national or even regional stakeholders might think: they are already preparing a mine. Partially it is even true: today no mines are developed without years, even decades of mineral exploration. However, listening and negotiation seem to be more important for successful local stakeholder engagement than "being right". Nevertheless, also local and national-level education about the facts is crucial, as it reduces opposition based on misconceptions. Mineral exploration companies' challenge is to fit natural scientific scrutiny and social understanding together.

In this study, three mineral exploration companies' local stakeholder engagement was approached from the perspective of CSR. However, the limits of CSR in terms of this natural resource intensive business should be discussed more openly. Mineral exploration and mining incorporates complex societal and value-driven decisions that must be addressed by the state. Quintessentially it is a question of democratic state governance to balance the local and national level stakeholders' often contradicting needs and wants. How governments and authorities should, for example, deal with licence applications of mineral exploration companies willing to operate on nature conservation areas? Are some

conservation areas more "valuable[26]" than others? In which situations should economic benefits beat conservationist priorities? Shifting such choices first to companies and blaming them afterwards for operating in any sort of conservation areas could be also regarded as a sort of state irresponsibility. According to this study, engaging with local stakeholders seemed to be required in order to be able to operate in the mining industry in Finland. However, even though companies would succeed in gaining the trust and approval of their local stakeholders to operate in sensitive natural environments, it does not straightforwardly mean that all of these projects should be allowed and supported by the state in the first place.

One could argue that mineral exploration is only research and development without any major environmental impacts, which is technically correct. However, be it as improbable as it is, the objective of a mineral exploration project is to find an economically feasible mineral deposit, of which extraction, will it be implemented, will have environmental impacts. Even though this deposit would be regarded as *ore* from the economic, technical and even social point of views, it might fail to do so from the political point of view, given that political decisions incorporate consideration of scientific knowledge *and* values. However, it also pays to consider that the selection and ranking of conservation areas are involved in the political decision making processes of the state. Nevertheless, also political value considerations could be more emphasized when talking about *ore,* which has traditionally been seen as an ultimately technical and economic concept. After all, national governments have the power to affect what kind of activities and on which regions they allow in their territories.

7.3 Evaluation of the study

There are many approaches to the validity and reliability of qualitative research. Here the qualitative study is evaluated in terms of credibility, *transferability*, *dependability* and *confirmability* (Guba 1981, ref. Shenton 2004).

Credibility of the research was increased by the adoption of well established research methods, the development of an early familiarity with the culture of participating organizations, conscious sampling, and tactics to help ensure honesty of informants by preferring neutral interview questions and tone. Furthermore, iterative questioning

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[26] In Finland they are: for example the Natura2000 network entails weaker protection than a national park, for instance (Luonnonsuojelulaki 1096/1996)

enabled by the long, semi-structured interviews, negative case analysis[27], frequent debriefing sessions with the instructors, peer scrutiny of the research project, and examination of previous research findings were applied. (Shenton, 2004).

However, data triangulation could have been carried out, if the scope of this study had not been exceeded by doing so. The current research approach emphasized the interviewees' accounts, but also participant observation and stakeholder surveys could have been carried out to improve credibility and to reflect the company perspectives on the local stakeholders' insights. A relevant question in this study is whether oral expressions of the company interviewees can be seen to correspond to the "truth" of the case companies' local stakeholder engagement. Nevertheless, even though the answer would be negative, the results can still be interpreted as they were intended to be: to describe companies' perspectives into their local stakeholder engagement. Furthermore, the interviewees of each case company comprised an organizational crosscut, increasing the level of credibility. However, the lack of CEO perspectives in the case company interviews might somewhat limit the credibility of the research.

Transferability of the research was increased by the choice of the three case companies to represent companies operating in the context of Northern Finland. Even though each of the cases was unique, they could be regarded as examples of a broader group. The issues of nature conservation, proximity of tourism, local demographic problems, a developed country as the context, uranium as well as other target metals and local unemployment were included in the case companies' operating environment. In order to maximize transferability of the study, the qualitative study must be understood within the context of the particular characteristics of the organizations, which is enabled by the extensive within-case sections. (Shenton, 2004). However, the research population comprising only three case companies limit the transferability of the research.

