

## Factoring the Trust in the Regulatory Relationships: A Reflection from Tanzania's Mining Sector

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### **ABSTRACT**

*This paper argues on the complementarities between regulatory structures and relationships which stems upon the reciprocated trust between the mining regulators and operators. One key question addressed by this paper is how can trust relationships better complement the regulatory structures towards improving the natural resource governance for socio-economic development and transformation? Drawing mainly on the case of Tanzania, the paper indicates the trust gaps and offers some perspectives on the role of trust in the regulation of mining activities in a resource-rich lower-middle-income economy. The paper looks at both the cause and effects of trust relationships within a regulatory system in the mining sector of Tanzania and sheds light on the practical challenges and opportunities of building the trust. In the light of the increasing allure of collaborative regulation, the paper also takes a brief navigation into the manner in which trust relationships are established or destroyed by various regulatory stakeholders. Conclusions are drawn by underlining the importance of trust relationships for effective regulation in less developed resource-endowed countries like Tanzania*

**Keywords:** *Trust, regulation, trustworthy, distrust regulation, trust demonstration*

### **INTRODUCTION**

Tanzania is one among the resource-endowed countries with various minerals reserve in Africa. The country has been mining the stockpile of gold and other precious minerals but it is yet to realize a significant improvement in socio-economic life of its populace (LHRC, 2018; Rutenge, 2016; Curtis, 2012; Lugoe, 2012; Curtis & Lissu, 2008). This undermines the prolonged efforts since 1960s in which the Government of Tanzania (GoT) has been adopting some rigorous laws and regulations for mining and minerals production (URT, 1969; URT 1979; URT, 1997; URT, 1998; URT 2010a; URT, 2010b; URT, 2017a, 2017b, 2017c; URT,

2018a, 2018b, 2018c, 2018d, 2018e, 2018f, 2018g). As more socio-economic challenges continue to suffocate the Tanzanians, the author of the current paper suspected that the existing methods of regulatory response which are largely based on policy intervention are certainly insufficient and might be lacking backups of trust phenomenon. It was assumed that the government regulators might have been concentrating much on structural aspect of regulatory regime while putting less emphasis on trust-relationships hence remained ineffective on achieving regulatory objectives. The same assumption was stemmed on a thesis that regulatory relationships which are based on reciprocated trust, if tactically combined with rules and regulations, would have guaranteed regulatory effectiveness. In this regard, trust was considered to be a key factor which can potentially help to foster cooperation and dialogue between the regulators and the regulated entities especially in the context of mining activities. This pre-conceived assumption drove the author of this paper to conduct a small study which was aimed to confirm and establish the appropriate means to forge the trust relationships among the government regulators from various agencies and between them and the mining operators.

## **METHODOLOGY**

The argument in the current paper is based on a six months' qualitative inquiry of the situation of regulatory relationships between the government regulators from different agencies and between them and operators in the large-scale mines in three popular mine-sites in Tanzania. The study was conducted at Bulyanhulu Gold Mine (Kahama) which was owned by Barrick Gold Corporation (BGC), Geita Gold Mine (Geita) which was owned by AngloGold Ashanti (AGA), and North Mara Gold Mine (Tarime) which was also owned by Barrick Gold Corporation (BGC). The investigation was carried out between March and September 2019 and the data was obtained from both the primary and secondary sources. The first-hand information was obtained from field survey and in-depth interviews with various people including the mine inspectors from government regulatory agencies, namely the Occupational Health and Safety Authority (OSHA), National Environmental Management Council (NEMC), Mining Commission and Tanzania Revenue Authority (TRA). Other category of interviewees included the large-scale mining operators who were reached through informal consultations due to their being restricted by their employers from talking to the researcher despite

his formal presentation of personal identification and research permits from government authorities. The last category comprised of key informants from local communities in the studied areas. The researcher supplemented the field data by conducting an extensive review of several documents including the research reports and journal articles.

