



Institutional trust: The process of trust formation in Russian forest villages in accordance with the international system of forest certification[☆]



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ABSTRACT

The article analyzes the construction of trust in the international system of forest certification promoted by transnational non-governmental organizations (NGOs). The essence of this system – to improve the environmental and social responsibility of forestry companies by providing them with additional competitive advantages in the global market. The study demonstrates that, on an international level, the degree of trust in the system is affected by its design features (management structure and organization of the certification process) as well as the expert activities of a number of transnational NGOs and certification bodies. At the same time, at the local level trust in the new system is constructed on interpersonal relationships between the local community and the certified company. The initial foundation of this process is the rational interest of the local community in the new opportunities and resources offered by the system. At the same time, using the new rights, residents gradually begin to adopt new rules and values. This leads to further development of institutional trust and its transformation from the instrumental to the social, based on common shared values. This article identifies and analyzes the general steps undertaken in trust formation toward a new system that are common to all settlements. At the same time, the research has demonstrated the diversity of the communities and of the factors involved in local trust formation in variety of different cases (the economic prosperity of settlements, the availability of local initiatives in the villages, the immediate task of collecting and collating everyone's problems so that they can be resolved through the new system). The research itself has been based on qualitative research methods (semi-structured, participant observation, and analysis of documents), and the data has been collected at Russian forestry enterprises and forest settlements in the period 2007–2009.

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1. Introduction

In recent decades the issue of trust has become one of the most popular in the social sciences. If, several decades ago, it was in the process of starting to attract the attention of researchers, now it has become a fashionable trend. The classic explanation of the significance of this theme for modern society is the thesis of its “pioneer”, N. Luhmann. He considered trust to be an opportunity to reduce the social complexity and confusion of modern society through making stable expectations available in relation to other people and whole institutions (Luhmann, 1979: 8). As noted by many researchers, the need of a global society for trust increases because it is characterized by further complication and differentiation. Thus, in a global society institutions begin to implement a function of creating and sustaining trust (Levi, 1998; Misztalk, 1996). Examples of these “institutions of

trust” are the international non-governmental certification systems aimed at improving corporate social responsibility and at increasing trust in the global market between producers and buyers (McDermot, 2012). Such institutions of trust have been connected with the activities of transnational non-governmental organizations (NGOs) seeking to reduce the negative environmental and social impacts of corporate activities (Bartley, 2007; O’Rourke, 2005). They have developed standards for the production of goods in the form of specific ethical codes and certification systems. These standards are used in the market to brand producers as socially responsible ones (Cashore, 2002). Corporations, for fear of consumer boycotts against them, have been compelled to enter into partnerships with NGOs to obtain certification of their products. They began, however, to use such certification as an added advantage to increase the competitiveness of their enterprises (Bartley, 2007; Conroy, 2001). Thus, certification systems, promoted by NGOs, became an additional sign of quality. It included such semantic connotations as social guarantees for workers and local people, guaranteeing no harm to the environment. It also helped to increase trust in the companies’ activities on the part of their partners and consumers. New regulatory institutions were subsequently created in the wood, textile, marine, and agricultural industries.

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These processes have been most widely used in the forestry sector (Gale and Howard, 2004; Rametsteiner and Simula, 2003; Humphreys, 2006). In 1993 the first international system of forest certification, the Forest Stewardship Council (FSC certification), was established. Forest certification consists of a system of standards governing the commercial exploitation of forests, focusing primarily on environmental and also on social management practices. It includes the implementation of a complex of environmental and social measures, offering additional market advantages. The orientation of the Russian forestry sector toward exports and international standards, contributed to the intensive spread of FSC in Russia. In 2007 Russia ranked second in the area of FSC-certified forests, after Canada. The total area of certified land in Russia at the beginning of 2009 amounted to 23 million hectares. The innovations of FSC have led to changes in management practices at a local level (Keskitalo et al., 2009; Tysiachnouk, 2009). The effectiveness of these changes is largely determined not only by the strategies of companies and NGOs in implementing the new system but also the community's willingness to accept and use it. In this regard, it is important to understand how trust can be developed in the new institutions in a community.

The objective of this research is to analyze the mechanisms and dynamics of constructing the trust of the Russian forestry villages in the international forest certification system.

2. FSC as an international non-governmental system of forest management

The forest certification system has grown out of the mistrust felt by civil society for business (McDermot, 2012). It has led to the creation of non-state regulatory institutions whose task is to create more control over corporate activities, carried out by certification bodies and NGOs. But in its turn the new system is required to win the trust of buyers in the world market and to demonstrate its reliability and performance, including comparison with other certification systems.

