DESIGNING A RELATIONSHIP OF TRUST – DISTRACT BETWEEN A FINNISH FOREST COMPANY AND ITS STAKEHOLDERS IN RUSSIA

I. P. Kulyasov
Centre for Independent Social Research, St. Petersburg, Russia

Summary. In this article examines the example of the relations of trust and distrust existing between the Finnish forest company Metsäliitto and local stakeholders in Russia. Metsäliitto Podporozhye – first logging company in Russia, which must be certified by the scheme PEFC (Programme for Endorsement of Forest Certification). The process of certification plays an important role in the building of trust relations.

The author presents a short history of Metsäliitto Podporozhye, which is important for the analysis of relations with a local community, and also analyzes the social and economic context and presents the main characteristics of the local community and local stakeholders. The main focus of the analysis is on the reasons and mechanisms underlying the construction of trust and distrust. The author proposes several indicators that can help in the analysis of trust relations, and reveals some of the factors that help in overcoming distrust between company and stakeholders.

Key words: construction of trust and distrust, sustainable forest management, PEFC certification, forest company and stakeholders, local citizens, ecovillages.

Introduction

This article examines how the relationships of trust and mistrust are built up between the Russian logging company Metsäliitto Podporozhye (a subsidiary of the Finnish Metsäliitto company) and its local stakeholders. The case of Metsäliitto Podporozhye was selected for analysis because the company has all of the characteristic features of foreign logging companies operating in Russia.

On the other hand, this particular case also has a unique feature that adds a special interest to its analysis. The company operates in a region where the local stakeholders are very active and display a high degree of interest in forest conservation. This adds a unique character to the case study. Conservation of the forests, which is of importance to the local population, provided the main context for the construction of trust.

Metsäliitto Podporozhye is a branch of a large international company of Finnish origin, characterized by a high level of corporate social and environmental responsibility. Its corporate policy, as developed by the head office, determines its high standards in many operational aspects, including human recourse strategies, labor safety, logging technology, its attitude to the global environment and social conventions, and many others. This policy is introduced in all of the company’s subsidiaries operating in many countries of the world [23].

Metsäliitto Podporozhye is the first and only company in Russia to have been certified by the PEFC [25] voluntary forest certification system [18]. This certification system is an alternative to the international FSC (Forest Stewardship Council) system of voluntary certification [24],
which is the most respected and most rapidly spreading worldwide. Before the Metsäliitto Podporozhye was PEFC certified, FSC certification was the only international voluntary certification scheme operating in Russia, and about 26 million hectares of forests have already been FSC-certified up to the present time.

The goal of both systems has been the promotion of sustainable forest management based on environmental and social responsibility and on economic performance. Nevertheless, the systems were initiated by various stakeholders. The FSC certification system was initiated by international NGOs, most of them environmental, while the PEFC system was initiated by forest companies [17]. Another difference between the two systems is that the FSC standards have been developed at a global level, and they determine a framework that is common for all participating countries. The details of its implementation are, however, adapted to suit each specific country and region. The PEFC, in contrast, unites standards developed at a purely national level, with the result that the standards of this system in one country may differ significantly from the standards practiced in another.

In general, the international community regards the PEFC standard as less effective than the FSC standard, especially in the area of social responsibility and protection of the rights of local inhabitants and indigenous peoples [12]. In our case, the Russian National Certification Standard was accredited by the PEFC system [26]. Development of this Russian National Standard was supported by the public authorities and forest companies. However, as it was being developed after the Russian version of the FSC Standard had already been developed and used in practice, the key developers of the latter had already been involved in development of the PEFC standard [11]. This has led to the fact that the content of the National Standard, accredited by the PEFC, is in fact very similar to the FSC Russian version.

Metsäliitto Podporozhye was the first PEFC certified company in Russia. It was a model certification, and hence it was prepared very thoroughly, and it has impacted greatly on relations with local communities. The process of certification has played an important role in the construction of trust relationships between the company and the local community.