## **FINDINGS AD DISCUSSION**

### **Key Regulatory Challenges Revealed in the Study Areas**

There were four key regulatory challenges revealed in the study areas, namely inter-institutional distrust, inadequate capacity of some regulators, political interference, and failure to balance the interests in dealing with large-scale mining multinationals. With regard to inter-institutional distrust, the data indicated the prevalence of incongruity among the regulators from various government agencies which had, in some cases, led to undue delays and bureaucracy in monitoring, inspection and auditing activities. This has partly been caused by role confusion like the case in which the Inspectorate Division of the Mining Commission and the NEMC play the similar role of monitoring environmental compliance. Since the same task has not been performed simultaneously by the two agencies, the inspection by the last performer has been wrongly perceived by some observers including some precede inspectors as “follow-up verification” or “the monitoring of the monitor”. It has also created concerns among the mining operators who were subject to multiple check-ups. The same incident was generally seen as creating unnecessary layers of bureaucracy and institutional tensions.

The second challenge, inadequate capacity of some regulators entails their lowered potentiality in terms of their personal worth and contribution towards the regulatory outputs. The Mining Commission, for example, had acute shortage of technical staff with solid academic backgrounds. The academic profiles of some of them indicated mostly the first-Degree holders with insignificant industry experience. Yet, there were seemingly less efforts to subject them to the capacity building institutions and the programs of formal trainings which would guarantee their transformation to becoming the relatively good-quality human resources. Besides that, the volume of monitoring, inspections, and extension work made it difficult for the limited number of staff to fully and effectively accomplish all the tasks. The inadequacy of staff meant insufficient inspection and monitoring of mining operations hence the existence of loopholes for noncompliance by some unfaithful operators. This, in turns,

extended their being distrusted. For example, there was a case in which the local residents at Bulyanhulu Gold Mine blamed the MC's staff on a failure of the Inspectorate Division to effectively monitor the development of the mine such that their several houses were drastically damaged by constant tremors (Field Data, 22<sup>nd</sup> May, 2019).

Political interference along the licensing, mining and minerals production processes is another challenge. For example, the law confers the minister responsible for minerals with the ultimate power to grant or terminate the mining titles. Yet, the same law does not detail the consequences of the arbitrariness or of the minister's power. Despite the fact that the minister can seek the advice of the Mining Commission and that some of his decisions can base on the advice of the Mining Commission, there has been some chances for making some solely subjective decisions. Similarly, there were some evidences especially in North Mara and Geita where some individual politicians have used their influence to intervene in some decisions affecting the mining operations especially at regulatory design and implementation stages. Even though this practice is not common to all the mine sites in the country it seemed to have produced some multiplier effects. The collision between political appointees and regulators were signified in some cases in which the processes of recruitment by the Mining Commission have been directly or indirectly influenced by the sector minister (Field Data, 16 May, 2019).

Another challenge is failure to balance the interests in dealing with large-scale mining by multinational corporations like BGC and AGA and the artisanal and small-scale miners (ASM). Regulation of the large-scale mining (LSM) operations has been formal but somehow complex. On the other hand, some of LSM activities have reflected their defiance of the law despite the existence of various rules and regulations to guide their operations. The reasons for this occurrence include the problem of having long and complex bureaucratic procedures, lack of regulatory capacity to enforce compliance and failure to balance the interests when dealing with the foreign operators. Conflict of interests has been seen in dilemmas in the setting of priorities by the GoT to the extent of becoming unable to balance between attracting and protecting FDI in the country and ensuring the availability of opportunities for local citizens. In this case, some government officials and politicians have tended to support the operations by small-scale miners (some of whom appeared to operate informally) while at the same time wish for foreign investors to keep up their formal

operations. This tendency has caused several incidents of invasion in the concessions of some large-scale mining companies especially in the case of North Mara (Field Data, 18th June 2019). Such events have caused the extension of distrusts of the government regulators.

### **Indicators and Evidences of Trust Deficit among the Mining Regulators and Operators**

The data revealed inadequate collaboration among the regulators from different regulatory authorities due to trust deficits (Field Data, June 2019). For instance, some officers from the Mining Commission could not easily share the information of regulatory relevance with those from OSHA, NEMC and TRA partly due to lack of faith. This was true even between the co-workers in the same institutions. One Mine Resident Officer (MRO) worked for Mining Commission in North Mara Gold Mine explained:

“Several undesirable incidents taught me not to trust anybody even the co-worker. For example, one of my sad memories of my previous unwarranted trust happened when some confidential information from my personal files leaked to the inspector from OSHA who used the same info to serve his purposes while left me in blames. This created unnecessary tension and dismay especially against those who shared with me the office premises (Field Data, June 2019).”