Dependability, which is often considered difficult to be obtained in qualitative research, was increased by the systematic research design and its implementations, the operational detail of data gathering and reflective appraisal of the project. However, the research

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[27] According to Shenton (2004, 67), in negative case analysis, the investigator may revisit the research data in order to confirm that the new, constructed typologies do "indeed account for all instances of the phenomenon involved, even if some of the types embrace only one instance."

results are heavily time-dependent, and each case company's projects are changing all the time. This reduces the dependability of the research (Shenton, 2004).

Confirmability or objectivity of the research was increased by the use of tools and procedures not dependent on human skills and perception: the interviews were transcribed and the data was analyzed with Atlas.ti and Microsoft Excel in a scrutinized way. The data-oriented approach helped the author to reach the goal. (Shenton, 2004).

However, it must be noted that the author somewhat influenced the research. For example the selection of theories and literature from the countless alternatives, the trajectory of the semi-structured interviews, interpretations, and the conclusions drawn from the data were affected by the researcher (Eskola and Suoranta, 1998). However, by meticulous re-structuring of the transcribed interview data into accessible and logical chunks, explaining all undertaken procedures and by striving for cross-case comparability, the author's objective was to increase the objectivity of the research.

7.4 Avenues for future research

Firstly, the political dynamics of ore discussed in section 7.2 would provide a potential avenue for future research in Finland and most probably also abroad. A potential research question could be how governments could make sustainable decisions about whether or not to allow mineral exploration or mining companies to operate a mineralisation.

Secondly, the multi-stakeholder network around mineral exploration companies comprising authorities, NGOs and media appeared to be less developed and established than the case companies' local stakeholder engagement. This could provide another topic for future research, focusing on the different actors' roles and communication in the national stakeholder network.

Thirdly, this study indicated discrepancies between mineral exploration companies' local and national level stakeholders. Further research could address the question, how mineral exploration companies should best engage with their multi-level stakeholders in order to contribute to a synergistic and coherent operating environment.

Fourthly, this study did only delve into mineral exploration companies' perspectives of local stakeholder engagement. However, more studies would be needed to reflect the results on the local stakeholders' point of views. Furthermore, comprehensive studies would be in place on the global realities of local stakeholder engagement of mineral

exploration companies to continue the work of Luning (2012), Parker (2007), Thomson and Joyce (2000a,b, 2008), Hohn (2009) and Dougherty (2011).

Fifthly, the local economic impact of mineral exploration was frequently brought up in this study, but no studies have been carried out on the subject so far. Future research could address the research gap by striving to find out facts and figures of the local economic impact.

Sixthly, along this study, differences in the CSR of mining and mineral exploration in developing and developed countries have been frequently brought up. However, further studies would be needed to actually compare the CSR of mineral exploration operating in these two contexts.

7.5 Practical recommendations for mineral exploration companies

Based on this study, a collection of practical recommendations on local stakeholder engagement for mineral exploration companies is presented in Table 23. Most of the points listed in Table 23 have been introduced in the within-case descriptions and cross-case comparison.

Along the study, the author paid attention to the emerging topic of the contradicting relations of local and national stakeholder spheres. All case companies seemed to suffer from non-local discourses and opposition that were often based on fictional arguments, indicating a lack of knowledge and understanding. Interacting and providing factual information to a very limited set of local groups seemed to generate "circles of factuality" (see section 6.4.3), excluding groups, organizations and individuals with potentially strong opinions on mineral exploration companies operations. In a small country like Finland with a population of only 5 million, one apparently cannot totally separate the regional and national stakeholder spheres from each other, as there is an evident interplay between these levels. Mineral exploration companies could put more effort into cross-level stakeholder communication in the form of NGO-company interaction, and media relations as well as internet-based visibility to overcome the limitations of the "circles of factuality" (Table 23; see "cross-level stakeholder engagement").