Our study was conducted in 2007–2010 within the framework of the project "Trust in Finnish-Russian Forest Industry Business Relations", supported by the Academy of Finland. The data was obtained through semi-structured interviews with managers of Metsäliitto Podporozhye and the Metsäliitto company, representatives of the local management of the public forest agencies, local administrations, and local residents and activists. In total, 20 interviews were recorded. Five focus groups within the local community and conversations with activists and residents were also conducted, as well as participatory observation at meetings of stakeholders.
Theoretical framework

As the theoretical framework of analysis we use the theory of trust. Trust is conceptualized in sociology as an extended multispace social reality, confronting the complexity and unpredictability of social interaction. Accordingly, trust becomes a necessary strategy for overcoming this complexity and unpredictability, to achieve the desired future [20, 2]. Trust is a collective phenomenon that occurs in the interaction and focuses on a number of shared goals and values [19]. It manifests itself in social systems in that the members of these systems operate in accordance with the expectations and perceptions of each other, or with symbolic representations of another [1].

Developing this theory, Giddens has pointed out that, in today's globalized society, the relationship of trust based on personal circumstances, which are expressed in the relations of cooperation between social agents, are complemented by an impersonal trust, expressed in belief in the abstract system, i.e. symbolic sign or expert systems. In this, the relationship of trust forms the basis for expansion of spatial and temporal distancing, which is manifested in globalization [6].

In our case, the corporate policies of an international company and the PEFC international certification scheme, coming together at the local level, are no longer an abstract system in the eyes of the local community, which exists under the threat of losing the forests as their habitat and livelihood. The systems provide them with a mechanism for self-preservation in the form of control over the forest management of a certified company, which positions itself as a socially, economically, and environmentally responsible one. If this mechanism is triggered, it starts to work in the building of trust between the company and the local community.

The symbolic mark of certification and the brand of the company are created for a buyer for whom the logos are markers of the social and environmental responsibility of the producer and of the quality of the product. The consumer of the product, whether a big-selling company or a simple buyer in a store, focuses on the purchase of goods produced under high social and environmental standards, will trust the FSC logo and that of the company. Buying certified products, the consumer acts in line with his or her values. Thus, she affects corporate responsibility, which is developed within the framework of the certification system at the local level. This practice of realization of the consumer's value orientations and demands is regarded by researchers as a practice based on market demand [28]. This is due to the fact that environmentally and socially sensitive western markets increasingly give preference to products and services produced by certified companies, since their certificates attest their corporate social and environmental responsibility.

The trust in certification systems in general was mainly established by NGOs. It was thanks to their efforts that a broad segment of certified forest products appeared on the market. At that time, as has
already been mentioned, the FSC certification system evoked more trust than did the PEFC. In contrast to FSC, which was created and promoted by NGOs, trust in the PEFC certification system has been established and promoted mostly by the forest companies, and supported by government and financial institutions. In the case of PEFC certification, NGOs have played a smaller role.

However, in the present case under study, since the FSC certification has already established a network of experts and NGOs promoting and encouraging implementation of certification standards and rules, the first model PEFC certification has come under the scrutiny of these networks. They participated in the preparation of the certification system, legitimizing it, and thus becoming the guarantors of trust in the system.

Experts became a link between the global and local spaces. They have played an important role in changing local practices of corporate responsibility in certified companies. At the same time, NGOs and experts, as certification stakeholders, help the companies to change their practice of responsibility in the local context and to build trust and interaction between the company and the local community, resulting in closer partnership in forest management.

It has to be noted that if, on an international level, trust was formulated for certifying companies in terms of abstract systems, at the local level trust is being built on the basis of personalized relationships between logging companies and the local community, and depends on their specific interaction. Trust grows and becomes stronger with every case of productive and positive interaction. It can, however, disappear instantly in the case of serious slips, such as fraud, public contempt, or something similar which leads to unfavorable social or environmental consequences.

