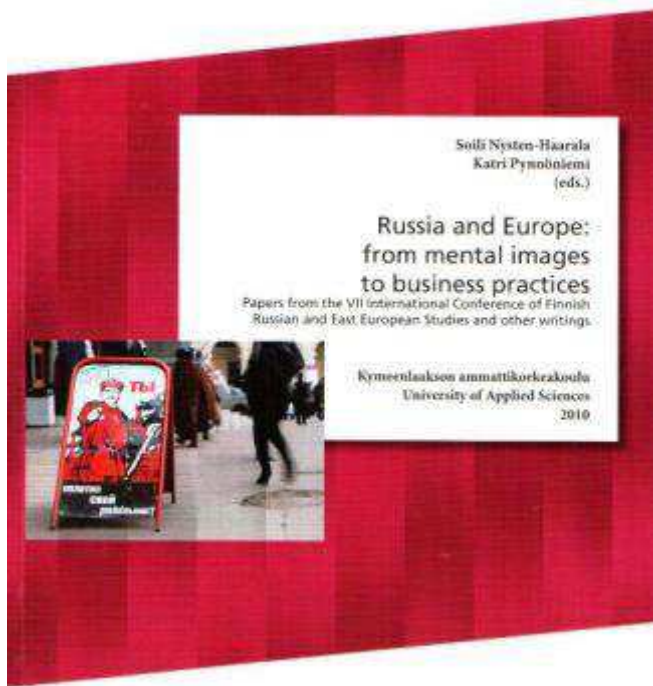


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## **Building trust in the process of localization of global forest certification**

### **1. Introduction**

#### **1.1. Main ideas**

The present paper focuses on the analysis of the role of non-governmental organizations (NGOs) and experts in building trust in the process of localization of global FSC forest certification in Russia. The international FSC certification scheme is a global nongovernmental process (Cashore 2002: 503-529; Cashore, Auld, Newson 2004), coordinated by the NGO Forest Stewardship Council, which has succeeded well in building trust in this system and promoted socially responsible, environmentally friendly and economically effective forest utilization.

FSC forest certification is based upon a model of governance in which such nongovernmental stakeholders as NGOs and experts have the leading role (Arts 2005). FSC certification promotes international norms of corporate socio-environmental responsibility in business forest utilization (Kulyasova 2008: 126-152; Kulyasov, Kulyasova, Pchelkina 2005: 154-169). The aim of the present paper is to analyze the processes of construction of public trust in a certified forest company and its logging enterprises.

Social life cannot be considered in isolation from the environment, especially when it involves social life in forest settlements; hence, corporate social responsibility includes a strong eco-component. We can therefore state that the global concept of "corporate social responsibility" embraces among other things the responsibility for restoration and conservation of forests as an eco-social system. Such a broadened conception of responsibility is used by certified companies, NGOs and experts to build trust. It has to be noted that the meaning of corporate responsibility to a forest company is influenced not only by international FSC standards but, in cases of old enterprises, by traditional cooperation with the local communities which existed in the Soviet era.

#### **1.2. Theoretical background**

In the present research I refer to analyses of the conception of trust. Trust is conceptualized in social science research as a broadened multi-space social reality which resists the complexity and abruptness of social interaction. Correspondingly, trust is an essential strategy for overcoming this complexity and abruptness and achieving the desired results (Luhmann 1979; Barber 1983).

Trust is a collective phenomenon which emerges when interacting and orienting with some common aims and values (Lewis, Weigert 1985). It emerges in social systems when the participants of those systems act in accordance with the expectations and ideas they have about each other or their symbolic representations of another one (Barber 1980).

Developing this conception, Giddens noted that in contemporary global society relationships of trust appear not only in the form of trust based on personal circumstances, apparent as interaction and cooperation between social agents, but also as impersonal trust, which appears as a credence to abstract systems, i.e. symbolical signs and expert systems. Impersonal trust becomes crucial in conditions of widening the spatial and time distances of globalization (Giddens 1990).

When international FSC certification is localized, it becomes a concrete system for local communities and indigenous people, whose life and activities depend on forest. Certification gives them a mechanism of forest conservation in the form of controlling the forest utilization of a specific company. The FSC scheme, however, remains a symbolic system for buyers, who deal with the company brand and FSC logo, and confirm the eco-social responsibility of the producer. The consumer, be it a large company or a simple buyer in a shop, who is willing to buy environmentally friendly and socially "clean" production, trusts the FSC logo. Purchasing FSC-certified products, they act in accordance with their values. Thus, by their choice, they influence the corporate responsibility promoted by the FSC system. Researchers consider this practice of materializing consumers' value orientations and requirements to be based on market demands (Vogel 2005), since eco- and socially sensitive European markets increasingly more often prefer the certified production of responsible corporations. Trust in the FSC was constructed by NGOs and responsible forest companies. Due to its efforts in promoting FSC forest certification, the organization became well-known and influential in international markets (Tysiachniuk, Kulyasova, Pchelkina 2005: 305-326). As a result a large segment of certified production appeared in the markets of forest products. NGO and expert networks, which promote the performance of FSC certification norms and rules, play the role of expert systems. Their logos also become popular and they serve as a guarantee of trust for buyers.