	Objective	Recommendation
Competent organization	Deep motivation embedded in all action	Internalize the importance of local stakeholder engagement.
	Systematic approach	Establish best practices.
	Extensive organizational involvement	Train the whole team for local stakeholder engagement.
	Clear distribution of work	Design and allocate resources for special local stakeholder engagement tasks but do not outsource local stakeholder engagement.
	Soundness of the triple bottom line	CSR entails economic, social and environmental responsibility. Do not wreck any of these pillars.
	Fluent Finnish communication with local stakeholders	Ensure there is enough Finnish staff.
	Holistic understanding of the local context	Recruit local employees; see Table 24.
	Personal, long-term commitment	Let local stakeholders "see the same faces" from year to year.
	Local foothold	Establish a local business unit and pay taxes.
Principles of communication	Being heard	Listen carefully to local stakeholders.
	No hidden feelings	Facilitate feedback to all.
	Easy contacting	Provide open contact information to all (local) stakeholders.
	Learning from local stakeholders	Ask for recommendations.
	Good relations to official spheres	Remember that your operations depend on licences and permissions of authorities, municipality and state agencies.
	Honesty and openness	Do not lie, do not exaggerate, do not hide, educate about facts in understandable language.
	Informality	Enable time for unofficial, genuine, person-to-person communication with local stakeholders.
	Time for digestion	Inform beforehand, do not hurry.
Encountering the local groups	Respect of local and indigenous groups	Use each stakeholder group's native language in communication.
	Open info sessions	Invite all local stakeholders to info sessions.
	Open grassroots encounters	Be prepared to communicate with anyone anywhere.
	Acknowledgement of all local groups	Recognize and interact with all location-specific and standard stakeholder groups listed in Table 16.
	Recognition of land use intensive groups	Pay special attention to landowners and reindeer herders.
Economic contributions	Contribution to local liveliness	Use local contractors, services and products.
	Philanthropy	If you can, commit to local sponsorships.
	Profits for stakeholders	Pay land use and damage compensations.

| Cross-level stakeholder engagement | Alleviation of limited "circles of factuality" | Be visible and provide information in different media spheres and on the internet using for example a Finnish web page and the social media |
| | Learning from NGOs and diminishing polarized environmentalist opposition | Seek to collaborate with local or regional environmental NGO's |

In the literature review, **collaboration with NGOs** was noted to entail a growing potential for companies (Korppi, 2012) to tackle challenging company-community partnerships (Hollender, 2004). Furthermore, Eerola (2009) explicitly suggests mineral exploration companies to engage with NGOs as noted in section 5.1.2. However, only one of the case companies of this study had established collaborative relationship with any local environmental NGO (Table 16). While NGO networks can be seen to bridge local and regional stakeholder levels with the national and global ones (Eerola and Ziessler, 2013), a more collaborative manner could be beneficial for mineral exploration companies to overcome the aforementioned local-national level discrepancy.

At the time of the interviews, only the case company C2 had a **Finnish web page**, and no big efforts were made especially by the case companies C1 and C3 to straighten negative or incorrect press or internet publicity in the form of a Finnish web page. By a frequently updated Finnish web page, mineral exploration companies would theoretically be enabled to reach any stakeholders – be it local or non-local groups – who did or could not approach the case companies' employees to discuss any matters regarding the case companies' operations. However, none of the case companies had even corrected the misleading Wikipedia articles labelled as "Mine of X" even though the social media enabled free access to edit the texts. Furthermore, proactive **media visibility** could help mineral exploration companies to contribute to local as well as non-local stakeholders understanding of their activities.

One finding of this study was that mineral exploration companies should understand their local operating contexts. Table 24 presents a list of issues that mineral exploration companies should consider in terms of their special operating environment and the implications for local stakeholder engagement. The framework was created by the author by evaluating the key concepts of the drivers of difference presented in Table 22.

Table 24: Questions to consider for companies assessing and planning their local stakeholder engagement (by author, based on Table 22)

Category	Area, region or nation-bound drivers of difference of local stakeholder engagement
Social	How are the local stakeholders organized?
	How do the local stakeholders use media?
	How does formal/informal communication generate trust in the local context?
	How safe is the local context in terms of crime? Are there any "codes of conduct" to avoid problems?
	How educated are the local stakeholders? What is the local literacy rate?
	Are there certain local groups such as artisanal miners that might have an unofficial claim on the area?
	What are the local employment rates like? Is unemployment a local problem?
	Are there indigenous groups? What are the implications?
	How is the area populated? Densely of tightly? How do the local stakeholders feel about the company operating close to their homes?
	What kind of landowners are there? Public or private?
	What are the local sources of livelihood? Do they conflict with mineral exploration? How should the company collaborate with them?
	What is the local mentality like? How is it different from the company's foreign staff?
	Has there been mineral exploration or mining before in the area? Are the local stakeholders familiar with the industry for some reason?
Socio-environmental	What is the local natural environment like? Are there conservation areas or tourist destinations?
	What is the local stakeholders' relation to the nature like?
Environmental	What is the physical impact of mineral exploration? Are there forests or deserts in the mineral exploration area?
Socio-technical	What is the local infrastructure like? How does it shape the relation of the company to its local stakeholders?
	What are the environmental standards? How should the company relate to them?
	Are there any special issues with the government authorities? What are the licence processes like? What are the relations of state and business like in the operating area?

