

Local stakeholder engagement of mineral exploration companies in Finland

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Local stakeholder engagement of mineral exploration companies within the CSR framework: Insights into practices of companies operating in Northern Finland

Empirical qualitative study

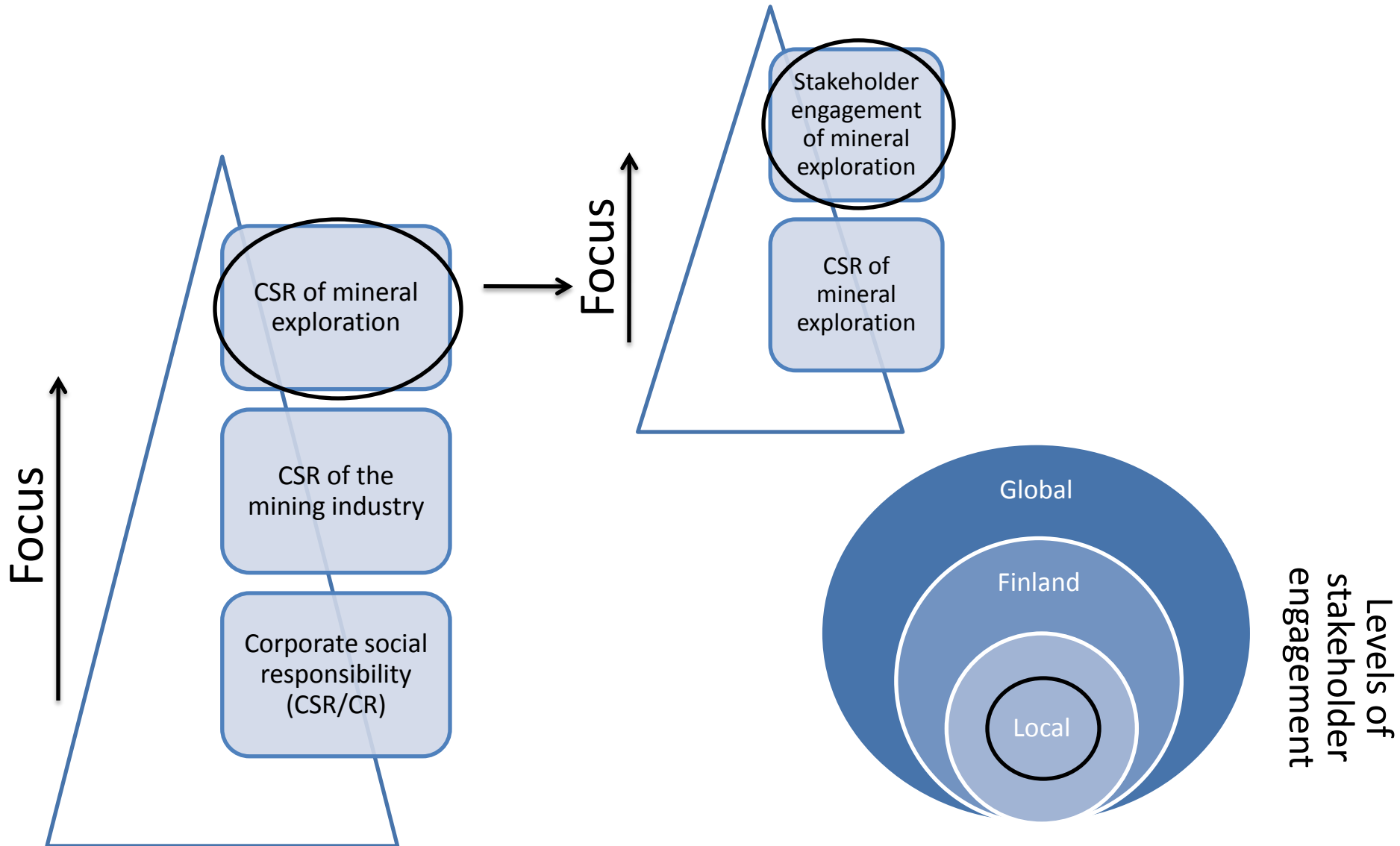
- 3 case companies operating in Northern Finland
- 14 semi-structured interviews with employees from all organizational levels
- data analysis based on a combination of inductive *grounded theory* & deduction