The above quotation indicates that some regulators do not trust each other especially when dealing with confidential matters. The fear of leakages of confidential information and the failure to perform professionally by some regulators like the one who unduly accessed and utilised the leaked info are some of the reasons for distrusts among the regulators.

With regard to regulator-operator relationship, the government regulators faced some structural and situational challenges most of which lowered their performance and thereof their trustworthiness. For instance, some of them confronted the problem of information scarcity or misinformation from mining operators particularly those worked for AGA and BGC. This was especially in the case in which the two companies were trusted to pursue management-based regulation through the internal rulemaking and monitoring (Field Data, June 2019). Delegation of authority to the firms created some loophole for opportunistic behaviour that was sustained by information scarcity or misinformation. This trend has made some

government regulators remain unable to exercise their discretionary authority in a manner that would enhance their trustworthiness (Field Data, June 2019).

Moreover, government regulators are expected to be mannered with values of honesty and integrity and effectively discharge their obligations but there were incidents in which these expectations were not met hence the drop of their trustworthiness. For instance, some government regulators happened to be inconsistent and unpredictable in their field performance, the manners which lowered their trustworthy (Field Data, June 2019). Furthermore, there was a tendency in which some regulators could not professionally spend their ample time in clarifying regulatory policy intent, rather, they largely focused on administering and enforcing the regulatory policy and behave like 'fault finders'. This trend was explained differently by various operators. For instance, one operator from Bulanhulu Gold Mine revealed that the TRA officials were relatively 'open minded' when addressing certain regulatory issues as compared to other regulators like those from OSHA and NEMC who were said to have tended to behave like the 'fault finders' (Field Data, Kahama, 23rd May, 2019).

One operator at Bulyanhulu Gold Mine explained:

“The issues of monitoring and enforcement raise questions of trust. If there is a lack of trust between regulators and the regulated entities or, between the government regulators themselves, the efficacy of regulation is weakened. This is especially serious in the situation in which the operator appears nervous on fearing that any breach can lead to the imposition of a strong penalty (Interview with mining operator at Bulyanhulu, 23 May, 2019)”.

The above quotation suggests the need for regulators to remain trustworthy in monitoring, guiding and supporting the regulated entities to enhancing compliance. This substantiates the role of trust in the regulatory relationships.

### **The Role of Trust in the Regulatory Relationships**

Trust has been defined differently in different academic disciplines including philosophy, sociology and political science. The synthesis of insights from various scholars including Stern & Coleman (2015)

suggests that the same concept can generally be defined as an individual's (interpersonal) or group's (organisational) expression of positive expectation and willingness to accept vulnerability in the face of uncertainty. In this paper, trust refers to as guts of accepting vulnerability in the face of uncertainty with an expectation that the one who owe will certainly reciprocate. Trust formation, therefore, involves an object which is trustee and a subject which is trustor. In the process, the trustee is expected to be trustworthy or to have attributes of trustworthiness for the trustor to coincide trust. The attributes of trustworthiness in the context of regulatory relations usually include the qualities of being honesty, competent committed and cooperative (Geoghegan & Renard, 2002; O'Neill 2014, 2018).

According to Stern & Coleman (2015) there are four distinct types of trust relevant to regulatory practices: dispositional, rational, affinitive, and systems-based trust. Dispositional trust is based on individuals' pre-dispositions to trust or distrust in a given situation. Personal experiences, historical memories and tales about particular situation may set precedents on which an individual develops trust or distrust. Rational trust, on the other hand, is based on the truster's estimation or calculation about outcomes from the initiatives of the potential trustee. In this sense, if the estimates are pointed to the negative outcomes, then the rational trust was low and the vice-versa of the same incident might be true. Rational trust is therefore influenced by knowledge/information and logical calculations.

Affinitive trust is based on personal relationships and social interactions between participants in the group settings. It is centred on affinity for the potential trustee as manifested into social affiliation, intimacy, shared experiences, perceptions of shared identities and social values (Stern & Coleman, 2015). The other one, systems-based trust is specifically centred on the meanings attached to the set of procedures or rules, rather than trust in an individual or organizational profile. In the contexts of Co-regulation, system-based trust is realised when all actors in the given setting perceive the rule formulation and regulatory procedures as fair (Stern & Baird, 2015; Moffat, Zhang, & Boughen, 2014). In this regard, when procedures in the rule formulation, for example, are jointly agreed upon as being fair by majority actors, participants can place the greater faith and voluntarily comply with the same (Moffat et al., 2014). To that end, the effectiveness of Co-regulation is attained. Considering this

assumption therefore the trust in Co- regulatory environment is considered to be most important of all.

