





# LOCAL ACCEPTANCE OF INDUSTRIAL OPERATIONS WITHIN MINING, FORESTRY, FISH FARMING AND TOURISM IN LAPLAND AND TROMS/FINNMARK

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#### POLICY RECOMMENDATIONS

# **Good practices in communication**

- Informing locals by using multiple channels for communication such as social media
  platforms, newsletters, blogs or more traditional print media like local newspapers, which
  reaches those who don't use digital media or platforms. Some companies publish their own
  news bulletins online and in print regularly.
- Producing apprehensible content that meant for local communities written in their native languages.
- Having up to date information available online regarding issues such as environmental permits, EIA and SIA processes, CSR reports and upcoming projects.
- Publishing annual CSR reports.
- Getting certified: environmental and social responsibility certificates granted by independent organizations signal continued commitment to improvement and communicating these measures transparently to local stakeholders increases trust.
- Tourism in particular would benefit from reports on the industry's local economic impact and local employment.
- In crisis situations it is vital to reach people quickly and extensively, especially vulnerable groups. Targeted text message alerts for example are efficient for this kind of communication.
- Especially in mining, the systematic follow up monitoring of water quality, impartial and clear information for the residents.
- Making the community feel heard by gathering feedback through online forms, surveys and the more traditional pen and paper method, but it is vital to also address the feedback directly. Some companies use a frequently asked questions section on their website to do this.

### Stakeholder engagement practices

 Local informal events are good places to interact casually with people and to lower the bar for asking questions and raising concerns.





- Stakeholder engagement should be pursued proactively. The perceived lack of dissent does not indicate local acceptance and working on community relations might help detect the potential for conflict early on.
- Involving locals in planning processes through collaborative planning practices, stakeholder workshops or online surveys.
- Regular briefings, open houses, community meetings, community liaison committees is generally regarded as good practices.
- Mapping vulnerable groups, keeping them informed, meeting with them and addressing their concerns is important as they suffer the most harm.
- o All industries should support reindeer herders, consult them and address their needs.
- o Collaborating with other local livelihoods to create guidelines for reconciling operations.
- In controversial cases, it is wise to call for impartial parties to act as intermediaries and to assess the situation.

### Sociopolitical and economic actions

- o Employing local people as much as possible.
- Collaborating with educational organizations to provide employees with an opportunity to acquire vocational certification and giving local youths or student's summer jobs and internships promotes community resilience.
- Sponsoring local events, associations, clubs or donating to charities creates good will, but money alone will not guarantee local acceptance.
- The expansion of tourism activities (such as dogsledding routes) needs to be controlled and planned, so that the negative impacts can be limited to smaller areas.
- o Tourism industry should address the problems caused by alcohol abuse and party culture.
- o Mining industry operators should address the safety concerns over increased traffic.
- Forestry industry should address concerns regarding impacts of the developing bioeconomy on biodiversity and on other livelihoods.





Building Shared Knowledge capital to support natural resource governance in the Northern periphery (BuSK) is an international, three year (2016–2019) research project, which aims to develop participatory planning tools to aid natural resource planning and decision making. The project includes various organizations from Finland, Sweden, Norway, Iceland, Ireland, Greenland and the Faroe Islands. BuSK is mainly funded by the Northern Periphery and Arctic Programme.

#### 1. Introduction

This report assesses the social acceptance of prominent industries in Lapland, Finland and Finnmark and Troms in Norway. The industries in focus are mining and tourism in Lapland and Finnmark, and forestry in Lapland and fish farming in Finnmark and Troms.

Forestry has been a historically significant industry in Lapland, employing people since the sawmill industry began developing in the late 19th century. However, here the employment has diminished. This is the opposite of fish farming in Norway, which has had a tremendous growth in the recent decades, now being bigger in export value than traditional fisheries. The tourism industry is old, but has been intensely developed and increased in both countries since the 1980s. In recent years the industry has broken records: In Lapland the number of foreign travelers increased by over a quarter (26,2%) from January to October 2017 compared to the previous year. In Norway, the North Cape, the northernmost and a well-known attraction set a new record in 2018, with more than 270 thousands visitors. The mining industry is known for its business cycles that are unpredictable due to international mineral prices. During the recent years there has been an upswing in the Northern regions, with the opening of a gold mine in Kittilä (2009) and other mines around Lapland. In Finnmark there has been a reopening and a reclosing of the iron ore mine in Kirkenes during this period. More attention, though, has been given to the Nussir copper mine project in Kvalsund, due to a controversial sea deposit and its location in a reindeer pasture. It has been planned since 2005, and in 2018 it is only lacking a formal concession relying on a viable financial plan.

Increasingly industrial projects that depend on natural resources and in particular extractive industries, are focused on and questioned by the public and authorities. There seems to be a growing need for some sort of social acceptance. In mining this has resulted in code of conduct or a principle called social license to operate (SLO). It is about acceptance as such, communication, participation and obviously local benefits from the production as such. In forestry and fish farming similar ideas exist, and in tourism there are several organization or movements promoting local

<sup>&</sup>lt;sup>1</sup> Lapin Kansa 27.12.2017.





involvement for the industry. The significance of local acceptance is acknowledged mainly for two reasons: firstly, legal and political shifts have enabled citizens to influence environmental decision-making on a larger scale. <sup>2</sup> Secondly, the increased prevalence of environmentalism has caused industries to incorporate self-regulating and corporate social responsibility strategies as a part of business.<sup>3</sup> A related concept and a basis for acceptance is another principle called corporate social responsibility (CSR). CSR is a sort of compensation from the industries and companies to the communities where their operations are located, and to the people who have to deal with the impacts of these activities.

Social acceptance and principles such as SLO and CSR are a part of sustainable policies and practices. Environmental sustainability is governed by legislation and policed, whereas social sustainability lacks similar rules and institutions. Therefore, issues like the social impacts of mining, forestry and fish farming on local people, communities and livelihoods, get less attention than the economic and environmental concerns. Therefore, also, ideas of social acceptance have an offspring on the industry side, particularly the SLO principle coming from the mining industry. SLO might give the impression that it's a permit granted when certain conditions are met. However, that is not necessarily the case. This opens up to question one of the topics is who can grant a social license to operate? It is more like a moral guideline, a voluntary moral standard that industries can apply when dealing with stakeholders. Various industries' representatives and researchers have noted that the significance of acceptance tends to be realized once it is absent. It has also been argued that the principle may have a rhetoric element, claiming practices that are difficult to measure and check out.