7.6 Concluding remarks

The empirical study contributes to academic research in several ways. Mineral exploration companies' motivation for local stakeholder engagement was found to be good in the studied case companies operating in Northern Finland. Local stakeholder engagement was also found to be diversely justified in the studied companies, entailing instrumental, ethical, political and integrative reasons and objectives, according to the categorization of Garriga and Melé (2004). Entire teams were reported to be aware of the importance of local stakeholder engagement, and no contradictions related to community

relations work *within* the local teams were pointed out, unlike Kemp (2010) found in terms of mining companies. However, there were reported to be discrepancies between the local branch and the parent corporation, especially in terms of facilitating openness towards local stakeholders.

Local stakeholder groups were identified and ranked. The standard list of groups entailed to a large extent the same groups as the model of Eerola (2009, 2013a), comprising, however, some differences, as well. Also location-specific stakeholder groups were introduced. Mineral exploration companies' relations to cross-level stakeholders such NGOs and media were found to be unclear. Local stakeholders' perceived positivity and negativity were mapped, unveiling dynamics of local and national level stakeholders. Despite the seemingly manifold negativity, the case companies were regarded to having maintained the local-level stakeholders' trust and approval, of which causes were unveiled in the study. Furthermore, stakeholders' misconceptions about mineral exploration in the local-national interface were spotted and discussed.

The study mapped the versatile manifestation of three case companies' local stakeholder engagement. A new categorization of *on-going*, *discrete*, *implicit* and *explicit* forms of local stakeholder engagement was introduced by the author. Furthermore, *traditional* ways of community involvement emphasizing information production was found to be dominant in mineral exploration companies' local stakeholder engagement, but also dialogue as an *emergent* form was underlined, using the categorization of Kelly and Burkett (2008 ref. Kemp 2010). Openness, honesty and building trust was found to be in key role in the studies mineral exploration companies' local stakeholder engagement. Besides company-level disclosure, sponsorships, compensations and communication, also personal commitment and right attitude and other forms of informal communication were highlighted. A local Finnish foothold was found to be essential, entailing language skills, understanding of local context and also economic aspects. Challenges of local stakeholder engagement were mapped, and also the effects of target metals, company size and nationality, and target area on local stakeholder engagement were studied.

The empirical study provides a detailed and broad perspective of mineral exploration companies' local stakeholder engagement in a post-industrial, small country, where environmental and economic values appear strong and partly contradicting by the local,

regional and national stakeholders. The research essentially broadens the non-academic study of Pessala et al. (2012) carried out in the same context.

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Appendices

Appendix A: Example of results formation

Atlas.ti prints of code "# engagement practices - sum-up most important"

- the code was used in the within-case descriptions in section 6.i.4: Key issues in local stakeholder engagement

X= anonymous interviewee from case company C1

X: Tärkeintä on rehellisyys

X: Avoimuus. Ehkä se on juuri se. Ei voi paljon muuta sanoa kuin se avoimuus.

X: Kyllä sen pitää olla sellaista aitoa, että ihmiselle se ei riitä, että se on semmoista persoonatta läpivietyä. Että sitä on vähän semmoista epävirallisempaakin. Että se on oikeasti semmoista yhteistyötä.

X: I give one word: trust. I think that is the word. They need to trust that what we are saying we're doing is what's actually happening because when you lose that it's very hard to come back to it.

Y = anonymous interviewee from case company C2

Y: Tärkeintä siinä mielessä, että hanketta ei tule, jos sitä vuorovaikutusta, että se on niin perustavanlaatuinen asia.

Y: No kyllä se varmaan on se, että resurssit ja sitten se avoimuus. Sulla pitää olla oikeaa tietoa, jota sä jaat ja sulla pitää olla ne resurssit hoitaa se kuntoon.