From above insights, trust is hereby considered to be the glue that holds regulatory relationships together and it is also the lubricant that smoothes regulatory process. Trust is essential in regulatory environment since it guarantees stable relationships that are vital for the maintenance of cooperation among various regulators and between the regulators and the operators (Field Data, 2019). A certain amount of trust is therefore integral to the functioning of regulatory system, whether of the local, national or international domains. In that regard, breakdowns in trust often result from regulatory uncertainty which may result from errors by either regulators or by operators. Regulatory uncertainty and a resulting loss of trust may affect all or section of players in the regulatory field including direct financial losses out of, either, investigation, litigation or dissolution, or all of them. The most frequent outcomes of regulatory uncertainty on part of business operators is increases in cost, lost revenue, cancelled or postponed investments while regulators tend to carry political or administrative burden.

The scholars agree that a certain amount of trust can trigger reciprocity in the context of regulatory governance and this is based on one's belief about the other party's trustworthiness (Heemskerck, Gomiam & Pinas, 2015; Stern & Coleman, 2015; Stern & Baird, 2015). In this regard, the business operator may comfortably comply with certain regulations on believing that the regulator will reciprocate the trust by acting in a manner that doesn't cause harm to the operator's interests. In light of the above, a working definition of trust in the context of regulatory governance is based on 'the belief that the operator will not be harmed when her interests are placed in the hands of the regulator'. When this happens there is a chance for arousal of expectation that 'since there is no harm caused thereof, the operator will positively reciprocate by voluntarily complying with regulatory mechanism that pleases the regulator and which ultimately promotes public interests. This analogy insists the importance of reciprocity in the regulatory relations. Reciprocated trust in the regulatory relations means that the regulator is akin not only to the operator's interests per se, but also to how her character influences the formation or maintenance of the operator's interests, and how her capacity to reciprocate trust is affected by external constraints. Similarly, in the context with several regulatory agencies, one agency may



comfortably cooperate with the other on the expectation that the fellow regulator will put their shared interest's paramount.

Different scholars have variedly studied the causes and effects of trust in contexts ranging from interpersonal interactions and small groups to large-scale networks and governments (Karen & Jessica, 2017; Kuwabara, 2015; Schilke & Cook, 2015; Kim, et.al, 2004). Among the sources of trust are individual-level factors, such as those which allow for assessments of others' incentives and trustworthiness (Karen & Jessica, 2017), as well as organizational and institutional factors that facilitate trust (Connelly, et al., 2018; Janowicz-Panjaitan & Krishnan, 2009). Generally, the key factors which have been considered to be potential in influencing the trust include rationality, competency and integrity. Rationality refers to cognitive process through which a person processes information in a way to become certain about cost and/or benefit of the specific decision or action. Some rationality thinkers including Connelly and his colleagues (2018) think that human psyche is capable of developing the cognitions that form the basis of judgments of trustworthiness and decisions to place trust in another. According to Connelly, et al. (2018) the formulation of human psyche can amplify into trust relations in networks, groups, and institutions. This implies that the trust which prevails in society is based on reasoned assessments of the evidence at hand that led one to evaluate others as trustworthy given past performance, reputational information, and the incentives at play. The rationality perspective is divided into thinking about unbounded versus bounded rationality. The 'unbounded rationality' perspective is based on thinking that human cognitive process is unlimitedly precise and typically perfect. On contrast the 'bounded rationality' perspective is based on believing that human cognitive capacity is not purely perfected considering the fact that there are several barriers against the cognitive function. These barriers include limited information and other environmental, social and psychological uncertainties.

The second factor, competency, entails the knowledge, skills, values and experience necessary for maintaining or increasing productivity. The competent regulatory oversight agencies can effectively preserve public safety and order. Considering the influence of competency upon the trust, a number of authors have described government competency as being an important determinant of government trustworthiness (Connelly, et al., 2018). Indeed, the incompetent government agents are proven to

undermine public trust (Kuwabara, 2015). Competency is therefore considered to be an important factor that can enhance or damage trust and the same can be measured at either institutional or personal level.