The report is organized in the following way; In the first chapter we present the methods for this analysis. In the following chapter the different planning practices used by the industries (as well as how local people have been included in the development processes) is presented. In the third chapter we introduce the different aspects of SLO and compare industrial practices based on the interviews. In the fourth chapter the local people, reindeer herders and public servants assess the industries' practices and their local acceptance. In the concluding chapter we summarize the key findings of the report.

<sup>&</sup>lt;sup>4</sup> Kokko et al. 2013.





<sup>&</sup>lt;sup>2</sup> Zillman 2002.

<sup>&</sup>lt;sup>3</sup> Joutsenoja et al. 2011.

#### 1.2. **Data**

#### **Finland**

Representatives of the aforementioned industries and residents of Kittilä municipality were interviewed for this report. In addition to industries' self-assessments we wanted to hear from those who grant a SLO to these industries. Kittilä municipality was chosen as a case study for this report because the three industries operate alongside each other in the area. The report is based on interviews with 16 local and regional industry representatives and 23 local residents, including reindeer herders carried out from May 2017 to February 2018.<sup>5</sup> The industries' representatives were selected based on their experience with stakeholder engagement and cooperation with other industries. Local residents were represented by members of various associations and public servants familiar with the industries' local impacts. Reindeer herders were represented by local and regional actors in order for us to gain a better understanding of the wider impacts on the livelihood. The interview form was sent to the informants in advance and the interviews were conducted face-toface or by phone. The material was classified into themes such as interaction, co-operation and local community presence by using Atlas.ti software. The industries' informants were asked about their views on gaining a SLO, how they have interacted with the local people and how their respective industries take the local communities and their characteristics into account. Kittilä's residents in turn were asked how they feel about these industries and their operations in the area and how well have the industries taken their views into consideration. In addition to the interview material, research literature and various industry reports are referenced for the reader to explore the topics further.

#### Norway

The data for this paper consists mostly of interviews done in three projects related to industrial development. The first is a BusK project concerning developing of a mine (Nussir) in in Kvalsund in Finnmark, where stakeholders and representatives of the public have been interviewed. The second source is a project focusing on industrial development and dwelling issues in Northern Troms, a region where fish farming is the most important private employer. The project studies Badderen and Årviksand, two small coastal communities with roots in fisheries. The third source is a study from Nordkyn, a peninsula on the coast of Finnmark, studying the local impacts of the

<sup>&</sup>lt;sup>5</sup> Number of interviews: 8 forestry, 4 mining, 4 tourism, 8 reindeer herding, 3 Kittilä municipality, 12 local association.





coastal steamer company, Coastal express (Hurtigruten)'s focus on winter tourism. People were asked about the local perceptions thereof in focus groups, supplied with a few in-depth interviews. All these interview sessions included questions related fish farming and tourism as extractive industries, and took place in 2017. In addition a study from early 2010s in North Cape is referred to (Viken & Aarsether, 2013), which dealt with local perception of the tourism industry to the cliff, one of the most known tourist attractions in Norway. And as part of this study (BusK), communication managers, CEOs and owners within the three industries focused, have been interviewed.

# 2. Local and social acceptance

#### 2.1. Some theoretical issues

The local and social acceptance of industrial operations or actions is a rather new topic. Basically most industries have been accepted as long as their concession, licenses and permits are valid. Companies are legal subjects that have to follow the law. However, in the last decades there has been a stronger focus on how companies behave, how they deal with local people, and whether their operations harm the environment and the local communities. As part of this, the questions of who are concerned and issues of local and social acceptance have emerged. Do natural resources belong solely to locals? When should they be reckoned as regional, national or international? The minerals extracted locally are needed for a technology that is used globally and a few researchers have suggested that a SLO requires listening also to the needs of regional, national and international stakeholders. <sup>6</sup> But if the concept of SLO is understood in that way, the particular emphasis put on the local community is diluted. Livelihoods that depend on natural resources will be affected by extractive industries. Therefore there are good reasons to listen to and pay respect to the local residents' views. Thus, there may be an difference between an industry's general societal acceptance and the local acceptance of an operation.<sup>7</sup>

Local acceptance is seldom a question of yes or no. Rather, there is a scale of acceptance <sup>8</sup>. Not accepted is the worst case for the industry, however most often attitudes are varied: some people support, while others fully accept and sometimes people are difficult to engage or they do not care. According to Nussir, the global investors in mining follow the processes around new projects closely. Where companies are rejected, like Arctic Gold in Kautokeino, the global investor

<sup>&</sup>lt;sup>8</sup> Prno & Slocom 2012





<sup>&</sup>lt;sup>6</sup> E.g. Thomson & Boutilier 2011a, 2011b.

<sup>&</sup>lt;sup>7</sup> See: Lesser et al. 2016, Eerola 2017, Litmanen et al. 2016.

community is well aware of this. In other cases, the acceptance is so strong that the industry regarded as a part of the local or regional identity. It largely depends on whether local people are properly informed, on the transparency, credibility and apprehensibility of the information, and on the locals feeling heard. In this report, we call this for communication practices. This is the first aspect being addressed. The second concerns the decision making process and whether different stakeholders are involved and take part. The last part will address positive and negative impacts, and in particular the issues of local benefits, including external ownership. <sup>9</sup> Thus, in the next subchapters we are looking at the following themes: communication practices, local stakeholder cooperation, local benefits and negative effects.

# 2.2. Collaborative communication practices

Gaining social acceptance means that local stakeholders are included in the planning processes for operations or actions and that they feel heard. At its best the planning process is collaborative: the goals and results are jointly defined and they correspond to the pursuits of all parties. Research literature suggests that social actions are formed through communication practices and local stakeholder relationships which should be as transparent, equal, reciprocal and trustworthy as possible. Multichannel communication is likewise important and information should be presented in an understandable and unambiguous way. Industries communicate mostly online: websites and social media channels are actively utilized. However, traditional print media has not been entirely abandoned as there are people who don't use digital platforms.

#### **Finland**

Agnico Eagle, the mining company operating in Kittilä, reports regularly on its employment prospects, operations and investments to the media and publishes a news bulletin once or twice a year. The company has a Finnish website that provides information on current events and stores press releases and reports. Additionally people can submit feedback or report findings or concerns via the website. Agnico Eagle uses various social media channels for communication, but the

<sup>&</sup>lt;sup>11</sup> Agnico Eagle 2018 a.