The FSC standard includes economic, environmental and social principles, criteria and indicators through which the compliance activity of a company with the rules of sustainable forest management can be assessed. The economic principles were related to effective, long-term forest management (require mandatory planning, the monitoring and evaluation of the results of the timber production, maximum use of forest products to avoid any mono-orientation, and the assessment of existing resources). The ecological principles require timber companies to reduce any adverse environmental impact (strict control over the use of petroleum products, no violation of the soil, the preservation of key biotopes and virgin forests). Social principles protect the rights of workers and local communities in forest management (conservation areas that represent the environmental, cultural and economic benefits on behalf of local communities; that respect the rights of indigenous peoples to their traditional way of life, providing jobs for local residents; that safeguard their participation in forest relations, respecting workers' rights, creating comfortable and safe working conditions for workers and helping the local community).

In addition, the implementation of global rules in different states also involves the development of regional and national standards.

The power in the FSC (like other forms of private market regulation) is localized in the transactions, i.e., the ability to produce power through the supply chain, to market brands, while manipulating consumer preferences (Cashore, 2002). Since this system is based on market mechanisms of coercion, its key point is the existence of an eco-label. This label is attached to the final product, demonstrating to the consumers that the product comes from the "good" managed forests, in which forestry companies operate in accordance with modern international environmental and social regulations. Thus, any

company that performs according to the standards of FSC has the ability to obtain a certificate and to use the eco-label.

A company must go through an audit to reaffirm its commitment to the principles and criteria of FSC and getting FSC certificate. FSC certification provides for three types of certificates: 1) A certificate of forest management, which requires the maintenance of a certain level of forest management and forest management practices. The certificate is attracting the interest of companies involved in logging activities. 2) A certificate of the supply chain, aimed at monitoring the legality of the timber supplied. This type of certification applies to forest industry companies involved in the processing, transportation, and sale of wood products. 3) A mixed certificate, involving forest management and the supply chain.

The governing bodies include the International Council and the Assembly FSC, in which there is equal representation of business interests and environmental and social NGOs. Regulatory authorities in the FSC system are the independent auditing firms who decide whether to issue a certificate. Hence, they are responsible for the quality and effectiveness of the certification system. Moreover, their activity is also controlled by the ASI (Accreditation Services International) organization. On a par with NGOs, certification bodies are actors that guarantee the social responsibility of certified companies.

In general some scholars suggest that the structure of FSC certification provides flexibility and effective control, the maximum participation of stakeholders, and an openness to observers from outside (Conroy, 2001). This system created by the efforts of NGOs, is positioned in the global market as a more rigorous system than other certification systems, where business has had the leading position in the development of standards and organizational structure. The latter circumstance is often viewed as an attempt on the part of business to weaken certification standards and make them easier to execute. In addition, other systems do not always combine environmental standards with social ones, or the possibility of regional variation and additional control mechanisms (Meidinger, 2007).

Despite the above-described advantages of this system, there are criticisms against it. Some more recent examples include the following notes that "the proponents of FSC have not left the success of the scheme entirely to free market forces, but have engaged in a form of demand manipulation through NGO-sponsored forest and trade networks" (Humphreys, 2006). Saastamoinen (2009) interprets "well-managed" as FSC-certified and he also interprets "encourage" to sometimes mean almost the same as force-feeding selective information to consumers, organizing boycott campaigns, and maintaining public web-sites listing companies as "qualified" or "not qualified" according to FSC criteria. In addition, the FSC system is not based on the ISO 14000 system, it is not recognized by the IAF, but is based, rather, on the criteria and indicator system developed by regional C&I processes (Saastamoinen, 2009).

In this article, therefore, we intend to discuss the problem of FSC efficiency at a local level through the concept of trust.

3. The theoretical foundation of the research

There are different conceptual approaches to the trust that may be considered. According to A. Giddens, trust can be identified with "blind faith". N. Luhmann provides a more functionalist interpretation, under which trust is a tool that reduces our risks and is largely a rational property of the system. In his theory trust is a form of encapsulated interest. Some scholars suggest that trust exists on a continuum between faith and confidence, and that its development is the consequence of the existence of a specific context (Tyler, 1998; Levi, 1998).

In accordance with A. Giddens institutional trust is faith in symbolic signs and expert systems (Giddens, 1990, 32–33). Its intensive spread is characteristic of modern societies and is associated with the following processes. Firstly, it implies the existence of symbolic

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