The third factor, integrity entails virtues like impartiality, honesty and professionalism of a person or the group of persons. The integrity of public officials may influence public trust upon the government. In our case for example, the integrity of government regulators which is manifested into moral and professional conduct can make them be regarded as trustworthy. A number of scholars have linked between the honesty of public officials and the citizens' trust upon the government (Rose-Ackerman, 2001). In order to measure integrity, it is necessary to look at how the citizens perceive the regulators in terms of impartiality, honesty, or corruption. For example, the citizens can be asked if the government regulators lack impartiality.

The major consequence of trust which originated from rationality, competency or integrity in the regulatory relationships is willingness to cooperate (Connelly, et al., 2018). For instance, when the mining operators perceive the government regulators as trustworthy, their trust is transformed into the behavioural response known as “cooperation” which stimulates compliance.

### **Regulator-Operator Interactions and the Essentiality of Trust**

The government regulators in the mining sector, firstly, perform the task of providing education to the mining operators on various topics including the appropriate means to comply with social and environmental obligations. They also deliver information on regulatory requirements. This task requires them to be faithful, honesty, committed and observe integrity. In this regard, mining operators are also expected to honestly support the regulators in their dealing with education provision. This is important especially when seeking advice and guidance which is necessary for the fulfilment of their responsibilities. In this regard, the operators are certainly expected to provide sincere feedback to the regulators in a way to improve the regulatory practice and achieve regulatory objectives.

Another task performed by regulators is licencing and approvals in which they practically assess the application documents before embarking on issuing the licences. They also grant the registration and accreditation.

After having registered or formally engaging the mining operators, the regulators impose and collect tax, fees, royalties and other amenable dues. The performance of this task requires the virtue of justice and the performer needs to be faithful, honest, committed and the person of integrity. On the other side, the operators are expected to supply truthful information when applying for licences, registrations and accreditations. They are also expected to be honest in paying the fees and other charges and in providing the requested information regarding their daily undertakings.

Compliance and risk monitoring is another task which has been performed by government regulators in which they are expected to systematically assess the risks, collect data and conduct inspections and audits. The performance of this task also requires the virtue of justice and the performer needs to be faithful, honest, committed and the person of integrity. On the other side, operators are expected to honestly support the compliance and risk monitoring by fulfilling their regulatory obligations, facilitating the inspections and audits, and providing some evidence-based information on their compliance. Government regulators also perform enforcement tasks which may involve some measures like rewarding the good compliance practice or imposing the pecuniary or non-pecuniary penalties. The performance of this task requires, as well, the virtue of justice and the performer needs to be faithful, honest, committed and the person of integrity. On the same regard, operators are particularly expected to honestly support the enforcement practice by implementing the required policy changes or changes of regulatory practice, and by complying with penalties imposed.

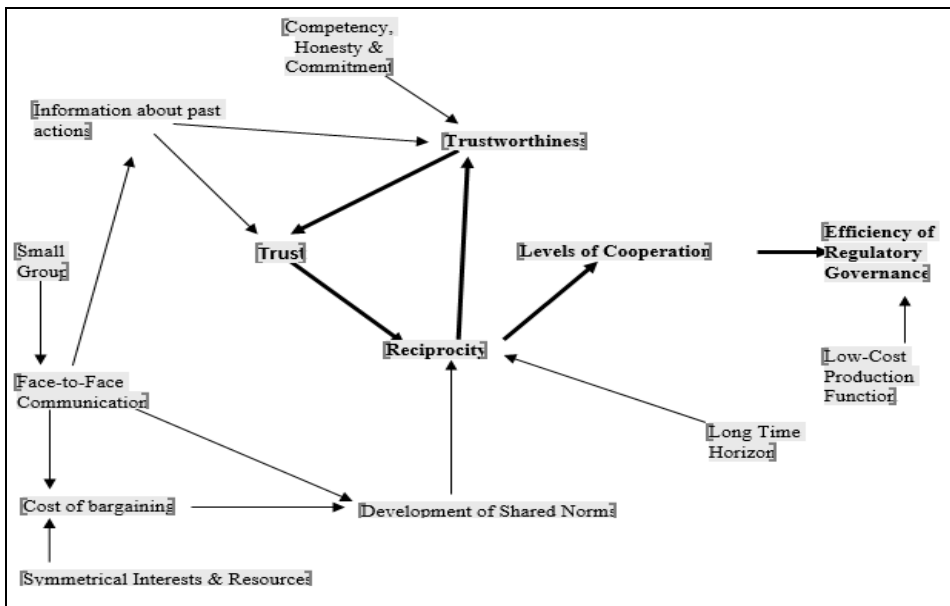
The above explanation indicates that the achievement of regulatory objectives depends entirely on the roles played by both – regulators and operators who need to be faithful, honest, committed and persons of integrity. This is to assert that both of the two groups of actors are required to demonstrate their trustworthy and sincerely reciprocate to each other in the logic of interdependence, short of which may lead into regulatory ineffectiveness.