<sup>&</sup>lt;sup>9</sup> e.g. Jartti et al. 2018.

<sup>&</sup>lt;sup>10</sup> e.g. Porter et al. 2013; Prno 2013; Moffat & Zhang 2014.

content is largely targeted at an international audience. However, their YouTube channel has videos from the Kittilä mine where employees talk about local operations in Finnish. <sup>12</sup>

In the forestry sector, Metsähallitus (State-owned forestry enterprise) reports on its operations in a stakeholder publication four times a year. Different units have their own newsletters, their website provides annual reports, sustainability reports, natural resource plans and research publications. The website also informs people on things such as hiking trails and hunting permits. Metsähallitus uses social media channels to report on its operations, current plans and upcoming events. At the local level Metsähallitus informs their key stakeholders such as tourism entrepreneurs and reindeer herders of upcoming felling plans and schedules.

The private sector forestry company Metsä Group reports on its operations and products on the their websites, newsletters and stakeholder publications. Annual reports, financial statements, and sustainability reports are published on the company's main website. In social media Metsä Group has videos that display things such as highlights from the past years, advice to forest owners and the factories various operations. Additionally they share blog posts written by corporate executives from different branches. <sup>14</sup>

The tourism industry's communication practices vary significantly between companies due to the industry's diversity. There are publications that report on recent and upcoming events, but also on local industry developments in Kittilä. A significant number of the companies and entrepreneurs operating in the area are part of a local joint marketing scheme. Tourism companies' websites are predominantly targeted at travelers: they provide information on the destination, their equipment and activities. There usually is either a short mention of sustainability or no mention at all. Some company websites reported on recent projects or events, but smaller enterprises did not report on these at all. However, in social media companies advertise their activities and events, sometimes even more broadly than on the official websites. The industry informants stated that their interaction with the local communities is based on familiarity and thus being more approachable for people to bring up concerns in more informal settings.

<sup>&</sup>lt;sup>15</sup> Levi Tourist Office 2018.





<sup>&</sup>lt;sup>12</sup> Agnico Eagle 2018 b.

<sup>&</sup>lt;sup>13</sup> Metsähallitus 2018.

<sup>&</sup>lt;sup>14</sup> Metsä Group 2018.

### Norway

The Norwegian mining company in focus, Nussir, has since its start said to have an open, dialogue based, communication strategy. Thus, most documents, both those the company is expected to produce itself, as plans, EIA documents, licenses, permits and documents produced by others are either placed on the website or linked to. When the planning phase began, the company held a series of public meetings where the developer met people face to face. The company's website provides all sorts of information, including an ethical guideline for the company, but the information provided is short and made as smooth as possible. It gives a presentation of the company, but the controversies around are not to be found. However, in the links section, less favorable statements also can be found. The developer claims that all sorts of information has been included, and that negative utterances have not been avoided. The CEO is not escaping controversies. In one of the articles presented, he talks about the Sami Parliament's treatment of the case as "Circus Muotka", referring to the Parliament's strongest opponent.

The fish farming industry in Norway has been strongly debated in national media during the recent years. This debates are about fish health and the use of medication, use of toxic materials (as copper) in the cages, the fish food in terms of production and content (a toxic called ethoxyquin), the escape of fish from the cages, a huge lice problem, the density of fish in the cages, how fish farming influences breeding of other fish species as the cod, and how it inflicts and degenerates wild fish, among other issues. Thus, the industry has become trained in how to comment on all these issues. Basically, and probably quite correctly, the criticism is about the situation as it has been. The industry admits that their industrial tracks are not clean. Their explanation and excuse is that the industry was developed by local entrepreneurs, land owners, fishers, farmers and creative people who saw an opportunity in the field. Thus, it was not an industry based on formal knowledge or science. Around the turn of the century this started to change. As the industry became more and more publicly contested, also the authorities and researchers focused on what was going on. Since then a tremendous change has taken place. Today, it is a modern high-tech industry, surveilled and controlled both by the industry itself and the authorities. Concerning communication, the industry obviously has a transparency strategy, a knowledge based strategy and a responsibility policy. The companies also have dialogue with the local communities, for instance when a new location is going to be developed.

The tourism industry is the less communicative of the three Norwegian industries in focus here, but it appears often in local media on upcoming plans and development news. In general, the media





discusses what is going on, for instance the environmental implications of the growth during recent years. One of the problems concerning this industry is that it consist of many small companies and a few big ones. One of the big companies is Scandic, a hotel chain known for its environmental and CSR policies. However, these issues concerning Troms and Finnmark are not mention on the company's website. Thus, the communication is feeble and shallow. There is a bit more information on Coastal express (Hurtigruten), but the company is not highlighting their environmental policies. The company is representing a worst case in these concerns since the cruise industry have the highest environmental impact factor of all tourism <sup>16</sup>.

# 2.2.1. Corporate social responsibility

Multinational corporations produce reports on corporate social responsibility as a means of stakeholder communication. The premise of corporate social responsibility is to abide by the national rules and regulations set for the industry, but that alone will not suffice. In developing countries multinational corporations make efforts to ensure that human rights are not being violated, that the employees' wage levels do not decent, and time to time they take part in the construction of basic infrastructure. By increasing local well-being the companies avoid claims of exploitation while maintaining the supply of raw materials and the investors' confidence. The goal of CSR reporting is to communicate to the general public how responsibility is actually being implemented and it enables the public to monitor the progress on a yearly basis. For that end, the reports include indicators that cover e.g. the yearly amount of emissions, training received by the employees, the number people employed and the amount of taxes paid. <sup>17</sup>

#### **Finland**

Socially responsible companies sponsor all manner of local activities that promote the residents well-being. According to the industries' representatives the most sponsored activities were sports clubs that cater to children and young people. Additionally, various sporting and cultural events (skiing competitions, marathons, Christmas concerts) receive sponsorships from several companies.

In Metsähallitus' sustainability report for 2016 they include some examples of social responsibility such as supporting the use of Sámi language in communication practices, the application of the Akwé:Kon guidelines in forest use planning in the Sámi region, organizing volunteer work with

<sup>&</sup>lt;sup>17</sup> e.g. Rytteri 2012, Sairinen et al. 2016.





