

Small Scale Forest Owners' Responsibilities: Results from a Swedish Case Study

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Abstract Requirements on businesses made by society, public and customers for taking different responsibilities have increased, i.e., balancing economic, environmental and social concerns. Based on literature about corporate responsibility and small scale forest owners this article presents a case study of small scale forest owners' responsibilities in achieving sustainable forest management and Swedish Forest Agency's local office holders' expectations. Interviews have been made with ten small scale forest owners. The results show that no obvious conflict exists between economic and environmental responsibilities. The financial benefits for the owners for taking more environmental and social responsibility are small. The two office holders that were interviewed expect forest owners to take responsibilities. The weight that the interviewed owners give to their wishes is low.

Keywords CSR · Corporate social responsibility · Sustainable · Cutting behavior · Supply · Non-market utilities

Introduction

The purpose of the Swedish forest policy is to achieve sustainable forestry. This means forestry where economic, environmental, cultural and social interests are taken into account in a balanced manner. It is recognized that for many people, the forest is a place to experience nature and take part in leisure activities. Moreover, the forest is a place of growing nature tourism. The Swedish Forest Agency is the national authority in charge of forest-related issues.

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Forest Stewardship Council (FSC) develops forest management and chain of custody standards, deliver trademark assurance and provide accreditation services to a global network of committed businesses, organizations and communities. Another certification organization is Pan-European Forest Certification (PEFC). A target group is small scale forest owners. 80% of the Swedish forest land is certified under either the FSC or under the PEFC certification scheme.

There are economic benefits for a small scale forest owner to apply a responsible management, for example through getting the timber land certified, as many buyers demand this which may facilitate the selling of cuttings and sometimes also pay a premium. The purpose of this article is to increase the understanding about what responsibilities Swedish small scale forest owners are willing to take.

Social Responsibility

Corporate Responsibility (CR), is a part of environmental economic theory and deals with business perspectives of sustainable development. It refers to holding business actors accountable for their intents and actions, setting objectives and taking actions above and beyond that of following the law and maximizing the interest on the investment for the stockholders. Mark-Herbert et al. (2010) gives an over view of a framework for CR which builds on “the triple bottom line” where sustainable corporate conduct is managed with economic, environmental and social values.

Governments increasingly leave societal issues to the authority of corporations (see e.g. Grayson and Hodges 2004; van Marrewijk 2003). This is also the case for Swedish forest owners. Most large Swedish forest products companies have incorporated social responsibility principles in business conduct, which also has an impact on small scale forest owners (Raditya 2009).

Reasons for the increasing willingness of businesses to behave in an ethically acceptable manner and to carry their share of a wider non-economic responsibility can be changing values, building images, preparing for future regulations and standards, and globalization of corporations, societies and politics (Mikkilä 2006). The values of the forest owners also change. Further, many forest owners have since long had a concern for nature. The choice of behavior that is ethically “right” is problematic, however, as there is no model that defines how to behave in different operational environments. This problem has arisen especially in the natural resource-based industries, such as forest products companies, as their dependence on natural resources binds them intensively and comprehensively to local societies wherever they operate. (ibid.)

Some research has shown that firms that care for the environment and exhibit responsible practices experience increased consumer purchase preference and greater investment appeal (Gildea 1994; Porter and van der Linde 1995; Zaman et al. 1996). It has been suggested that, by adapting business practices and philosophies to social-cultural norms and societal values, businesses can improve the likelihood of securing their legitimacy or license to operate. The small scale forest owners also have a set of stakeholders with their demands for how to manage

forests, for example neighbors, the local community, local businesses, forest products companies and their consumers, environmentalists, civil servants in forestry, people visiting forests, and politicians.

Small Scale Forest Owners

Three different features will be presented to give a better understanding of the small scale forest owners' interest in and possibilities for taking responsibilities: (1) change of owner structure, (2) motives for ownership and (3) grouping of owners depending on their management strategies.

Changing Owner Structure

The owner structure of small scale estates has undergone major changes in Europe during the last three or four decades (Eriksson 1989; Ripatti 1996; Kvarda 2004; Ziegenspeck et al. 2004; Karppinen and Hänninen 2006; Leppänen 2010). Traditional family farms with a combination of agriculture and forestry still exist but have become less common. Agricultural farms have grown in size and become more specialized. It has also become quite common to manage only timberland and to sell or lease the farming area to a neighbor. It is not necessary for the owner to live on the estate in order to run it. Thus, many owners live in a local village or in cities. The supply of different types of management services has increased, which makes this possible.