While NGO networks and experts promote certification, their guarantees of trust are at the same time links to global and local spaces.

They play an important role in the change of local practices of certified companies and present them as eco- and socially responsible in international markets. As stakeholders, NGOs and experts help the certified companies to transform their practices into more sustainable ones, and construct trust,

interaction, and partnership with local communities in the forest management area. It should be noted that in contrast to trust in FSC-certified companies as abstract systems be built on the global level, localities express another type of trust. This personal trust is constructed on the local level during the concrete interplay between forest companies and local communities.

### **1.3. Methodology and case study selection**

The PLO Onegales holding (Joint-stock company "Industrial-timber association "Onegales") and its six logging companies were selected for a case study. The bulk of the data for the present paper was collected in 2006-2008 during visits to the city of Arkhangelsk and the Arkhangelsk region: the cities of Onega and Kargopol, the villages of Onega, Primorie, Kargopol and Plesetsk, districts located near forests leased by PLO Onegales. Additional data were used from field-trips to the settlement of Maloshuika in the Onega district (2003-2005), Arkhangelsk and villages of the Onega district in the Arkhangelsk region (2005). In the studies the author applied qualitative methods of sociology such as case study, semistructured and biography interview, participatory observation and analyses of data from periodicals.

50 interviews were conducted. The different groups of interviewed respondents included managers and workers of PLO Onegales and its logging units. Furthermore, several pensioners who worked in Onegales for many years after the Soviet period provided biographical interviews. Representatives of local, district and regional units of state forest agencies and local administration were also interviewed. A great number of interviews were carried out in forest and fishery villages located not far from the territories leased by PLO Onegales logging units. Furthermore, local citizens who actively used the wood and non-wood resources in the forests were interviewed applying biographical and semi-structured interviewing methods.

The paper will initially focus on socio-economic and socio-environmental contexts of the case and the process of certification at PLO Onegales. Secondly, a brief description of PLO Onegales history will be presented to show the transformation of its organizational structure. The case will demonstrate how trust is constructed on various levels when the company, in deciding to enter the process of certification under pressure from international wood buyers, tries to implement it with minimum resources, hence, minimum eco-social change. The analyses will focus on mechanisms of construction of trust by NGO and expert networks between both the local population and PLO Onegales in the local context and international buyers and the certified company in the international context.

## 2. Social, economic and environmental contexts

Social, economic and environmental contexts influence the process of adaptation to FSC certification in the locality and often determine the ways of constructing trust in the company on the local and global levels. In our case, the construction of trust between PLO Onegales and the local community is based on both old and new forms of socio-ecological responsibility, on building personal trust through regular interaction or its absence.

The Arkhangelsk region has developed an intensive forest industry since the mid-20th century, when many forest settlements were built in order to provide manpower for the many new state logging enterprises ("*lespromkhozes*"). The social life of those settlements was completely oriented to providing logging enterprises with a labor force, and correspondingly the logging enterprise was responsible for financing the infrastructure of the settlements. Thus, they were called "forest settlements" (Pchelkina, Kulyasova, Kulyasov 2004: 27-29; Kulyasova, Kulyasov 2007: 23-27).

Nowadays many old logging enterprises continue their work after various structural transformations and numerous changes of owners. Today (2009) almost all are integrated into large regional, Russian or international holdings functioning in the Arkhangelsk region (Interview with a representative of the Department of Forest Industry of the Administration of the Arkhangelsk Region 2004). PLO Onegales was incorporated into an international holding of Russian origin called *Investlesprom*. The wood production of this region is mostly exported to environmentally and socially sensitive markets in Europe. For this particular reason the Arkhangelsk region became the leader in mass FSC forest certification in Russia.

By the end of 2008 forest management of the majority of forest territories leased by Arkhangelsk forest holdings had an FSC certificate or was in the process of certification (FSC web site [www.fsc.ru](http://www.fsc.ru)). In the case of PLO Onegales, all their leased forests were certified (Public reports on certification by Maloshuilakales, Nimengales, PLO Onegales, [http://www.gfa-group.de/beitrag/home\\_beitrag\\_903550.html](http://www.gfa-group.de/beitrag/home_beitrag_903550.html)).