<sup>&</sup>lt;sup>16</sup> Dragovic et al., 2015

associations and organizations and employing inmates in the management of conservation areas. <sup>18</sup> Metsähallitus' interviewees added that locally they provide parishes with Christmas trees and donate wood-based products to associations to be used as raffle prizes.

In their CSR report, Metsä Group highlights the profit that they provide for the national economy and for their owner-customers, but also emphasize their employment of Finns and the company's efforts in biodiversity conservation. The report states that they co-operate with local stakeholders and have held public discussions on the development of bioeconomy, but the report does not elaborate further on stakeholder engagement practices. The report also focuses on Metsä Group's role as a responsible employer that invests in its workers' safety and training. For example, they provide their employees with code of conduct -training that covers issues such as harassment cases, conflicts of interest and fraud.<sup>19</sup>

Agnico Eagle and several tourism companies have supported an association that provides local senior citizens with recreational vacations in Kittilä. This is also a way to familiarize the local people with tourism activities. Agnico Eagle has supported education and research widely in Northern Finland by donating to the Oulu and Lapland universities and they also support a sports academy in Kittilä. In their latest CSR report, the chapter on social responsibility Kittilä was mentioned in relation to an accidental death of an employee that year, the renewal of the mine's environmental permit, the introduction of a proximity warning system, the mine's energy usage, the hours of training provided for the employees, the number of local people employed and a visit by a pre-school class at the site. <sup>22</sup>

## Norway

In Norway, it is expected that the business sector sponsor NGOs and social institutions, similar to charity practices in many countries. Often, environmental concern is seen as part of CSR, and in this respect, there are also formal rules including some tax reliefs, when companies set off money in ideal funds. For the rest, it is more regulated by norms. This means, that profitable companies, both small and big ones, spend money on local social and cultural activities. Concerning our study, the copper mine in question, is still not operating or earning money, and has yet no CSR-profile.

<sup>&</sup>lt;sup>22</sup> Agnico Eagle 2017.





<sup>&</sup>lt;sup>18</sup> Metsähallitus 2017.

<sup>&</sup>lt;sup>19</sup> Metsä Group 2017.

<sup>&</sup>lt;sup>20</sup> Kaivossanomat 2/2014, Kittilän ihmiset ry 2018.

<sup>&</sup>lt;sup>21</sup> Kaivossanomat 2/2014

The fish farming industry spends money on social activities for their employees, as weekend tours, study-trips, Christmas parties and alike. Some also offer housing to their commuting workers. In the local communities the companies are well known as benefactors for local NGOs like sports and arts clubs, spending significant sums of money in the field. One fish farming company spent 700 000 NOK on a local sports club in one year. Mostly the money is used for subsidizing, arranging or participating in tournaments, or alternately partaking in financing sports facilities. In one community, the football stadium has been named after the sponsoring fish farming company.

It is increasingly common for tourism businesses, such as transportation companies, to sponsor local groups and activities. Local restaurants and hotels may also have special offers for those taking part in tournaments, but it is claimed that such arrangements tend to be difficult to obtain<sup>23</sup>. Public baths in various towns have received several million NOKs sponsorships from local hotels or hotel chains. There are also examples of hotels selling leftover food to locals, and restaurants that invite retirees for Christmas dinners or lunches. Furthermore, there are examples of program service providers organizing open houses for the locals, or inviting schools to take part in their activities. In these ways, the tourism industry exhibits social concern. One of the prominent hotel chains in Northern Norway has a high profile on its environmental activities and CSR in general, including codes of conduct that cover an ambitious energy, water and waste programs, standards against bribery, fraud and child labor. However, it is difficult to find out what they do locally from the company's website. The company has a sponsorship program, which includes The Arctic Race of Norway, a high profile cycling race. According to one regional CEO they are engaged in a whole variety of local activities, including social benefits and environmental actions. A tourism enterprise outside Tromsø called Lyngsfjord Adventure have annually hosted what they call open day. Here they invite locals to come visit the camp and to try some products for free. To sum up, CSR is a part of the local agenda in tourism, but it mostly involves smaller amounts of money, if any.

# 2.3. Engaging local stakeholders through formal and informal means

The local people have a legal right to voice their opinions in the environmental impact assessment processes (EIA) and environmental permit processes in large-scale projects.<sup>24</sup> They can participate in the process by attending public briefings, workshops and giving feedback through postal or web

<sup>&</sup>lt;sup>24</sup> Kokko et al. 2013.





<sup>&</sup>lt;sup>23</sup> Jæger, Rørvik and Viken 2012.

surveys for example.<sup>25</sup> Negotiating with the local reindeer herding cooperative is also a part of the EIA process in Finland.

#### **Finland**

Agnico Eagle has founded a community liaison committee that is comprised of key stakeholders such as the residents living nearby and municipal representatives. The committee is informed about current issues and it discusses their needs and different options for implementing upcoming operations. Additionally, the company organizes meetings with nearby residents when they have announcements to make. During yearly open houses the general public can participate in guided tours exhibiting the mine's operations and they can ask related questions. Some of the concerns local people have raised include the water quality of a nearby river, the noise and dust from mining operations and the impact of the mines inevitable shutdown. Agnico Eagle has addressed some of these concerns by stocking fish in accordance with the environmental permit and also on a voluntary basis. A nearby reindeer herding cooperative receives a yearly compensatory allowance and the company has constructed pathways for the reindeer to ensure their safe passage in the area.

Mawson, an exploration company operating in Lapland, has introduced their operations to the locals by arranging open houses. The company strives to increase peoples knowledge of exploration by demonstrating their drilling equipment and describing their methods. Locals have also been invited to active exploration sites to view the work in progress. A central goal of communication for the exploration field is to promote public awareness on exploration practices and the exploration permit. Exploration is often linked to wide scale mining operations which poses a huge challenge for communication.

The mining industry interviews revealed that informal meetings are also a part of interactive communication practices. Formal channels of communication don't necessarily reach all residents and provide room for dialogue.

In forestry, Metsähallitus gathers information from locals on important environmental values and locations to a geographic information system, which they utilize when preparing landscape ecological assessments. When a regional natural resource plan is being formed, Metsähallitus

<sup>&</sup>lt;sup>26</sup> e.g. Kaivossanomat 1/2012, Kaivossanomat 2/2013.