Y: Toisaalta mä koen, että tärkeintä on pitää yhteyttä

Y: Tärkeintä on mun mielestä se, että ollaan henkilökohtaisessa kontaktissa ja ollaan tavallaan – niin kuin sanoin, jos vastapuolella on jonkinnäköinen organisaatio, niin ollaan tavallaan sen organisaation jokaiselle tasolle yhteydessä.

Y: Tärkeintä on rehellisyys, avoimuus ja hyvä palvelu ja nöyrä asenne.

Z = anonymous interviewee from case company C3

Z: The most important in local stakeholder engagement is to be honest and open and build trust.

Z: Tärkeintä on asioista avoimesti tiedottaminen. Tärkeintä on avoimesti kertoa, mikä on tarkoitus ja mitä siellä tehään. Kertoa rehellisesti toimintatavat ja tarkoitukset.

Z: Tärkeintä on tosiaan ilmoittaa kyseiselle alueelle. Ilmoitusasiat että voimme työskentelyluvat hankkia

Z: I think the most important thing is that you're always working openly with everybody who you affect and who affects you.

Z: I think for both questions it's to have that regular, open and honest communication. Sharing as much information as you can. So, sometimes it's hard because you can't always share all the information with everyone but you should share what you can share.

Appendix B: Finnish interview questions

Paikallisten sidosryhmien kartoittaminen

1. Minkä paikallisten sidosryhmien kanssa yrityksenne on yhden- tai kahdensuuntaisessa vuorovaikutuksessa tai kontaktissa malminetsintäpaikkakunnallanne?

   - Mitkä näistä ovat erityisen tärkeitä? Miksi?
   - Onko tämän vuorovaikutuksen piiriä kuvaavan kokonaisluettelon lisäksi olemassa sellaisia paikallisia sidosryhmiä, joiden kanssa vuorovaikutusta ei ole, mutta jotka ovat kuitenkin tärkeitä yrityksenne toiminnan kannalta?
   - Jos on, miksi ette ole näiden kanssa vuorovaikutuksessa?

2. Minkälaisen prosessin kautta yrityksenne on rajannut vuorovaikutuksen piiriin juuri nämä paikalliset sidosryhmät?

3. Osaatko sanoa, ovatko jotkin paikalliset sidosryhmät aktiivisempia tai äänekkäämpiä vuorovaikutuksessa kuin toiset? Mitkä?

   - Entä ovatko jotkut sidosryhmät puolestaan hiljaisempia tai jopa täysin näkymättömiä ja kuulumattomia? Mitkä?

4. Onko yrityksenne vuorovaikutuskäytännöissä mielestäsi merkittävää eroa i) muilla paikkakunnilla, ii) muissa kehittyneissä maissa, iii) kehitysmaissa toimivien yritysten vuorovaikutukseen.

   - Onko sinulla omaa kokemusta malminetsinnästä muilla paikkakunnilla tai muissa maissa? Missä?

Vuorovaikutuksen kehityskaari

5. Miten konkreettisesti vuorovaikutus kuhunkin sidosryhmään

   a) on syntynyt? (ensikontakti: miten ja missä vaiheessa)

   b) pysyy yllä? (sidosryhmävuorovaikutuksen kehityskaari, väylät, viestintäkanavat ja ajoitus, proaktiivisuus/reaktiivisuus)

Sidosryhmien kuunteleminen ja yrityksen reaktiot

6. Millaisia toiveita, pelkoja, odotuksia, vaatimuksia ja kritiikkiä paikallisilla sidosryhmillä on yrityksenne toimintaa kohtaan?

   - Onko jokin näistä sellainen, jonka koet yrityksenne toiminnan kannalta erityisen hankalaksi?

7. Miten yrityksenne on päässyt näistä tuntemuksista selville?

   - Miten paljon resursseja toiveiden, pelkojen, vaatimusten ja kritiikin selvittämiseen käytetään yrityksessänne?

8. Miten yrityksenne vastaa näiltä paikallisilta toimijoilta/ryhmiltä välittyviin toiveisiin, pelkoihin, odotuksiin, vaatimuksiin ja kritiikkiin?

   - Onko yrityksessänne pyritty huomioimaan hiljaisempiakin ryhmiä? Miten?

9. Vaikuttaako sinusta siltä, että paikallisilla sidosryhmillä on vääriä käsityksiä yrityksenne toimintaa ja malminetsintää kohtaan?