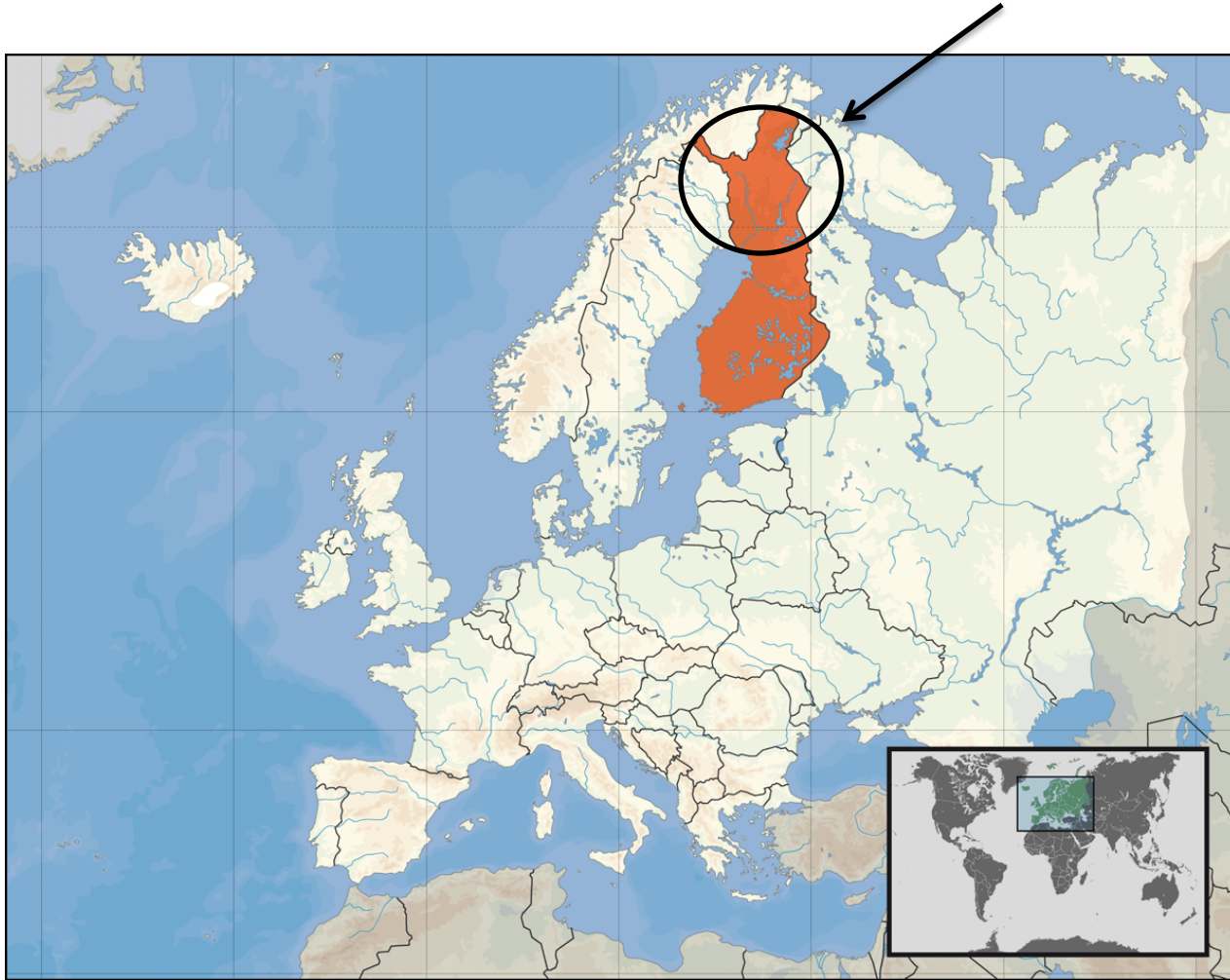
Topics

- Local stakeholder groups
- Company insights into local stakeholders' perceptions
- Local stakeholder engagement in practice
- Trust and approval?
- Company motivation

Focus of study



Focus of study: Northern Finland



Case Finland

Background

- "Mining Boom"
- Recent environmental problems in some mining projects
- Government initiative on development of sustainable mining
- Mining-related CSR research on impact on tourism and stakeholder engagement
- Exploration-related CSR research on opposition to uranium

Filling the gap

- CSR: focus in exploration
- case-specific stakeholder network mapping
- drivers, objectives and the manifestation of local stakeholder engagement