<sup>&</sup>lt;sup>25</sup> e.g. Suopajärvi 2013.

organizes public briefings that people can participate in and also give feedback on these arrangements. Metsähallitus holds committee meetings where local stakeholders such as tourism companies, reindeer herders, officials and various associations can participate when needed. Metsähallitus' representatives meet with reindeer herders yearly to discuss the upcoming local forestry operations and amend plans according to the reindeer herders wishes when possible. In controversial cases an outside party is called to hold meetings with stakeholders in order to assure neutrality. A good example of collaborative planning is the natural resource plan of Western Lapland where they held meetings and workshops and the participants discussed their views, made suggestions and gave feedback of the process. <sup>27</sup>

In the private forestry sector Metsä Group cooperates mostly with other organizations in the field such as Metsähallitus and Metsäkeskus (Finnish Forest Centre). They participate in drawing Lapland's forest programs through regional forest councils. Metsäliitto cooperative is the parent company of Metsä Group and they hold events for their owner-members who can influence the cooperative's operations by voting or running in elections for governing bodies of Metsäliitto.

The tourism industry interviews highlighted the role of informal communications with key stakeholders. Local stakeholders' views are brought up in daily activities, particularly during high season. Feedback is not systematically gathered but the operators make changes based on the feedback when possible.

#### Norway

The mining company in Kvalsund, Nussir, and its CEO have been very open about mining plans, more or less everybody has been invited to meetings, and negotiations have been undertaken with various stakeholders. The open communication line has given the CEO a good reputation, people like him, trust him and respect his work. However, he is a strict and goal-oriented person, and has not changed his ambitions for the project. Thus, the meetings obviously have had the character of gathering information on his opponents, informing and convincing the public of the project's benefits. The company website is filled with articles and media clips on the positive sides of the project. The CEO has also included articles where he himself characterizes his opponents as biased and uninformed. He seems to welcome dispute with his opponents rather than dodging critical questions. In sum, the website more or less stands out as industrial propaganda.

<sup>&</sup>lt;sup>27</sup> Metsähallitus 2011.





The fish farming industry has recently changed from a rather tacit communication strategy, towards a more open approach. However, there are only few examples of formal and regular connections with the local communities, but several cases of more ad hoc communication exist. One interviewee had attended an open meeting in a community where his company is planning to locate. The four fish farming companies operating in the municipality held an open seminar on the significance of the industry, discussing well-being, gender issues, education and job opportunities in the sector in Alta on the 9<sup>th</sup> of March, 2018 (https://nb-no.facebook.com/Grieg-Seafood-Finnmark-AS-394016564054538/). One of the interviewees also maintained that as soon as they got information about local discontent related to their fish farms, they held an open meeting to discuss the issues. Thus, the industry seems to have an open line to the local communities. It was also emphasized that they have good communication with the municipalities and the county administration. However, the communication has thusfar seemed to have a low degree of formality and institutionalization.

Tourism is a public topic in Northern Norway. However, there are no traditions for formal contact between the industry and the public or other stakeholders. Thus, the contact seems to be more occasional and related to special events. For instance, in North Cape, there have been and will be aseries of meetings throughout2018, because a tourism company's contract concerning the land lease is expiring and has to be renegotiated. For the time being tourism ha increased significantly, and the impacts are discussed in many forums. There are many stakeholders that have showed up in the process. This is, however, not the general picture. In Norway, tourism is seen as a legitimate activity, and is only discussed when there are major changes taking place. However, there seems to a public consensus of a more active visitor management strategy.

# 2.4. Local economic benefits

In developing countries, mining companies often take part in the construction of local infrastructure. Such was the situation in Lapland during the early stages of industrialization when forestry companies and Kemijoki Oy, a hydropower company, developed housing, roads and fully equipped suburbs or villages.<sup>28</sup> Nowadays, in welfare states such as Finland and Norway, companies are not expected to build basic infrastructure, but they might participate in one way or another. There is in fact a grey zone between business and authorities in some infrastructure related

<sup>&</sup>lt;sup>28</sup> Sairinen et al. 2016.





cases. If a road, an electricity line, or a quay benefits only tourism companies, there has been discussion whether the authorities should be a major financer.

A basic premise for local acceptance is that a company's or an industry's operations should not undermine the stability of the local community by polluting the environment or causing harm to other livelihoods operating in the area, for instance. Big companies in the periphery are often expected to take part in local and regional development. However, the most important values for industrial companies are employment and a voice in the development of the places or regions were they are situated. Generally speaking the industries that depend on natural resources should promote the well-being and social sustainability of the area they operate in.<sup>29</sup>

#### **Finland**

The industries' representatives regard the local economic benefits and local employment as the most important factors in gaining local acceptance. Kittilä's main industries are tourism and mining. In 2013 there were around 3000 jobs in Kittilä <sup>30</sup> and the gold mine currently employs 819 people, including subcontractors. <sup>31</sup> The mining company's representative estimated that of all employees about half are local and about 5–15 percent of all services and products are local. The representative emphasized that they strive to utilize as much local goods and services as possible. Recently the industry's investments in exploration have increased 19 percent since 2016 and Kittilä is one of the most active exploration areas. <sup>32</sup> Mining provides direct economic benefit for the municipality through taxes. Agnico Eagle's employees paid a total of 8,6 million euros in income tax in 2016 of which the Kittilä municipality collected 6,1 million. Recently, the amount of corporate tax collected has decreased due to increased investments, but the amount is estimated to rise during the last operating years of the mine. In addition to corporate and income taxes, the municipality gains property taxes from the mining company. <sup>33</sup>

The other main industry, tourism, employed 527 people in the accommodation and hospitality sector and 80 people worked in travel agencies in 2012.<sup>34</sup> However, there are far more people employed in the field due to the scope of the industry. A study conducted by the Multidimensional Tourism Institute found that Kittilä gained 116 million euros in direct income from tourism in 2011 and that tourism comprises 27 percent of all industries operating in Kittilä, compared to 8 percent in

<sup>&</sup>lt;sup>34</sup> Regional Council of Lapland 2015.





<sup>&</sup>lt;sup>29</sup> e.g. Thomson & Boutillier 2011a,b; Prno 2013; Ziessler-Korppi 2013.

<sup>&</sup>lt;sup>30</sup> Regional Council of Lapland 2016.

<sup>&</sup>lt;sup>31</sup> Agnico Eagle 2017.