The features of the local context in the case under review indicates that there are three types of settlements near the forests leased by PLO Onegales, and three types of interaction between the local population and the company are evident.

The three logging companies Maloshuilakales, Nimengales and Iarnemale of PLO Onegales are located in the above-mentioned forest settlements created in the Soviet era in the mid-20<sup>th</sup> century. Traditional relationships between logging enterprises and the local population formed in this period still determine some settled forms of corporate social responsibility of the forest

companies. Inhabitants of the settlements continue their work at the new forest companies that replaced the former Soviet enterprises, and expect the same social responsibility and help from the new companies. The companies partly continued the tradition of supporting local infrastructure, i.e. we see here a paternalistic interaction between a settlement-forming enterprise and the local population (Kulyasova, Kulyasov, Kotilainen 2006: 81-112).

Another settlement form is the traditional villages housing old residents or people seasonally coming from cities. Their inhabitants used to work on Soviet farms ("*sovkhoses*"), which were closed down in the post-Soviet period. Very few people from such villages work at logging companies. These villages either had no settled relationship with forest companies or expectations of social responsibility, hence, no trust in PLO Onegales had even been constructed. The companies do not exhibit paternalistic attitudes towards these villages (Interview with a representative of the Administration of Oshevensk village 2006). However, FSC certification requirements generated the need for interaction with the population of such villages and building their trust and the administration of PLO Onegales realized this fact.

The third type of settlements located nearby forests leased by PLO Onegales are the traditional villages of coast-dwellers who identify themselves as indigenous people named Pomors. They traditionally work at fishing collective farms (*kolkhozes*) which still exist (2009). These people had no trust in PLO Onegales. On the contrary, there was a conflict of interests in the forest management area which gave rise to personal mistrust in Onegales and mistrust on the abstract level in any forest operator. The life of the Pomors depends very much on fishing and hunting. They do not work in the logging companies and are mostly oriented to traditional forest utilization.

PLO Onegales had not considered the Pomors as stakeholders and for a long time did not realize any collision of their interests. The reason for this situation was that the status of the Pomors as indigenous people was not recognized officially by the Russian state, and PLO Onegales did not take the traditional rights of this ethnical group into account. However, as FSC certification recognizes any indigenous people or self-identified ethnic groups and requires observance of their rights, PLO Onegales was forced to consider this feature and accordingly to form its policy during certification and after having received the FSC certificate.

It should be noted that the Pomors are indeed an independent subethnos (Bershtam 1978) historically living on a vast territory called *Pomorie* (Bulatov 1999), Arkhangelsk region being the center of it. They identify themselves as ethnic community and their NGOs struggle to have their status as an indigenous people recognized by the state (Interview with a representative of the National

Cultural Center "Pomors (coast-dwellers) Revival" 2005, 2007). Later, through the efforts of NGOs and experts their rights as indigenous people were assigned in the Russian National Standard of the FSC. At the time of the case study, this was a contested issue for the company and auditors who regarded Pomor communities as ordinary local communities. Later, we will analyze how the intervention of NGOs and experts helped to change this situation and forced the company to fulfill its responsibilities according to the FSC certification requirements.

Thus, all three categories of settlements are stakeholders interested in forest utilization according to FSC certification and should thus be included in the list of interested groups, and be able to enjoy the corporate social responsibility of the PLO Onegales.

The key feature of the environmental context of the case is the presence of old-growth forest in the territories leased by PLO Onegales. These forests are located on the Onega peninsula, between the Dvina and Pinega rivers, near the border with the republic of Karelia, and in other places (Map of the old-growth forests, <http://www.greenpeace.org/russia/ru/press/releases/366571>, [www.intactforests.org](http://www.intactforests.org)). European consumers refuse to buy wood derived from old-growth forests, and the NGO networks struggle for their conservation. Hence, this feature of the local environmental context has an important effect on the construction of trust on the international level. The old-growth forests were traditionally considered by Soviet forestry as overripe forests that should be cut (Conversation with a director of PLO Onegales in 2006).

Experts and eco-NGOs assessed them as high conservation value forests, important to the conservation of biodiversity and rare species, and for a sustained ecosystem of our planet. As eco-NGOs created an international discourse of old-growth forests as an environmental value, the refusal to cut in such forests is now an obligatory component of trust in a forest company. Eco-NGOs try to conserve these forests either through lobbying for the creation of special protected areas by the state or persuading forest companies to voluntarily conserve these territories. Forest companies signed a moratorium on cutting wood in the old-growth forests. A part of the forest territories leased by PLO Onegales in 2005 on the Onega peninsula were planned as a national park in the 1990s and were the focus of especially rapt interest of eco-NGOs.