### **Essentiality of Trust in the Regulatory Relations**

Trust is considered to be an essential factor for effective regulatory relations (Stern & Baird, 2015; Chaffin, Gosnell & Cosens, 2014; Moffat, et al., 2014). The essentiality of trust is based on the fact that it

guarantees, among others, better performance (Klijn, et al., 2010), better compliance (Vasalou, Bonhard, Adams, & Riegelsberger, 2006) and, reliable exchange of information (Beccerra, Lunnan & Huemer 2008). Again, inter-organisational trust is a central factor for the success or failure of various collaborative endeavours between various regulatory agencies (Vangen & Huxham, 2003). The aforesaid viewpoints can be summarised to have a general agreement that trust guarantees reciprocity (Ostrom, 1998) and willingness to cooperate (der Voort, 2017) and therefore allows the smooth regulation. Considering the essentiality of trust in regulatory relations, the Government of Ontario had highlighted it firstly in the list of “Ontario Public Service Organizational Values” which were set forth to guide the conduct of the regulators. In this respect, the Government of Ontario’s regulators pledge to act honestly in all their relationships with the people they serve, work with and who rely on them (Government of Ontario, 2017). Trust is therefore highlighted as essential element of the best practice for regulatory compliance. In that respect, all members of the regulatory agencies in Ontario are required to remain trustworthy in promoting compliance with the laws that protect the public interest (Government of Ontario, 2017).

In light of the above, the trustful regulators are expected to cooperate with operators to enhancing the level of compliance while remain mindful that the regulated entity may have difficulty in complying with law and regulations probably due to errors of interpretation or lack of resources. Likewise, the trustworthy operators are expected to behave sincerely by restricting themselves from breaching the rules and principles which specify the standards of conduct. In this view, trust is widely seen as essential ingredient in the context of co-regulation. Yet, despite the centrality of trust, still some regulatory stakeholders in various regulatory agencies have been either unable to forge or incapable to maintain it (UONGOZI Institute, 2016; Morgan & De Urioste-Stone, 2017). This is due to inadequate trustworthiness or lack of knowledge about ‘trustworthy demonstration’ and ‘distrust regulation’ (Gillespie & Dietz, 2009).



**Diagram 1: The Causal Mechanism of Trust-Relationship in the Regulatory Regime**

Source: Adopted and slightly modified from Ostrom (1998)

Diagram 1 above indicates the interconnection of variables in the regulatory context. It shows the trustworthiness can be determined either by personal attributes including competency, honesty, and commitment, or by information about past action (which is based on face-to-face communication in case of small group of actors), or by personal sentiments, or by combination of aforementioned. Trust is conditioned by trustworthiness and it can determine reciprocity which, in turns, concretizes trustworthiness. Reciprocity which is conditioned by trust levels and shared norms normally stimulates more cooperation in the long run which is necessary for regulatory governance.

### **Empirical Cases of Trust Utility**

There are several cases of trust utility and the following are exemplary ones from different contexts. In foremost, trust has enabled the establishment of the Atlantic Energy Roundtable (AER) as a forum for dialogue between governments, offshore operators, supply and service companies, regulators and labour in Canada (EMMRPIWG, 2008). This forum was meant to facilitate exchange of knowledge on common issues for further development of the Atlantic offshore oil and gas industry. The

AER organized dialogue which involved several stakeholders for the identification of issues and potential solutions related to regulatory efficiency. Despite being challenged by issues including multi-agency responses and its accompanied complexity in coordination the AER helped to foster cooperation between the key government department and agencies, to increase certainty and predictability for participants involved, and to set out principles and approaches to ensure the effective, coordinated and concurrent regulatory performance.