The author highlights a few indicators that can testify to the process of building trust. In the present study, we use the term ‘indicator’ in its widest sense. It refers to how the studied category is actually manifested. The first indicator is the presence or absence of common goals and values in the company and the local community or in the company and amongst its employees. The second indicator is the openness, cooperation, and constructive dialogue between the company and the local community. The social capital of the company can grow considerably if it is ready to compromise, to meet at least some of the social needs and to be guided not only by its own economic benefits. The third important indicator that shows the trust of the local community is the willingness and practices of interaction with the company in the form of a constructive dialogue.

Local society can take into consideration the interests of the company if the company does not impinge upon the local community’s interests. Trust is born when the local community is able to influence the company’s decisions concerning the following issues: the ability to protect socially valuable forests, to obtain employment, to have the local infrastructure supported, and to have the civic initiatives of the local community financed.
Fourth, a very important indicator of trust is the presence of "human" personal relations between the company and local communities.

It should be noted that the company needs to balance its activity concerning interaction with the local community. If the company is too active in its attempts to build relationships with the community and if it imposes its initiatives, it does not achieve good results in building up trust. The best strategy for building trust on the part of the company is to meet the real needs of the community and to support its own initiatives. In what follows, this will be shown in the example considered in our case study.

**Social and economic context and chronology of the case**

Traditionally, the backbone of the economy in the Podpourozhskiy district of the Leningrad region is the forest industry. In 2006 one of the largest sawmills in the North-West region was built there: Svir' Timber. The Metsähitto Podpourozhye logging company referred to in this article is one of the major logging enterprises in the district. Before becoming Metsähitto Podpourozhye, this enterprise had already had a long history. From 1958 to 1995 the company existed as the Podpourozhskiy LPH.

It was a typical city-forming enterprise. Up to two thousand people worked for it. It produced 450 thousand cubic meters of wood per year, had a Decauville light railroad, its own kindergartens, schools, etc. The upper and lower storages were in Podpourozhye, while most of the enterprise was based in the Vazhini village. In 1995 the enterprise went through bankruptcy, and its stocks were bought by the joint-stock company Progress [7].

This new company received a significant part of the Podpourozhskiy LPH's lease and kept some of its employees. In 2005 the Finnish Metsähitto concern bought 100% of the stocks of JSC Progress, and in December 2005 it was renamed and became the Metsähitto Podpourozhye company. In 2007 a pilot PEFC certification project started, and in 2010 the company received its certificate [8, 9].

The head company, the Metsähitto concern, is a cooperative consisting of more than 131 thousand Finnish forest-owners. This cooperative has a long history beginning in 1934. During this period, the cooperative became one of the largest forest concerns in the world. The annual turnover of the concern is about 6.5 billion euros, while the number of employees is more than 16,000. The company owns many of the logging and wood-processing enterprises, and has sales offices in over 30 countries worldwide.

The choice of PEFC certification for the Russian subsidiary was due to its cooperative form, since small private forest-owners in Finland support and promote the PEFC certification system. It was also due to the fact that most of the roundwood cut in Russia was processed at the Finnish wood-processing companies, which also recognized the PEFC certificate system.
Corporate policy of the Metsäliitto concern and building trust

Like all multinational corporations, the Metsäliitto concern has its corporate policy of environmental, social and economic responsibility. This policy, developed at head office, takes into account both the global requirements and also the features, objectives, and values of the Finnish cooperative and its members. By global requirements I first of all mean the need to gain the trust of consumers in socially and environmentally responsible markets in the Metsäliitto brand. To gain their trust, the company uses the international system of certification that can prove the social and environmental responsibility of the company – in our case, the PEFC system. Another symbolic system used by the company for strengthening their brand is the Global Compact, which has been signed by Metsäliitto.