### **3. The process of certification**

PLO Onegales is a regional holding managing six logging companies: the Joint-Stock Companies Maloshuikales, Nimengales, Onezhskoe Wood floating enterprise, Kargopolles, Iarnemales, Onegales ([www.onegales.ru](http://www.onegales.ru));

most of them were established on the basis of old Soviet *lespromkhoz*es. This holding, as well as its managing company, was established in 2003 by the Open Joint-Stock Company Onezhskii LDK (wood processing plant), which managed these logging companies before 2003 and was the main consumer of their production.

Onezhskii LDK with its suppliers was integrated into the international holding Group Orimi, from which Investlesprom bought them in 2007. Thus, Onezhskii LDK and all enterprises of PLO Onegales became part of one of the largest and actively developing forest holdings in Russia ([www.investlesprom.ru](http://www.investlesprom.ru)).

The process of forest management certification and the chain of custody at the logging companies of PLO Onegales took several years. Maloshuikales was the first company entering the process of certification, in 2003. It was chosen for pilot certification to approve the process and estimate the resources needed and benefits provided by the FSC certificate (interview with a director of Maloshuikales 2003, 2004). The decision concerning certification was based on economic reasons. On the one hand, it was the requirement of foreign purchasers of carving wood; on the other hand, Onezhskiy LDK hoped to raise the prices of certified production (interview with a representative of the administration of Onezhkiy LDK 2003).

The international NGO WWF played an important role in publicizing the necessity and benefits of certification. The Arkhangelsk Certification Center, which is closely associated with WWF, was invited for consultations. Its experts helped to prepare documents and organize events required by certification. They also prepared a program of corporate social responsibility for the company, which was designed as a "Plan of social and economic development for the 49-year leasing period" and included some concrete measures for developing the social infrastructure of the settlements. The company signed a moratorium on cutting on plots of the old-growth forests with Greenpeace (interview with a person responsible for certification of Maloshuikales 2004).

The administration of PLO Onegales was somewhat disappointed in the results obtained as certification of Maloshuikales required substantial expense and did not yield any palpable economic result. The wood-processing plant Onezhskii LDK could not certify its chain of custody because the amount of the wood coming from Maloshuikales was too small. Certification of other wood suppliers was also necessary.

This process was also precipitated by the protest actions organized by Greenpeace in Germany in 2004, which concerned not only Onezhskii LDK but all forest companies of the Arkhangelsk region. Greenpeace -Germany



blockaded ships of Solomalskiy LDK carrying wood cut in old-growth forests of the Arkhangelsk region. These actions forced regional forest companies to make extra efforts to prove their environmental responsibility (Interview with the chairman of the board of the Association "Industrialists of Pomorie" 2004).

In 2004 Onezhskii LDK received an FSC certificate for Nimengales. In 2005 management issues were transferred to PLO Onegales, which certified the following group of companies: Onegales, Onezhskoe Wood Floating Enterprise, Iarnemales and Kargopolles. Nirmengales was later able to join this group certificate (Certification public reports, [www.fsc.ru](http://www.fsc.ru)).

Various interested parties, such as experts, NGOs, representative of state agencies and business play an important role in FSC certification. FSC is a voluntary certification system, promoted in the forest sector all over the world by an alliance of international NGOs and associations of socially and ecologically responsible companies. FSC, makes logging companies more transparent and open to cooperation with different interested groups. FSC is based on ten general principles, 56 criteria and many indicators which adapt international principles and criteria to conditions of specific regions. Auditing companies accredited by FSC check the implementation of FSC requirements in forest companies annually. Real implementation of the FSC is, however, possible only if logging companies create a constructive dialogue with NGOs, local citizens, and other interested parties desiring to coordinate their needs in forest use with the company's operations and can control the social and ecological responsibility of the companies.

In the following we will analyze the role of experts and NGOs in the construction of trust towards PLO Onegales, focusing on the change in practices of corporate social and environmental responsibility, which is crucial for building trust.

#### **4. The role of NGOs and experts in construction of trust**

The participation of NGOs and experts in FSC forest management certification in PLO Onegales considerably influenced the process of building trust between the company and the local and regional communities. NGOs became the guarantors of the quality of certification and often determine how global practices of the FSC forest certification are localized in changing the corporate environmental and social responsibility of companies.