<sup>&</sup>lt;sup>32</sup> Lapin Kansa 31.10.2017; Lapin Kansa 7.2.2018.

<sup>&</sup>lt;sup>33</sup> Lapin Kansa 27.1.2018.

Rovaniemi.<sup>35</sup> One significant factor that might affect the SLO of tourism is the lack of competent local workforce, especially during high season, which is why companies resort to hiring employees from outside Kittilä and even from abroad. Due to the increase in employment, the need for housing has increased as well. The housing shortage and limited housing conditions makes drawing in competent workforce in the winter season more difficult.

Alongside the main industries, forestry is a significant source of income in Kittilä. In 2012 forestry and logging employed 124 locals.<sup>36</sup> Metsähallitus employs locals and people from nearby municipalities, but due to the tendering process, they also hire companies from elsewhere in Finland and abroad. A local informant stated that this development poses a challenge to the SLO of the industry. If the renewable energy plants planned in Lapland are realized then the sale of timber in estimated to rise. Wood based bioenergy is expected to employ more and more people, including those living in sparsely populated regions.<sup>37</sup>

The public sector in Finland has maintained the technical infrastructure such as the transportation and energy networks, therefore the private sector hasn't had a prominent role in these developments. However, the tourism and forestry industries provide locals with some of that infrastructure. Metsähallitus for example, keeps up a vast network of forest roads that also benefit the wider public such as berry pickers and hunters. The availability of social infrastructure e. g. services supporting housing and living, has deteriorated in Lapland, but the growth of tourism has preserved some services even in the more remote areas of Kittilä, according to local informants. A diverse range of services and leisure activities benefit both the travelers and the local residents. It also increases the attractiveness of the area and helps draw in new residents.

The industries support local education to ensure the availability of competent workforce, which in turn improves communities' resilience. Tourism companies operating in the area cooperate with the Levi institute which offers education in the field. Agnico Eagle's employees can complete a vocational qualification in mining through competence-based qualification tests. The enrichment plant and analysis laboratory employees can complete a vocational qualification in chemistry through apprenticeship.<sup>39</sup>

<sup>39</sup> Kaivossanomat 1/2017





<sup>&</sup>lt;sup>35</sup> Satokangas 2013.

<sup>&</sup>lt;sup>36</sup> Regional Council of Lapland 2015.

<sup>&</sup>lt;sup>37</sup> Lapin luotsi 2017.

<sup>&</sup>lt;sup>38</sup> Laitinen 2010.

All of the industries provide summer jobs and internships for the local youths. Half of Agnico Eagle's summer employees in 2017 were local. <sup>40</sup> A forestry industry representative estimated that about a dozen workers were hired for forestation duties for the summer and stated that they offer internships when possible. The tourism industry provides internships to students particularly during the winter season, when the need for workers is highest. An industry representative told that they want to give the students real work experience instead of just busy work.

### Norway

In Norway, mining is only one of many sectors providing local communities with jobs. The sector is significant in municipalities as Kirkenes, Tana, Alta in Finnmark and Berg in Troms. The project in focus here, the copper mine in Kvalsund, will be an important employer in the municipality and the community, with its stipulated 150 jobs, plus a similar amount of jobs in supporting industries and public administration. However, Kvalsund has started the dialogue of merging with Hammerfest in 2018, where there are other significantly bigger industries, such as fisheries, fish farming, gas production, and the public service sector (they will be one municipality in 2020 by the latest). Job creation is, and has been, a major argument for the mine's supporters and also when Kvalsund becomes part of the bigger municipality Hammerfest, this is an urgent need. It is also claimed in a report going through (Ibenholt, Rasmussen & Skjelvik, 2016) all the societal assessments done, that the mine will be a positive contribution to the labor market in the district.

Fish farming takes place in many fjords of Northern Norway and the industry is growing. The production in Finnmark and Troms was 272 000 tons of salmon in 2016, compared to 107 000 tons ten years earlier (2007). The industry is a major job provider in the two counties: the number of employees has increased from 635 in 2007 to 1434 in 2016. The significance of the industry has been emphasized in all the places we have studied. The sector brings in young people, people with formal higher education, families and so on. However, there is a majority of men, only 217 where female in 2016. Fish farming is very important in municipalities like Kvænangen and Skjervøy, where fisheries have long traditions, but also in Alta and Hammerfest, where much of the related supply industry is found. One industry representative estimated that approximately 250 companies in the Alta region had delivered goods and services to his fish farms in 2017. This is important, also because it adds to the businesses in dispersed sectors. All companies interviewed told about policies favoring local business partners. As the industry is today, their own competence is in fish farming,

<sup>40</sup> Kaivossanomat 1/2017





and selling fish, the rest of the support has developed to technological advanced tasks covered by specialized companies, many of which are local.

The tourism industry is also a very important employer in both Troms and Finnmark. There isn't a requirement for licenses or formal education. Thus, it is an opportunity for everybody. This is reflected in the sector, that is dominated by small companies. In this way, tourism is one of the industries keeping small communities alive. However, there are often complementary relations between the big and the small companies. This is the case for Kjøllefjord, one of the places investigated in this study. In this place the Coastal express (Hurtigruten) company has been a catalyst for small companies, together constituting a small destination on the most barren coast of Finnmark.

Concerning the surplus for the different industries, it goes to the companies as such, wherever they are registered. In nearly all the fish farms in Troms and Finnmark the investors and owners are not locals.. There are however differences between the industries. All mines in Finnmark, except the slate industry and the planned mine, have external ownership. The pattern is similar in fish farming, with only one exception where the farm is locally owned. In tourism there are many local companies, but the most profitable companies are part of hotel chains or big companies with foreign investors, as is the case with Coastal express (Hurtigruten). Thus, all three sectors have patterns that in social science is known as colonial or imperialist (Galtung, 1971).

#### 3. Local acceptance

The local acceptance of an industry or a company is based on the actors' legitimacy, credibility and trust, the interaction patterns and the fair distribution of surplus. There are several degrees of acceptance that range from rejection, to acceptance and approval to identification.