The Global Compact is a voluntary treaty initiated by the UN [27]. The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption. By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology, and finance advance in ways that benefit economies and societies everywhere.

As social, political, and economic challenges (and opportunities) – whether occurring at home or in other regions – affect business more than ever before, many companies recognize the need to collaborate and form partnerships with governments, civil society, labor, and the United Nations. The obligations undertaken by the company according to its certification system and Global Compact became part of its corporate policy. The latter determines the activity of all of the subsidiaries of the concern operating in many countries.

We need next, therefore, to examine how various corporate policies affect the process of building trust at a local level.

Building trust with employees

As has been noted previously, Metsäliitto Podporozhye became the owner of a company with a long history. It left at work a certain proportion of the employees working for the company’s predecessor: primarily, the office management, since the other workers changed fairly quickly as a result of modernization and related changes in the methods of harvesting, which required the involvement of contractors. By the time that Metsäliitto purchased the company, it had well-established norms based both on common cultural characteristics and on the company’s history.

In such a situation the implementation of new international policies was liable either to collide with the existing norms or to be transformed as a consequence of their existence. The success of the transformation depended very much on concrete individuals. In the case in hand,
I would emphasize the role played by the director of the company, who in a sense became a buffer between the Finnish company, the employees, and even the local community. He contributed much to the adaptation of the corporate policy of the multinational company to local conditions.

The Metsäliitto corporate policy proposed raising the profile of the employees and improving their professional level and standard of living: "We try to make their work interesting and versatile, as well as to support their professional development". Metsäliitto Podporozhye trained their staff themselves and paid for the higher education of their staff. The company encouraged the staff to create a trade union: "We recognize the right of our employees to freedom of association and collective bargaining. We encourage an open dialog between our staff and the company’s administration". The company also did a lot in support of labor protection: "We are expanding our work in creating a safe and healthy working environment for our employees" [3]. Examples of such activity include free distribution of vitamins and medicines for the prevention of influenza, as well as subsidizing food for workers in the enterprise canteen. The salary at the company was also set at the level of the average regional wage in the industry. Thus, building trust with employees at the Metsäliitto Podporozhye was rather successful, since the implementation of its international policy met the expectations of the staff and their idea of how social responsibility should affect them.

**Building trust with the local community**

To analyze the process of building trust between company and local community we need to briefly discuss the specifics of the latter. The company is located in the city of Podporozhye, and while some of its production sites are also there, others are located in the Podporozhye region. Historically speaking, most of them were once located in the village of Vazhini. At the time the research was being conducted, the situation with Vazhini changed, but the district was still considered to be a traditional site for the Metsäliitto Podporozhye company’s social responsibility. In addition, at the time of the study most of the logging directed by the company was being undertaken in the area of the Vazhinskiy rural settlement (A rural administrative unit, which can include several villages located in the neighborhood), and hence the interests of the inhabitants of the villages continued to be affected. Another specific feature of the local community has been the presence of the Grishino ecovillage in the Vazhinskiy rural settlement.

The Grishino ecovillage represents, firstly, its small local community consisting of several families. At the same time, they are formally organized as an NGO "non-profit partnership, the "Ecovillage Grishino". The specific feature of this village is that it is connected to a large social network whose members do not live permanently in the ecovillage but come there periodically to volunteer and to participate
in seminars and other events. Thus, these create a broad supporting network living in different cities, primarily in Moscow and St. Petersburg. The main idea of any ecovillage is the establishment of an environmentally friendly lifestyle and the conservation of nature [16]. In consequence, the inhabitants of the Grishino ecovillage and those who support them were very interested in conservation of the forests around the eco-settlements, and hence they were one of the most important stakeholders in the process of forest certification.