   - Jos on, pyrittekö jotenkin korjaamaan niitä? Miten?

- Miten nämä käsitykset vaikuttavat vuorovaikutukseenne?

10. Vaikuttavatko yrityksesi etsimät metallit paikallisten sidosryhmien reaktioihin?

- Miten?

11. Onko paikkakunnallanne kaivosalaan liittyvää historiaa ennen yrityksenne toiminnan aloittamista?

- Miten tämä on vaikuttanut vuorovaikutukseen paikallisten sidosryhmien kanssa?
- Entä vaikuttaako yrityksenne koko tai kansallisuus jotenkin siihen, millaisia asenteita paikallisilla sidosryhmillä on? Mitä haasteita tai etuja havaitset tähän liittyen?

Ristiriidat, ongelmat, haasteet

12. Onko yrityksellänne ollut ongelmia joidenkin paikallisten ryhmien/toimijoiden kanssa?

- Jos on, niin minkä tyyppisiä?
- Miten ne ovat vaikuttaneet yrityksenne toimintaan?

13. Onko jotain sellaista, mikä tekee paikallisesta vuorovaikutuksesta yrityksenne ja näiden sidosryhmien välillä haastavaa tai ongelmallista?

- Mitä nämä tekijät voisivat olla? Miten jaottelisit niitä?

14. Koetko, että yrityksellänne on tällä hetkellä paikallisten sidosryhmien luottamus ja hyväksyntä?

- Jos koet, miten se on saavutettu?
- Jos et koe, miksi sitä ei ole saavutettu

Vuorovaikutuksen motivaatio

15. Mitä ovat yrityksenne ja paikallisten sidosryhmien välisen vuorovaikutuksen

a) syyt

b) tavoitteet? Mittaatteko jotenkin tavoitteisiin pääsemistä? Miten?

Organisaatiota koskevat kysymykset

16. Onko teillä toimintastrategiaa/suunnitelmaa paikalliseen vuorovaikutukseen sidosryhmien kanssa?

17. Jos on, kuka on vastuussa sen

a) suunnittelusta

b) toteuttamisesta käytännössä? Pystyttekö toimimaan strategian mukaan eli kohtaavatko suunnitelmat ja toteutus? Jos ette pysty, miksi?

18. Mitä eri rooleja ja tehtäviä yrityksessänne kuuluu vuorovaikutukseen näiden ryhmien kanssa? Onko jokin osa-alue ulkoistettu?

19. Sovellatteko vuorovaikutuksessa paikallisten sidosryhmien kanssa joitain toimialaa koskevia kansallisia tai kansainvälisiä ohjeita, parhaita käytäntöjä tai standardeja?

- Mitä?

20. Mistä tai keneltä yrityksenne katsoo mallia paikallisesta vuorovaikutuksesta?

- Entä kenen mallia yrityksenne pyrkii välttämään? Miksi?

21. Kuinka tärkeänä yrityksenne pitää vuorovaikutusta paikallisten sidosryhmien kanssa asteikolla 0…10? (0= ei ollenkaan tärkeää, 5=neutraalia, 10=erittäin tärkeää).

- Onko resurssien käyttö linjassa tärkeysasteen kanssa?

22. Panostaako yrityksenne mielestäsi tarpeeksi paikallistason vuorovaikutukseen?

- Pitäisikö panostaa enemmän? Miten realistista se olisi?

23. Missä asioissa olette hyviä vuorovaikutuksessa paikallisten sidosryhmien kanssa?

- Onko jotain sellaista, mitä yrityksenne voisi tehdä paremmin paikallisessa vuorovaikutuksessa sidosryhmien kanssa?

Omaan rooliin liittyvät kysymykset

24. Millainen on oma tehtävänkuvasi vuorovaikutuksessa näiden ryhmien kanssa?

- Oletko roolissasi vapaa toimimaan kuten haluat? Missä määrin toimintasi ohjautuu ulkopuolelta?

25. Millaisiin haasteisiin vuorovaikutustilanteissa olet joutunut paikallisten sidosryhmien kanssa?

26. Miten tärkeänä pidät omassa työssäsi tapahtuvaa vuorovaikutusta paikallisten sidosryhmien kanssa yrityksesi toiminnan kannalta?

Muuta

27. Mitä tulee suhteeseenne toisiin elinkeinoihin ja yrittäjiin, teettekö yrityksessänne yhteistyötä muiden paikallisten yrittäjien kanssa? Millaista?