##### **4.1. The role of International NGOs**

In our case the most prominent international NGOs, WWF and Greenpeace, contributed to increasing of the eco-social responsibility of the

company, although using different approaches and constructing not only trust (WWF) but also mistrust (Greenpeace).

#### **4.1.1. The role of WWF**

WWF, in the frames of its forest program, promotes sustainable forest utilization which supposes the equilibrium of its economic, environmental and social aspects ([www.wwf.ru](http://www.wwf.ru)). One of the goals of this program is building trust in the abstract system of FSC-certified forest companies in general. Affiliation with the WWF forest program legitimizes the forest utilization of the company. WWF takes part in promoting FSC-certified production to environmentally and socially sensitive markets by constructing an image of responsibility of certified companies both on the international and national levels. Since 2008, WWF has joined the process of constructing a 'green' market in Russia and creating a new national system of buyers' trust in the FSC-certified production of Russian forest companies. WWF builds trust in an FSC-certified company in the public space and at the same time increases trust in its own brand and the expert services it provides by creating partnerships with forest business and trade corporations, organizing informational activities, educational programs and various events such as conferences, seminars etc.

Trust in an abstract system - any FSC-certified company - is localized through the stimulation of the corporate social and environmental responsibility of a concrete company, which creates or increases existing personal trust in the company on the regional and local levels. Before PLO Onegales took over the company, the eco-social responsibility of the logging companies managed by Onezhskii LDK was stimulated by interaction with WWF. Due to this cooperation, the company enjoyed the confidence of international and regional eco-NGOs and had an image of an eco-socially responsible company. Onezhskii LDK successfully participated in ratings organized by WWF (for the eco-ratings of the forest industry sector of the RF, see [http://www.wwf.ru/about\\_we\\_do/forests/aeol/ratings/doc457/pagel](http://www.wwf.ru/about_we_do/forests/aeol/ratings/doc457/pagel)), which were largely published in the mass media. Furthermore, Onezhskii LDK satisfied the ISO 14000 requirements for certification of ecological management. WWF involved Onezhskii LDK managers in its educational programs. Onezhskii LDK managers participated in the Russian National FSC expertise initiative (see list of participants of FSC Russian National Initiative, [www.fsc.ru](http://www.fsc.ru)). Later, by this time PLO Onegales became a "candidate member" of the Association of Environmentally Responsible Forest Companies organized by WWF (for a list of participants of environmentally responsible industrialists, see [www.wwf.ru](http://www.wwf.ru)). Interaction with the WWF Arkhangelsk office was based on the same principles and helped the company to build trust in its

activity and policy on the regional level. The administration of the Onezhskii LDK participated in regional events organized by the WWF: conferences dedicated to FSC certification, seminars, meetings of the working group developing FSC regional standards.

#### **4.1.2. The role of Greenpeace**

Relationships with Greenpeace were constructed on another basis. Initially, Greenpeace molded public mistrust in the company and its logging enterprises and motivated it to certain actions. These actions were then legitimized by the eco-NGO and became part of the construction of trust. Long relationships with this radical eco-NGO even resulted in personal trust, as we will later see.

Interaction by the company with Greenpeace on the old-growth forests issue took place in parallel with its interplay with the WWF concerning certification. In the first stage, relationships between the eco-NGO and the company were mistrustful and cautious. To conserve large plots of old-growth forests the eco-NGOs put forward the idea of creating a national reserve, *Onezhskoe Pomorie*, on the Onega peninsula. The idea was supported by regional and federal authorities. Until 2001 the administration of Onezhskii LDK actively objected to this decision. In their public presentations they explained that "creation of this park would result in cutting down 2/3 of their production area and reducing wood processing by 80.000 cubic meters per year" (Will "Onezhskoe Pomorie" ... 2001). Nor did this correspond to the interests of the economy of the region. The efforts of Greenpeace helped leaders of Onezhskii LDK to change their position, and locate a compromise: to create a smaller reserve. One of representatives of Onezhskii LDK commented on their relationships with Greenpeace and its leader as follows: "We personally know Iaroshenko, because we had long discussions about the Onezhskoe Pomorie National Reserve ... And we have good contacts with him" (Interview with the representative of the administration of Onezhskii LDK 2003). Finally, the creation of a national park on leased territories of the holding was agreed. Logging enterprises signed a moratorium on cutting old-growth forests on leased territories. Interaction with international eco-NGOs provided the logging enterprises of the holding with the image of an environmentally and socially responsible company and constructed consumers' trust, which improved their position in the international and internal markets. This case shows how the practice of building trust by international NGOs not only forces a company to undertake various actions to be more environmentally responsible locally, but also helps to build personal trust between representatives of NGOs and the company.