The dialogue between regulators and the regulatory stakeholders including the operators served to improve the overall quality of the project implementation and, as such, it enhanced coordination and exchange of information. Trust relationship paved a way for drafting and signing of Memorandum of Understanding that helped to minimize regulatory uncertainties. The MOU specifically committed the parties to a collaborative regulatory review and environmental assessment process (EMMRPIWG, 2008). This helped to address some regulatory issues including role confusion which cropped up in the past when the regulatory processes were established on a case-by-case basis rather than being based on collaboration. Inter-organizational trust has allowed exchange of information and cooperation among the parties responsible for administering the various processes that applied to the same project. On February 18, 2005, nearly a dozen federal and provincial agencies started to pursue the coordinated and integrated regulatory approval and environmental assessment process for offshore petroleum development projects in the Nova Scotia and Newfoundland and Labrador offshore areas (EMMRPIWG, 2008).

## **CONCLUSION**

The establishment of effective regulatory institutions with technical and other capacities, and relative efficiency of the regulatory policies and instruments are key to how well regulatory regimes can foster transformation and economic development catalysed by mineral extraction. However, cooperation among individual regulators and between regulatory agencies as well as regulated entities is utmost imperative for the efficiency and effectiveness of regulation. The regulation by cooperation and mutual exchange of regulatory facilities require trust among the involved actors. The forge of trust-relationships may guarantee smooth communication and coordination of regulatory activities. If preconditioned by integrity, credible commitment,

competency and constant interactions, it may end-up enhance regulatory compliance. This lays on sincerity and sharing of critical regulatory information among the regulatory agencies and between them and operators. Trust is a key factor which can potentially help to foster collaborative relationships between the regulators and the regulated entities and it may actuate the strategic management of the complex regulatory relationships in the mining sector.

## **RECOMMENDATIONS**

It should generally be agreed that trust is hard to construct and easy to destroy. Considering this fact therefore, both actors - the government regulators and the mining operators must endeavour towards gaining and demonstrating their trustworthiness. It is important to combine various mechanisms of 'trustworthiness demonstration' and 'distrust regulation' towards building and restoring the trust. 'Trustworthy demonstration' entails the actual display of the qualities of trustworthiness including integrity and competence. This can be done by designing the forums for constant exposures through regular interactions between the trustors and potential trustees. This may base on personal relationships and social interactions between regulators and operators to allowing the potential trustee to demonstrate his/her trustworthiness of certain forms like honesty and/or integrity of which the trustor can assess and make the trust decisions.

On the other hand, 'distrust regulation' incorporates both affinitive elements like expressions of regret, acknowledgement of responsibility and offers of reparations for regulatory failure and, rational elements like redesigning of the enforceable rules for the future effective regulation can be pursued to boost trust-relations. In this sense, for instance, regulatory failure may be best addressed by the regulatory agencies through trustworthiness demonstration, whereas distrust regulation may be pursued by the same agencies in the incident of integrity breaches or the inconsistency between professed regulatory values and actions. The government regulators should pursue distrust regulation which entails preventing future disgrace by rectifying the faults that contributed to the prior regulatory failure. For example, the regulatory agency can deliberately substitute the imperfect regulations, rules, contracts, and monitoring processes which caused disgrace upon the operators. The government regulators may pursue 'distrust regulation' to build, for example, affinitive trust through expressing regrets, acknowledging

responsibility, and offering reparations on certain regulatory action that caused harm. Distrust regulation may also base on building rational trust through, for example, redesigning the enforceable rules for the future regulation. Individual regulators and their respective institutions should endeavour to build personal and organization culture which must be interwoven in the generally acceptable value standards. This is based on an assumption that every action by an individual actor has an impact on personal and organisation's trustworthiness.

Mining operators should particularly improve their reputation which is equivalent to their trustworthiness. This is possible by ensuring that the voluntary initiatives of self-monitoring which have been adopted by the same operators are properly implemented. For example, the operators should specifically reduce information asymmetries and establish mechanisms for dialogue and participation which is necessary and sufficient to build trust-relationships. The general idea is that trust deficit would be addressed by tabling an issue for negotiation and mutual understanding. Operators may decide to make, for instance, environmental data comprehensible and release it publicly.

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