28. Miten tiivistäisit sen, mikä on tärkeintä vuorovaikutuksessa paikallisten sidosryhmien kanssa? Entä vaikeinta?

Appendix C: English interview questions

1. Who are the local stakeholders that your company is in contact with or with whom your company has one- or two-way interaction? Which ones out of them are especially important? Why?

   - In addition to the total listing of stakeholders with whom your company has interaction, are there such local stakeholders with whom your company doesn't have interaction but who are important for your business? If yes, why doesn't your company interact with them?

2. What is the process like through which your company has chosen to include these local stakeholders in the sphere of interaction?

3. What do you think, are some local stakeholders louder or more active in the interaction than some others? Who? And are some local stakeholders quieter or even invisible and mute? Who?

4. Compared to mineral exploration companies operating in (i) other regions/town in Finland, (ii) other countries, (iii) developing countries, do you think there are any special features about your local stakeholder engagement? Do you have experience from other towns or regions in Finland, other countries or developing countries? From where?

Trajectory of engagement

5. How did the engagement with each stakeholder group/ player practically

   a) start? (first contact: how and at what point)

   b) and how does it sustain? (trajectory, channels, tools, venues, timing, proactivity/activity)

Probing stakeholders and company reactions

6. What hopes, fears, expectations, demands and critique do your local stakeholders have towards your business? Is there something among them that you consider especially tricky or problematic for your business?

7. How has your company found out about its local stakeholders' feelings and perceptions? How much does your company use resources in order to find out the local stakeholders' hopes, fears, expectations and critique?

8. How does your company respond to the local stakeholders' hopes, fears, expectations, demands and critique?

9. Does it look like for you that the local stakeholders have false conceptions about your business or mineral exploration? If yes, are you trying to correct them? How? How do these conceptions affect your business?

10. Do the metals that your company is exploring affect the local stakeholders' reactions? How?

11. Does the location of operation have a history in terms of mining starting before your arrival? Has this affected the local stakeholder interaction somehow? And does the size or nationality of your company affect the local stakeholders' attitudes towards your company? Do you consider that certain advantages or challenges result from this?

Contradictions, challenges and problems

12. Has your company had problems with some local stakeholders? If yes, what kind of? How have they affected you business?

13. Is there something that makes the local stakeholder engagement challenging or even problematic? What could these factors be? How would you categorize them?

- Discuss about the possible challenges (inside the organization, external in the business environment, other external factors)

14. Do you think that your company has at the moment the local stakeholders' trust and approval to operate? If yes, how have you got them? If no, why do you think you haven't got them?

Motivation of local stakeholder interaction

15. In terms of local stakeholder engagement, what are your company's

    a) reasons?

    b) objectives? Do you measure the level of meeting these objectives? How?

Questions dealing with organization

16. Does your company have a strategy of local stakeholder engagement?

17. If yes, who is responsible for its

    a) planning/design?

    b) practical execution? Can you keep to the strategy – does reality meet the plans? If not, why?

18. What roles and tasks are there in your organization in terms of stakeholder engagement? Are some roles or tasks outsourced?

19. Do you apply some international or national standards or best practices for the local stakeholder engagement?

20. Do you consider some instance or player as a role model in terms of local stakeholder engagement? Who is it? Is there some instance or player whose actions you try to avoid?

21. How important does your company consider the local stakeholder engagement from 0 to 10 (0= not important at all, 5= neutral, 10= very important)? Is the usage of resources in line with the level of considered importance?

22. What do you think; does your company invest enough resources in local stakeholder engagement? Should it invest more? How realistic would it be?

23. What are your company's strengths in terms of stakeholder engagement? Is there something that you company could do better in terms of local stakeholder engagement?

Questions dealing with personal role in organization

24. What is your role in the local stakeholder engagement? Are you free to act in your role as you consider the best? To what extent is your role prescribed by other actors within your organization?

25. What kind of challenges have you encountered in terms of local stakeholder engagement?

26. In terms of your company's business, how important do you consider the stakeholder interaction you carry out in your own job/ role?

Other questions

27. When it comes to your company's relation to other local livelihoods, do you collaborate with any entrepreneurs? How?

28. In conclusion, how would you sum up what is the most important in local stakeholder engagement? And the hardest?