Before the start of the pilot PEFC certification project, interaction was built up mainly between the local community, represented by the local administrations and social institutions of the city of Podporozhye and the village of Vazhini, and the enterprise itself. In interviews, emphasis was placed on the positive role played by the director of the company as a mediator between the Finnish company and the local community [8, 15]. Partly as a result of his efforts, a good relationship of trust emerged between the local and regional administrations and the enterprise. The administration and the people receiving benefits from the company regarded the company as socially responsible. However, manifestations of the company’s social responsibility as a voluntary step went against their own direct economic interests. So by the time of the study the company had agreed to pay about 3.5 million rubles into the district budget, which represented 10 per cent of the rent, or about 12 rubles per harvested cubic meter of wood [8]. It is notable that, to begin with, these sums were defined as mandatory payments under the lease agreement, which was a requirement of the state. But after the remission of this requirement, the company continued to support the district budget at the same level. As we have noted, it was the director of the company who took the active position in this case. He became a ‘spokesperson’ for local interests. These payments were considered by the Metsäliitto concern to be compensation for the use of local resources and the restoration of justice in the distribution of benefits. The company also periodically provided social assistance for the Vazhini community, such as partially funding the celebration of the 450th anniversary of the village. This kind of behavior on the part of the company confirms the notion that one of the indicators of trust is the company’s ability to meet the interests of the local community, even in situations requiring the direct payment of costs.

Another situation affecting trust was observed in some of the small villages and hamlets, including the Grishino ecovillage, located near the logging area of the Metsäliitto Podporozhye company. The villagers were disturbed by the logging. Several logging companies were operating in the area, but Metsäliitto Podporozhye was the largest and best known. The local population did not distinguish between the loggers and did not know exactly which forest had been leased by whom. They believed that Metsäliitto Podporozhye was responsible for a major part of the forest, and they expressed their concern in the following statement: "Finnish loggers are cutting down our forests and taking them away to their coun-
try, leaving us with nothing" [5]. Thus in these villages it can be stated that the population felt a high level of distrust in the company. Before certification, Metsäliitto Podporozhye was unworried by such a situation since they had no formal basis or need to construct a dialogue with the local population. Hence, they undertook no initiative for interaction with these sparsely-populated villages and were scarcely conscious of the existence of the problem. The local population, in turn, were sure that they themselves could not alter the situation. In fact, the company and the local residents had no objective reason to engage in constructive dialogue.

Once, however, the decision had been taken by the Metsäliitto concern to initiate its first pilot (in Russia) PEFC certification at Metsäliitto Podporozhye, which was to become a model certification, the enterprise was obliged to take steps to inform the public and to create an image of an environmentally responsible company. For this purpose, Metsäliitto Podporozhye conducted a series of workshops at regional and district levels, with the participation of representatives of environmental and social NGOs from the national, regional, and district levels. These events contributed a lot to the creation of a new image of Metsäliitto Podporozhye as a more open company whose activities now became clearer and more transparent. In addition, during the process of certification the company started more actively developing new and sustainable forest management practices. This led to new co-operation with NGOs, as they now shared common goals, which is one of the indicators of the process trust-building. Experts from the NGOs and universities became involved in the selection of rare and Red-List species and ecosystems. Participants at their seminars were also informed in detail about these activities. Hamlets such as the Grishino ecovillage were, however, not yet involved in the process at this initial stage [14].

The particular role of informing the local population was played by social experts from NGOs. As both a part of the social network of the Grishino ecovillage and also experts on the social issues involved in the forest certification, they conducted a focus-group for participants from the ecovillage. The experts informed them about the corporate policy practiced by Metsäliitto Podporozhye, and discussed the opportunities for interaction with the company which would be provided by the standard of certification, including ways for the ecovillagers to influence the company’s decisions. This mediation was important and quite efficient, since the experts enjoyed credibility in the community, not only as members of their network and of the company but also as experts in the field of social interaction within the framework of voluntary certification.