## **4.2. Role of regional and local NGOs**

Interaction between the holding company and regional and local NGOs started later, as they were not identified as FSC-certification stakeholders, and were not informed by the company of the fact that certification provides them with new rights influencing the eco-social responsibility of certified companies. Such NGOs as Aetas, Pomorskoe Vozrozhdenie, Pomor Public Policy Center and Pomor People's Community had their own interests conflicting with the forest activity of PLO Onegales. Aetas cooperated with experts and Greenpeace about creating the Onezhskoe Pomorie National Park and was interested in the conservation of forests on the Onega peninsula (Interview with a representative of the NGO Etas 2007). The Pomor Public Policy Center, in partnership with WWF-Arkhangelsk, developed and introduced regional methodology for identifying high conservation value forests (HCVF) and organized public hearings (Interview with a representative of Pomor Public Policy Center and WWF- Arkhangelsk 2007). Pomorskoe Vozrozhdenie struggled for the conservation of traditional Pomor culture on the Onega peninsula. Pomor People's Community strove for the preservation of their traditional life and traditional natural resources utilization (Interview with a representative of National and Cultural Center Pomorskoye Vozrozhdenie 2006).

Before starting a dialogue and interaction in the framework of FSC certification, regional NGOs mistrusted the holding and its logging companies. After 2007 this situation changed radically. In 2007, local Pomor and eco-NGOs requested the inclusion of PLO Onegales in the list of stakeholders. They did not succeed immediately, and were only officially recognized as stakeholders half a year later, after several publications in the mass media (Raikhner, 2007) and through internet list servers. In these publications the NGOs asked the company to demonstrate eco-social responsibility. A bad image in this respect could have destroyed public trust and thus prompted PLO Onegales and auditors to start interacting with local NGOs.

Finally this interaction contributed to forming public trust in the company on the regional and local levels and encouraged the enlargement of the sphere and forms of environmental and social responsibility by PLO Onegales. Local NGOs were invited to a meeting with the company and auditors during the next control audit of the companies managed by PLO Onegales. Preparing for the meeting NGOs studied the FSC standards, the company's public reports and consulted with experts. They united their efforts and composed a common proposal to PLO Onegales concerning the improvement of their corporate system of eco-social responsibility, to make it conform to the FSC requirements (Journals of participatory observation 2007).

The main demand of the local NGOs was to recognize Principle 3 of the FSC standards concerning "rights of indigenous people", and apply it to the Pomors. The protocol<sup>2</sup> signed in the presence of auditors at the meeting stipulated: "Participation of the local population in identifying plots of high social value forests, providing the local population with logging plots for firewood and carving wood, and assistance in creating a national park." The company recognized all these proposals but the last. Thus at this stage NGOs contributed to a more complete fulfillment of the responsibilities of the holding and acted as guarantor of trust in forest companies at the local level.

Regional and local NGOs later reduced their interaction with the company, and accordingly weakened their role in the construction of trust. There were several reasons for the passivity of local NGOs, the main reason being the lack of needed resources, because interaction in the frame of certification requires special knowledge, additional efforts and time. Only the added efforts of experts enabled the company to keep its promises.

### **4.3. The role of experts**

During the certification process PLO Onegales had to contact several groups of experts, which greatly influenced the localization of global practices and the construction of trust between the company, local people and regional NGOs. Experts with the necessary competence, resources and special interest in the quality of the FSC certification finally became the main guarantors of the implementation of the FSC system, both in the locality and globally.

PLO Onegales worked with experts from the Arkhangelsk Certification Center and the auditor company GFA (<http://www.gfa-group.de>), who were certifying the forest management of PLO Onegales, as well as with social experts of the Center of Independent Social Research (CISR) from St. Petersburg.

#### **4.3.1. Arkhangelsk Certification Center**

Arkhangelsk Certification Center was first created on the basis of the Northern Forestry Research Institute as a center of information on forest certification and sustainable forest management. It was supported by WWF. Furthermore, when the need for preparation of companies for certification arose, the nonprofit partnership Northern Center of Forest Certification was registered by the initiative of a group of experts (interview with the head of the Northern Center of Forest Certification 2004).

The group of experts of the Arkhangelsk Certification Center contributed greatly to the localization of the FSC certification system and took part in constructing trust in the company in the local community. Especially

strong was their influence at the initial stage, during the certification of Maloshuikales. As mentioned above, they developed a program of social responsibility for Maloshuikales for the period of 49 years. The weakness of this program was that it was unknown and unpublicized in the local community.