→ Focus of this research

Three case companies operating in Northern Finland

C1

- Junior exploration company (in Finland and globally)
- Parent company: not Finnish
- Main interest: a *greenfield* Au-U exploration site
- < 5 years in Finland

C2

- Junior exploration company in Finland
- Globally a small mining company
- Parent company: not Finnish
- Main interest: a *brownfield* Fe-Co-Au mine development project
- 5-10 years in Finland

C3

- Junior in Finland
- Globally a big mining company
- Parent company: not Finnish
- Main interest: a Cu-Ni *greenfield* exploration site
- ~ 10 years in Finland

Local stakeholder groups

"First if you're a local people [you] know everybody."
(employee of C3)

Local stakeholder groups

*“To me the most important stakeholders [are those] who are going to live closest to the operation.”
(employee of C3)*

Local stakeholder group	C1	C2	C3
reindeer herders	X	X	X
local residents	X	X	X
private and state-related landowners	X	X	X
municipality	X	X	X
contractors	X	X	X
tourists		X	
tourism entrepreneurs		X	
other entrepreneurs	X	X	X
summer cottage owners	*	X	*
indigenous Sámi people		X	
hunter organizations	X	X	**
authorities	X	X	X
environmental NGO's		X	***
local media	X	X	****

*) not classified as a distinct group from landowners

***) not brought up in interviews

****) weak tie

*****) not necessarily regarded as a local stakeholder

Company insights into local stakeholders' perceptions: Negative

"The image of Northern Finland is that people go there to spend nice holidays. It's wilderness that should not be touched from the Southern point of view." (employee of C2)

"The fundamental issue is that the worry for [local] people is always pollution and that's a very valid thing." (employee of C3)

Company insights into local stakeholders' perceptions: Negative

Perceived negativity	C1	C2	C3
fear of environmental and health-related problems	X	X	X
fear of uranium	X	X	X
fear of the unknown / tacit / things not understood	X	X	
bad / deceptive national-level media image of industry	X	X	X
Talvivaara	X	X	X
property/displacement-related negative perceptions	X	X	X
tourists, summer cottage owners and travel entrepreneurs: possible risks to outdoors travel destination		X	
principled anti-mining attitudes	X	X	X
bad experiences with former exploration companies		X	
dislike of foreign mining companies		X	X
conservationist views of non-local levels	X	X	X
not-in-my-backyard	X	X	X
general fear of change	X		X

Company insights into local stakeholders' perceptions: Positive

" They are very keen on the idea that the local people can be employed." (employee of C1)

Manifestation of local stakeholder engagement

	implicit	explicit
on-going	mindset of representing the company, using local workforce, personal social network	Finnish web page, enabling local stakeholders to contact the employees and visit the office, feedback box
discrete	buying local services and products, asking for help, advice and services, informing locals in casual encounters on the field	presentations / info events, sponsorships, meetings with municipality, focused communication with landowners and reindeer herders, land use compensations to state-related landowner, acquiring land use licences directly from landowners, village representative committees, local media relations, direct contact with environmental NGO's, communicating with authorities, contact with hunter associations, organizing small group working sessions

Most important in local stakeholder engagement



“There's our responsibility to try and explain to people in simple language with respect what's going on and how it works. (--) We want to be open, honest and make money as a business. Because if you don't make money as a business you're not going to exist.”
(employee of C1)

Motivation to local stakeholder engagement

“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 (---). You can't operate in Finland if the people and the government don't want to.” (employee of C3)

Motivation to local stakeholder engagement

Reasons and objectives?

- **Strategic** (enabling and facilitating local operations / Social license to operate; efficient operations and sensible investments)
- **Ethical** (good behavior; maximizing the locals' advantage)

Importance of local stakeholder engagement

- rated between 8.5 and 9.4 in the case companies (from 0 to 10)

Having gained the trust and approval of local stakeholders?

- Yes, according to all interviewees

How?

- Transparent communication:
 - open informing and listening, planning together, showing the same faces from time to time

Conclusion

- Local stakeholders in C1, C2, C3 were nearly identical
- Environmental and principled fears and economic hopes
- All companies underlined information sharing
- Going truly local: personal and long term commitment
- Good motivation

Thank you!

Questions, remarks?

Study will be published in Autumn 2013. Don't hesitate to contact:
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