In light of the work conducted by these experts, the residents of the Grishino ecovillage changed their minds about Metsäliitto Podporozhye and decided to enter into dialogue with the company within the framework of PEFC certification. Here again we can observe an indicator of common goals and values. The activists of the community
realized that they shared certain common objectives with the company, and hence there was a basis for building up a degree of mutual interaction. It should also be noted that the company actually demonstrated its declared openness and readiness to interact. Thus, the residents of the ecovillage, as stakeholders, were provided with maps of the leased forest areas and other necessary information related to logging. The ecovillagers and the company had found their common goals and values. According to the certification requirements and corporate policy, the Metsäliitto Podporozhye company was developing sustainable forest management practices, and the ecovillagers were also interested in this. The company was involving seasonal workers in reforestation and it invited ecovillagers to participate in the forest-planting. Ecovillage representatives were included in the list of stakeholders, and so they started receiving comprehensive information about the company’s public events. This resulted in an improved attitude to the company, which was no longer perceived as impersonal "Finnish people who take out resources" [10]. The local communities could now see in them a company with which they could interact. This marked the beginning of trust-building between company and communities.

The next stage in closer interaction and trust-building was related to the participation of the ecovillage and volunteers involved in the ecovillage in the reforestation work organized by Metsäliitto Podporozhye on plots located near the ecovillage. The work lasted one month, and some of the volunteers worked even without being paid, because they believed the action to be useful. As a result, the relationship between the two parties became even better. The ecovillagers stopped considering the company as the alien threatening their forests. The company also started regarding the ecovillagers as their colleagues. In addition, the local state forest agency, controlled the planted plots, paid attention to the fact that the quality of the plantations made by the ecovillagers was much higher than that produced by the usual seasonal workers. Thus, a strong relationship of trust came to be formed between the ecovillage and the company, based not simply on the interaction but also on the good results of a particular job.

A new stage of interaction between the ecovillage, the old villages, and the enterprise which tested the new-found trust was an initiative of the ecovillagers and local residents concerning the conservation of their socially valuable forests. The local population were concerned by intensive deforestation around the ecovillage since the nearby forests were a traditional area of recreation and used for gathering mushrooms and berries. The ecovillagers created an ‘eco-ethno-path’ in the forests that could be destroyed by logging. They were concerned even more by the state of the local forest and river ecosystems. People noted that fewer animals came into the woods, and the River Vazhinka was growing increasingly shallow. They saw the cause of these processes in the clear-cutting system, where the clear-cutting
was carried out, for instance, in an area of 50 hectares and then, within only a few years, nearby plots were cut again. To oppose these practices and to conserve their socially valuable forests, the ecovillagers proposed the idea of a 10 km zone of sustainable forest management around the EV Grishino and the nearest village of Soginitci. This initiative was supported by the small populations of the villages of Grishino and Soginitci, as well as by the local authorities of the Vazhinskiy rural settlement.

The residents’ initiative group requested a halt to any logging within a 4 kilometer zone around the settlement, since within this zone most of the forests had already been cut down, and the remainder was necessary for the everyday needs of the local people. Within a 10 kilometer zone they also proposed only selective logging. They addressed this proposal to the company, the local authorities, and the public, suggesting that they "eliminate clear-cutting within a 10 km area located around their villages, replacing them by selective logging. They explained that in the case of selective logging, the forest could conserve all its functions and properties, including climate-forming and hydrological functions, so that springs and rivers do not suffer; the habitat of the forest community: animals, birds, etc.; the habitats of various plants, including rare species; an area for gathering mushrooms and berries; the recreational function – as a place of recreation and as a vital environment for the growing ecovillage population" [4]. The address was in line with the environmental and social corporate policies of Metsäliitto and the certification requirements.