#### **Finland**

Agnico Eagle is the single biggest private employer in Kittilä and it has a good reputation regarding local employment. Providing employees with vocational education was seen as a good example of local responsibility. Tourism has been developed on the basis of local entrepreneurship in Kittilä, which in turn facilitates acceptance. Because of tourism they have drawn in new residents and the smaller villages have remained active. However, our informants didn't have a clear picture of the direct local economical benefits of tourism, which is partly due to the scope of the industry and a lack of comprehensive statistical information. Forestry was a significant livelihood alongside





agriculture after the Second World War. Since the automation of logging and the tendering process became more prevalent in the late 20th century, the rate of local employment rapidly decreased.

All three industries hire workers from outside Kittilä and also from abroad, a development that worried many informants. If the number of outside workers increases significantly it will erode local acceptance. The locals recognize that the industries' main goals are to run their businesses and make profit. So capitalism was not criticized as such, but the consolidation of decision-making and ownership beyond reach was seen as a threat to the local people's ability to influence issues concerning them. There were also fears that profit would be made at a cost to the environment. The foreign ownership of the Kittilä gold mine was a controversial topic for the residents, although they did appreciate the company's know-how in the sector. There was uncertainty on whether the company paid taxes in Finland or not.

The informants attitudes towards Metsähallitus was twofold: on the one hand they appreciated that the profits benefit the nation, but on the other hand they criticized the volume of felling set by the parliament as being unreasonable. For many interviewees, the main threat regarding the tourism industry is the consolidation of ownership to larger chains or abroad, which might hinder their chances to get their voices heard.

Open communication and active local stakeholder engagement practices were the most brought up themes throughout the interviews. Agnico Eagle's communication and local stakeholder engagement practices were commended: the interviewees felt that the company has strived to communicate openly from the start and that they have developed their practices along the way. Residents near the mine told that they were briefed immediately of a tailings pond leakage in 2015. This affirms the notion that prompt communication strengthens mutual trust, particularly in problematic circumstances. The locals also regarded the company's community liaison committee, the annual open houses and briefing events as good practices.

Metsähallitus' established planning practices were generally thought of as functional interaction methods. Their communication practices were viewed as mostly adequate, even though usually local people, aren't informed all individual logging operations. In comparison, the tourism industry's communication practices are not as cohesive due to its diversity. However, as a part of the service industry, tourism was seen as being more open to feedback and partly because of social media where negative feedback spreads quickly, which can cause harm to a company's reputation. Even though there are not many established practices in local stakeholder engagement or communication, the interaction between the tourism industry operators and other local groups has





been straightforward. Out of all the industries, tourism is the most entwined with the local way of life.

One phrase often repeated by the locals was "listened to but not heard". All of the three industries gave locals causes for concern which the industries should address if they truly value local acceptance. The biggest concern regarding mining is its impact on the environment. The systematic monitoring of the quality of nearby waters is an important issue for the residents and they hope to gain impartial and unambiguous information on the subject. Tourism industry's problem is its increasing expansion: the informants worried that the construction projects and trail networks will occupy increasingly larger areas. Programme services were criticized for their usage of dogsleds as being harmful to the free roaming reindeer and the practice was not considered a part of the local cultural heritage. One prevalent issue is the restrictions placed on forestry to preserve the scenery for tourists. There are also concerns that the local children live near a tourist resort where alcohol abuse is prevalent among both tourists and residents alike. This in turn causes disturbances, work place accidents and absences, but also increases the need for child protective services and substance abuse treatments, the cost of which rests solely on the municipality and the tax payers.

The informants, particularly reindeer herders, were concerned over the preservation of biodiversity as the felling volumes have increased and the possible impacts of the emerging bioeconomy. These are some examples of issues worrying local people. One possible answer is for the companies to be able to adequately justify their actions to the locals while maintaining their operations.

It is clear, however, that most of the negative effects disproportionally affect the people living near the operations. Nearby residents of the gold mine are subjected to noise and tremors but Agnico Eagle hasn't been willing to expropriate their real estate at a reasonable price. The landowners of the mining district are troubled by the real estate tax they have to pay even though they are not the ones operating the mine. Most of the mines negative effects are limited to the neighboring villages, but some of the residents living farther away worried also about issues like increased traffic and potential pollutants in runoff water. The negative impacts of tourism are mostly limited to the ski resort and its nearby areas. In the forestry, drainages and plowing hinder the movement of people and reindeer in the areas. Regarding SLO it is vital to recognize the so called vulnerable groups, or those who are most vulnerable to the negative impacts of the operations. One such group is the reindeer herders whose livelihood is endangered by individual industries, but also by the cumulative effects of the industries. For example, the decreased size of pastures threatens the livelihood's viability.





Reconciling different industries' operations can be troublesome, but they also can complement one another. Tourism lives off the local environment, history and culture, thus their values coincide with the local people's values in many ways. The reindeer gives Lappish tourism a competitive advantage and many reindeer herders work part time as or for tourism entrepreneurs. The trails and roads managed by the forestry industry also benefit tourism. The mining industry benefits from the leisure activities and services provided by tourism as it makes drawing in new employees easier.

According to informants, a part of social responsibility is participating in the local community activities and events, but sponsorship did not emerge as a prominent theme.

The role of the municipal administration was twofold: on the one hand, they are expected to create a framework for the development of the local economy, which they have done. Increased employment has drawn in new residents and necessitated the development of infrastructure and services. On the other hand, they were criticized for investing more in the development of tourist destinations than on the more peripheral areas.

# Norway

Mining is a widely accepted industry in Northern Norway., Several towns were founded on mining and qualify as being called mining or company towns. Mining thus here has been a significant employer. Many mines were state owned, as in Mo and Kirkenes, and in Narvik which was a harbor for outshipping iron ore from Kiruna in Sweden, the Norwegian Rail was a major actor until the 1990s. The other mines in Finnmark have had various owners, also Norwegian, but are today part of international mining consortiums. The slate industry is not considered as mining because the miners are self-employed and own the production facilities themselves. Thus, mining, in general, has a high regard. This may explain the positive attitudes towards the plans for reopening the mine in Kvalsund. In addition, there is an obvious need for industrial activities and jobs in the area. As it is, the public and the municipality are strongly in favor of the plans, but also many identified stakeholders are in opposition; the fishing and fish farming industries, and the reindeer herders. They all have made negative comments in the public hearings and the reindeer herders have made their resistance clear in other ways too, like refusing to meet with the mining company. In addition to the local opposition, there are also regional actors such as the fishers and hunters associations, several environmental organizations and the Sami Parliament. The antagonism isn't strongly felt locally, as it appeared through our interviews in the community. However, there is no accordance concerning this case. No compromise seems to exist. If the mine is reopened, there will be a winner, the Nussir company, and lots of losers.