When PLO Onegales took over the management of Maloshuikales, the program was not supported by the new administration, and only some of the initial points of this plan were implemented. However, even this small implemented part of the program concerning social development and support for the local population had a positive effect on instilling trust in the local population in considering Maloshuikales socially responsible. Maloshuikales also gained the trust of the eco-NGOs, as the company respected recommendations of the Arkhangelsk Certification Center and conducted biological research on its leased territories as well as conserving plots of high conservation value forests. The company also developed their environmental policy (Interview of a director of Maloshuikales). All these actions were intended to raise the image of the company as environmentally responsible.

#### **4.3.2. Expert auditors of the GFA**

Experts-auditors often play a key role in forming abstract trust in the certification system, as they are responsible for the quality of certification of concrete companies. However, in the opinion of the local community they are usually not considered an important agent. In our case, the auditors were, however, stirring mistrust of the certification of the PLO Onegales in the locality, since they paid too little attention to the interaction between the company and local communities.

Experts-auditors can lead the activity of the company in the desired direction, addressing corrective action requests (CAR). The company should eliminate discovered incompliance with the FSC standards (Maletz and Tysiachniouk, forthcoming). In the analyzed case, GFA auditors, understanding that certification is a long process and all non-compliance can not be corrected at once, focused firstly on FSC principles and criteria concerning logging and accident prevention issues, as well as on the environmental issues important to foreign consumers. The problems of social principles and criteria defining interaction with the local population and indigenous peoples were approached more formally. As the auditors did not pay enough attention to this aspect, the company did not put enough effort into informing the population about their new rights provided by certification. Principle 3 was not applied to the Pomors, since neither the auditors nor the company regarded them as an indigenous people.

### **4.3.3. The role of social experts**

A third group of experts - social experts from CISR<sup>3</sup> - played the most important part in constructing trust between the local community, regional NGOs and PLO Onegales, as their activity focused on solving the problems of interaction with local and indigenous people. This group from CISR had participated in developing the social section of the Russian national standard of the FSC. These experts and consultants acted as federal stakeholders of certification, at the same time doing research on the implementation of the certification process in Russia.

They firstly interacted with PLO Onegales during their research projects, and faced mistrust from the part of the company and a lack of readiness to provide any sort of information. The experts were interested in promoting FSC social standards in Russia and were assisting regional and local stakeholders to understand their new rights by stimulating the company to fulfill their social responsibilities. Social experts consulted regional and local NGOs and encouraged them to become stakeholders and formulate their interests to PLO Onegales. They organized a constructive dialogue between the company, NGOs and auditors and helped build a fruitful interplay and trust between them.

Another direction of their work concerned local and Pomor people. They cooperated with PLO Onegales and helped them organize a number of consultations with Pomors concerning identifying and removing socially valuable forest areas from logging. By this time the company became part of the Investlesprom holding, with which the social experts had already been successfully co-operating, a fact that positively affected their work. The consultations organized by the CISR experts together with the NGO Aetas and representatives of PLO Onegales in Pomor villages on the Onega peninsula in March 2008 maintained a constructive dialogue in spite of the strong original mistrust of local people.

### **4.4. Construction of trust between local population and PLO Onegales**

We indicated above that the level of initial trust between the company and local communities varied and depended on the social and economic context. In its first stage certification did not greatly influence the present situation. The poor participation of local communities in the certification process was caused by a lack of information concerning certification and the new opportunities, which should have been provided to the local population and indigenous people.

In forest settlements a certain level of trust in the forest company had existed since the Soviet period, but the information and consultation requested by the FSC standard only started in two of the six companies of the holding, namely at Onezhskoe Wood Floating Enterprise and Nimengales, where places for gathering mushrooms and berries were excluded from cutting. The company conducted public hearings in a few settlements, but this was done according to the Law on Environmental Expertise and was not connected with certification, which initially did not influence much the company's social responsibility.

The situation was different in the Pomor villages of the coast of the Onega peninsula. The local population mistrusted the company, as it was cutting wood near their rural forests. The Pomors were worried about cutting in their hunting territories and near the rivers where they traditionally fished (interview with a hunter of a fishing collective farm 2005) and took their drinking water. They were afraid of a dropping water-level that could spoil the quality of the water (interview with the chairman of a fishing collective farm 2007). The local population took wood from nearby forests for building and repairing their houses and other constructions (interview with the chairman of a fishing collective farm 2007). Their mistrust increased after an unsuccessful attempt by the fishing collective farms to contact PLO Onegales. They tried to get permission from the company to take firewood from territories the company rented from the state and prevent the building of a road which would have run too close to the village (interview with the chairman of a fishing collective farm 2007). However, they did not manage to start a constructive dialogue with the company. PLO Onegales mistakenly believed the Pomor villages were not stakeholders in the FSC certification or entitled to benefit from the company's social responsibility, as these settlements were not located inside their leased forest territories (interview with the person responsible for certification of the PLO Onegales 2006). After the control audit of 2007, due to the intervention of local NGOs and the experts from CISR, the company included the Pomor villages in the list of stakeholders and started the process of constructing trust.