The initiative group addressed this proposal to Metsäliitto and to another logging company operating near Grishino. Metsäliitto Podporozhye immediately entered into a constructive dialogue with the residents. In my opinion, such a quick and positive response was caused, on the one hand, by the ongoing process of certification with its focus on the corporate policy concerning sustainable forest management, and on the other hand, by the already established relationships of trust. Both parties realized that to obtain formal permission to create a 10 kilometer area with no clear-cutting, they would have to approach the regional authority, which would take a long time. In consequence, Metsäliitto Podporozhye displayed its willingness to compromise and so, as a first step, agreed on a moratorium on logging in the forests that were of greatest importance for the local people. This decision could also be regarded as fulfillment of the certification requirement concerning the conservation of socially valuable areas of forest, and hence both parties had in this case a common objective, a factor that normally creates and strengthens trust. A short time later, in response to the proposal made by the Grishino ecovillage, the Metsäliitto Podporozhye company suspended logging within the proposed 10 kilometer area surrounding the village until comprehensive approval had been received from all stakeholders on the management of the forest, which would also require the agreement of the regional bodies governing
forest management. The forests located in this area were subsequently excluded from the forest declarations of 2009 and 2010, i.e. they were not included in the plans put forward for logging [22].

In the course of interaction with the company on the issue of conservation of the 10 kilometer area of the forest the initiative group demonstrated their flexibility and constructive approach. They did not simply put forward a demand that logging be prohibited, but were searching for a mutually acceptable compromise. They participated in extensive consultations with experts, both from the company and from other organizations. For example, in the course of the negotiations and consultations they discovered that in wet spruce forests selective logging would not result in the preservation of the natural environment, so the decision was made to move over to clear-cutting, and both parties defined their volume as 4 hectares (the authorized area had been 50 hectares) [13].

The parties also corrected other parameters of the clear-cutting. In addition, the company decided that all such logging would be agreed with the ecovillage, and the subsequent amendments would be entered in the documents defining the forest utilization. Given the desire of the Grishino ecovillage to develop sustainable forest utilization in areas adjacent to the village territory, the Metsäliitto Podporozhye company proposed cooperation with the ecovillage in the area of reforestation, the carding of stands, conducting environmentally-oriented selective cutting, the development of demonstration forest sites, etc.

Dialogue between the initiative group and the loggers was conducted with the participation of the regional authorities and the Public Council affiliated with the regional Committee of Natural Resources. The three-year dialogue resulted in a mutually acceptable solution. The relationships of trust between the company and the residents strengthened in the course of this interaction. In this case, therefore, we can see the manifestation of all four indicators of trust — similarity of objectives and values, commitment to a dialogue and compromises on the part of the company, willingness to conduct a constructive dialogue and to reach compromises on the part of the community, and the formation of "human relationships", i.e., personal trust between residents of the Grishino ecovillage and the managers of Metsäliitto Podporozhye.

I will present one further illustration of trust-building between the company and local activists that demonstrates how private trust is formed. After Metsäliitto Podporozhye received its PEFC certificate, the company held a workshop for stakeholders from the various structures at which they informed the participants about their practice of sustainable forest management. Representatives of the Metsäliitto company international office were also present at the seminar, and representatives of the Grishino ecovillage were also invited to the workshop as participants and speakers.
They were expected to talk about how they had interacted with the company as local stakeholders. After many positive speeches by the company and by experts about the successes achieved by the company, the ecovillage activists criticized the logging that had been done by Metsäliitto Podporozhye. On the one hand, they recognized the value of their constructive cooperation with the company, but on the other hand they showed photographs illustrating the former forest and the same plot after large-scale clear-cutting. The photographs and declarations of the ecovillagers made a strong impression on the participants and caused some confusion. The ecovillage residents used this moment to put forward a proposal for the creation of a 10 kilometer area of sustainable forest management around their village (this event occurred before any final decision on this issue had been reached) [21].

Thus, they were able to use this event to spread the word to a wider audience of stakeholders and also to the top management of the Metsäliitto company. It is notable that this incident has not worsened the trust between the ecovillagers and the company. The relationship of trust, including personal trust, established during the continuous interaction turned out to be strong enough to face this confrontation. As a result, the declaration made by the ecovillagers has persuaded the company to move toward making the right decisions.