Fish farming started in the 1970s as a local industry and many places have a long history in fisheries. Thus, it was a highly appreciated addition to the local industrial activities. However, as time passed by, it became more advanced both technology and knowledge wise, with a need for more capital and expertise. There was also a problem with the generational changes. Often the ventures are sold to handle the heritance issues of the plants. According to the laws, the inheritance has to be shared among the heirs. With an inheritance of several hundred million NOKs, the one (or those) willing to take over the company, cannot afford to buy out his or her siblings. When sold, outside investors tend to take over. Therefore, there is only one company that is locally owned in Finnmark and Troms these days. During the years the environmental aspects of fish farming also has come to the fore. As it turns out in the aftermath, the industry has a terrible list of environmental sins, and they are seen as threat to the environment of the Norwegian fjords. And, with non-local ownership, the industry gives little back to the local communities, it is maintained. But as it is, it is the most important employer in many districts.

The local acceptance of fish farming is varying. In Alta fish farming is by many seen as a threat to one of the best and well-known salmon angling rivers in Norway. This differs from the other areas living off fisheries, where fish farming and the fisheries are considered as identity markers. There fish farming is by far the biggest employer and value creator. Currently (2018) is the local boost. But people there are also concerned of the environmental impacts of the industry, particularly on breeding conditions for wild fish and for the sustainability of traditional fisheries. Fish farming tends to be blamed for the decrease of cod stocks in the fjords.

Tourism's history in Northern Norway dates back to the late 1800s. As an industry it has gradually emerged, but most rapidly since the 1980s. It is an industry where the majority of firms are local, but with a few big hotel chains, and Coastal express (Hurtigruten), operating 11 cruise ships along the coast. Despite its ownership structure, the tourism industry is widely accepted. It is an important employer and the profit rate is low. There are some areas with stronger pressure like in the Lofoten and the North Cape, where there are disputes concerning the industry's legitimacy. In North Cape also its ownership and profit pattern is widely disputed. It is contested that there is a monopoly and that a significant amount of profit goes out of the community. The pattern is similar to what is in literature characterized as imperialism<sup>41</sup>. However, in general the local acceptance is high.

<sup>41</sup> Galtung 1971





### 4. Summary

In this report we have examined local acceptance concerning the mining, tourism, forestry and fish farming industries in the northernmost regions of Finland and Norway. The main location for the Finnish study has been the municipality of Kittilä where three of these industries operate side by side. In Norway the industries and companies studied are more scattered, found within the northern parts of the county of Troms and in the county of Finnmark. Both teams interviewed industry representatives working either locally or regionally, and local residents and authority representatives. The material has been categorized based on themes generally found in SLO research literature: communication practices and CSR reporting, and stakeholder engagement and involvement in the local communities.

SLO was a familiar premise for the mining industry's informants. In multinational mining corporations, gaining local acceptance has been adopted as a part of corporate culture and the approach has also been applied in Finland where foreign mining corporations aren't that ubiquitous. The concept was also well-known in the industry in Norway, and seems to have been used as a script for developing the mine in Kvalsund. Other industries have focused on local acceptance as well: both forestry in Finland and fish farming in Norway. Metsähallitus, the Finnish state-owned forestry company, employs established planning practices through which local people can regularly participate in the planning of forest management and felling operations. Norwegian fish farming companies are very conscious about local perceptions of their activities, and use several tools, both internet and personal contact are methods in the communication with their surrounding communities. The tourism industry in Kittilä relies on local entrepreneurship and it is the industry closest to the everyday lives of local residents. Therefore the local acceptance of tourism has not received much thought and it was mostly taken for granted by their representatives. In Norway tourism is not as important, but has the same structure, and it has always been part of people's everyday life, thus it has also been accepted without much buzz.

All industries studied are relatively open, but their communication practices varies. An important aspect of communication and building trust is to inform people extensively and promptly about problems, especially during a crisis situation. There is room for improvement in the reporting practices for environmental impacts and people should be provided with a feedback system that also addresses their concerns. This does not mean that operations should necessarily be altered, as long as the actions are justified to the locals. There is a huge difference between the two countries





in this respect. The communication is far more formal and regular in Finland than in Norway, where it seems to be more ad hoc and related to new plans or special events.

The most important factor of gaining local acceptance is the economic benefit and particularly the employment of local residents. The tourism and mining industries are the main employers in Kittilä, whereas the importance of forestry has decreased over the years. In Norway fish farming has been a growing industry and it is important in many peripheral districts. Tourism is important to the rural areas, as a part time or alternative activity, and an opportunity for people who have chosen to live in these places. Concerning mining in Norway, and the case of Kvalsund, there is a wide uncertainty, but the EIAs expect a growth in many respects for the local community. In this community there is a public acceptance of the mine, but lots of resistance among other stakeholders, based on both industry and leisure interests. Local acceptance can be endangered in all three industries if the number of outsiders employed increases going forward. Providing reports on local employment and local economic benefits promotes local acceptance.

Amongst the local residents there are concerns regarding the environmental and social impacts of industries' activities. The residents are concerned about the impacts of mining operations, particularly on the nearby waters; the effects of increased forestry on biodiversity and the negative impacts of tourism's continuing expansion. This is in particular the case for the planned mine studied in Kvalsund, where a sea deposit is a part of the plans. It is also the big issue concerning fish farming, and still this industry has many unsolved issues concerning environmental aspects. For all industries studied, the question of sustainable usage of natural resources are on the agendas. This report has not focused on these aspects specifically, only as a part the social acceptance platforms. For several of the industries, this is a tricky question, as people find it difficult to measure these aspects, and to read EIA reports. Thus, our study reveals uncertainty and anxiety concerning the future of the sea, the rivers, and other environmental issues. This uncertainty is probably the most common negative impact of the industries studied, that with one of two exceptions has a high local acceptance. Another prevalent issue that concerns people is the local economic benefit, an issue that has created skepticism and even antagonism. Most of the companies in question are not locally owned, which means that the profits made go to investors located elsewhere. This is a well-known pattern known as exploitation and imperialism; external capital interests making money on exploiting the resources in and of the periphery. Our study tells that the awareness of such patterns is growing and poses a challenge for the industries to gain and maintain their local acceptance.





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