## **5. Discussion and conclusion**

As the analysis showed the process of constructing trust is implemented both globally and locally. On the global level NGO and expert networks build the trust of consumers in an abstract FSC logo, and locally they build the trust of local people in a specific company. Thus, forming trust in an abstract system is localized through stimulation of the corporate socio-environmental responsibility of a specific company that forms the personal trust in this company on the regional level and to their enterprises on the local level. On the



whole, when building the trust of local NGOs and local communities in the company the most important things are regular interaction between all the parties, the range of old or new forms of corporate social responsibility and forming personal trust. It is the socio-environmental context which in many respects determines settled relations of trust and the range of the types of corporate social responsibility.

Three different types of local communities, namely forest settlements, traditional villages and Pomor villages, determine three types of interaction between the certified company and the local population. Forest settlements are treated by the company in a paternalistically supportive way. The company attends to traditional village people but tries to solve problems with a minimum of expense. Relationships between the company and the Pomors are cautious: the company is opposed to excluding large forest plots from cutting and the reservation of these forests for traditional utilization. Experts, international, regional and local NGOs strive to overcome conflicts through constructing trust, mutual compromises and partnerships.

NGOs and experts play the most important role in building trust in the company both on the part of consumers and regional and local communities. They govern the local practices of the corporate social and environmental responsibilities of certified companies and present them as responsible on the international level. At the same time, being stakeholders they help the company to change their practices to build trust on the local level. The role of various NGOs varies depending on the focus of their activity.

Promoting FSC certification throughout the world, WWF played an important role in localizing the global certification process at PLO Onegales logging companies and predetermined the relationships with Russian NGOs. The representatives of WWF acted as experts enjoying common trust, because this international NGO is the main agent promoting sustainable forest utilization throughout the world. Being a FSC forest certification stakeholder, the WWF controls and guarantees the quality of certification.

Interaction with another international NGO - Greenpeace - concerning conservation of old-growth forests demonstrated how the practice building trust by international eco-NGOs can force companies to undertake concrete actions to prove their environmental responsibility in a locality and at the same time creates personal trust between representatives of an NGO and a company. As a result, the administration of PLO Onegales was ready to set a moratorium on cutting wood in large woodlands of the forests of high environmental value.

The interplay between the holding and regional and local NGOs also contributed to forming trust in the company on the regional and local levels, and stimulated a variety of forms and enlargement of the sphere of corporate

responsibility. Though the role of these NGOs was rather occasional and limited, they reduced their contacts with the company due to a lack of resources.

The important role of experts in the construction of trust arises from their high competence, interest in the quality of certification and available resources. They proved to be the guarantor of the high quality of the FSC certification both on the local and global levels. The experts of the Arkhangelsk Certification Center in many respects determined the first forms of localization of the FSC system in the company and took part in the construction of trust in certified enterprises in regional and local communities. However, their role was limited only to the preparing logging company for certification.

The role of expert-auditors was crucial in forming abstract trust in the certified company, as they were responsible for FSC certification quality in a specific enterprise to buyers, NGOs and other stakeholders. In our case, on the local level the auditors provoked mistrust in the FSC certification of PLO Onegales, as they paid little attention to the interaction with local communities. On local level, trust is built on personal contacts between the forest company and local communities. Social experts from the CISR played a very important role in constructing trust between the company and regional and local NGOs as well as local communities. Their activity focused on solving problems of interplay between the company and local and indigenous people. The social experts especially helped PLO Onegales to gain the trust of Pomor NGOs and the Pomors themselves. Due to the experts' activity and intervention, the Pomors were largely informed of the new rights brought by FSC certification, a constructive dialogue started between interested parties, and information was gathered about forests of high social value, which should be excluded from cutting.

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11. Interview with a representative of NGO Etas, October 2007, Arkhangelsk.
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50. Interview with a representative of "WWF Arkhangelsk Office", March 2008, Arkhangelsk.

## **Endnotes**

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<sup>2</sup> Protocol of the meeting of interested parties with the auditors of the GFA Consulting Group and the administration of Onega city, JSP PLO Onegales office, during the control audit on 15.10.2007.

<sup>3</sup> The group consisted of several researchers of the Center for Independent Social Research (CTSR), including the author.