Conclusions

The analysis in this case study demonstrates how trust between a subsidiary of an international company and a local community in Russia can be built up. The framework for trust-building is the company’s corporate policy, which is implemented in all of the enterprises run by this international company operating in numerous countries, and also by international systems of social and environmental responsibility adopted by companies, including, in the present case, the PEFC voluntary forest certification system.

Internal corporate policies become factors that help to build up trust between a company and its employees in cases where goals and values declared in the corporate policy coincide with similar ideas, goals, and values promoted by employees in the course of their implementation (the first indicator of trust-building). The case examined the present study shows that if the leaders of the subsidiary are able to find this link and adapt the company’s international policies to the expectations and perceptions of its employees, then it will build trust between them.

With regard to trust-building with local communities, international corporate policies have a considerably small impact in this area. Instead, a voluntary certification system will play a larger role here and will move to the forefront of negotiations. There are numerous examples of the beneficial influence of the FSC certification system in building relationships of trust between a certified company and a local population.
Our particular case shows that PEFC certification, which is often criticized for the weakness of its social component, has nevertheless had a decisive influence in the construction of relationships of trust with a local community. This is probably due to the fact that the Russian national PEFC standard was developed on the basis of the FSC system, as noted above. In addition, the active involvement of social and environmental experts and the presence of an active, competent ecovillage community focused on sustainable development and sustainable forest management also strengthened the potential of the impact of certification on building relations of trust between the community and the company.

The lack of trust between the company and the local community that existed at the start of the present research, caused by a generally negative attitude to clear-cutting and to a foreign (Finnish) company, was gradually overcome by the company’s openness and by a constructive dialogue, cooperation, and mutual compromise between the community and the company. The Metsäliitto brand as that of a Finnish company which was initially perceived negatively, as a company exporting resources away from the local community, later became a synonym for an environmentally and socially responsible company, especially if compared to other local businesses.

The indicators of trust proposed by the author became evident in the course of the case study. The similarity between the goals and values of the company and the local community, including company employees, became the basis for trust-building. The second and third indicators, namely, an openness and willingness to enter into dialogue and constructive intercommunication, on the part of both the company and the community, played a key role in the process. In particular, the subsequent practices of the company and local community contributed a lot to the building up of trust: seminars, workshops, and roundtables on certification conducted by the company for all of its stakeholders, consultations with the local community conducted before and during the certification audit, the active stance of the Grishino ecovillage residents, their suggestions and work with the company and the authorities concerning the change in forest utilization practices in the 10 kilometer zone around ecovillage, the transition to sustainable forest management in selected territories, and the participation of the local people in reforestation work.

Finally, the agreement on changing the practices of forest utilization in the 10 kilometer zone around the ecovillage and nearby villages consolidated the trust. The fourth indicator, namely, the forming of "human relationships" between the activists in the local community and representatives of the company also turned out to be very important. It characterizes the relationship of personal trust. This kind of relationship between the managers of businesses and activists helped to overcome acute situations arising in the course of interaction.
Bibliography

3. Corporate social policy www.Metsäliitto.ru
5. Focus group with local citizens (Grishino and Soginitsy villages), 2007.
7. Interview with the director Podporozhie district leskhоз, 2007.
8. Interview with the director of Metsäliitto Podporozhie, 2007.
9. Interview with the director of Metsäliitto Podporozhie, 2010.
11. Interview with the expert from FSC National initiative standard working group, 2008.
12. Interview with the expert from NGO Biodiversity conservation center, 2008.
15. Interview with the Vazhini administration, 2009.
21. Participatory observation at the meeting in 2010.
22. Protocol of regional stakeholder meeting, 18 may 2010.
25. www.pefc.org
26. www.pefc.ru
27. www.unglobalcompact.org