Motives for Ownership

A common reason for ownership is that the owner has inherited the estate. To generalize, the first step in the "inheritance process" is becoming a widow. In the next step children, sometimes relatives, inherit the estate, and so on. If an estate is put on the market, it is quite common, at least in Sweden that a neighbor buys it if it borders her/his own or is relatively close. There is a tax incentive for this if it can be shown that it means rationalization. Other tax reasons also stimulate buying an estate. Another motive for buying an estate could be that it is relatively close to a city, making it possible for the buyer to live on the estate and commute to the city. Perhaps the children are interested in horses. Maybe the person simply wants to own a piece of land, enjoy working in the forest on her/his leisure time or is interested in forestry. An interest in hunting may be another reason. Some persons also buy an estate as an investment or for speculation. However, Hugosson and Ingemarson (2004) could not find any consistent views in the literature on the subjective grounds for owning and managing small scale forest estates.

Owner Categories

Based on McKinsey's matrix which describes the strategic position for a business unit depending on growth rate and competitive position Kurttila et al. (2001)

grouped small scale forest owners into four strategic groups: Stars, Cash Cows, Wildcats and Dogs. Boon et al. (2004) identify three groups of owners: the classic forest owner to whom the forest has economic importance; the hobby owner who enjoys work and recreation in the forest; and the indifferent farmer to whom the different values provided by the forest are equally (un)important. Ingemarson et al. (2006) classified owners into five types: the economist; the conservationist; the traditionalist; the multiobjective owner; and the passive owner. Based on a Finnish material Favada et al. (2009) suggest the following clusters: multiobjective owners, investors, self-employed owners, recreationists and indifferent owners. Lidestav and Ekström (2000) stress the importance of considering the gender perspective. Education also influences management (Creighton et al. 2002) as does place of residence, that is, absentee owners (Kvarda 2004). The results confirm recent studies suggesting that a sole emphasis on economic benefits is not desirable from the forest owners' point of view.

Materials and Methods

The approach taken is to put the small scale forest owner and her/his family in the center. The surrounding stakeholders are grouped depending on their influence on her/his attitudes and decisions (Fig. 1).

The research design is inductive. Based on knowledge about small scale forest owners and literature about responsibilities a few preconceived notions were developed which makes it possible to be receptive to the facts as they present

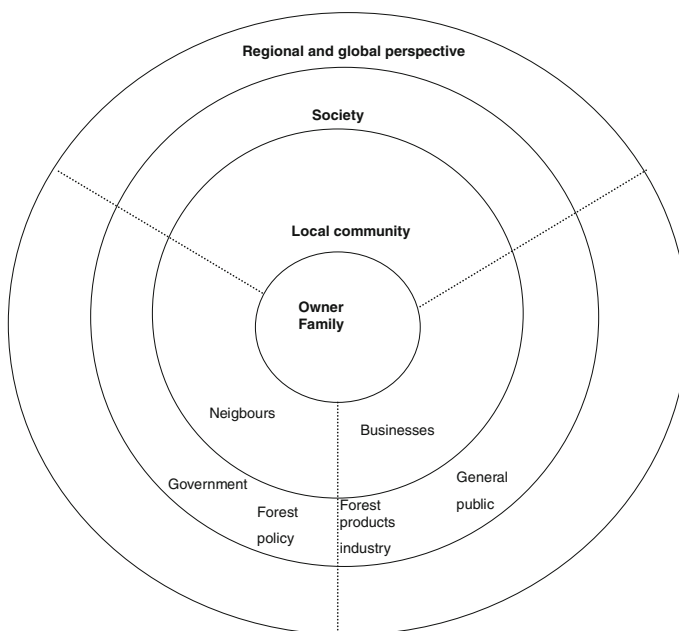


Fig. 1 Family forest owners' operating environment

themselves. The primary unit of analysis is the case; in this study the forest estate and its owner. This gives an understanding of the context of owner's socioeconomic situation and personal history. The possibility to approach a topic several times from different angles improves the data quality. One drawback with qualitative approach is that standardization for replication is absent.

The discussion with the owners circled around the following topics: Economic aspects as financial performance, creation of wealth and cash flow; Ecological aspects as concerns for nature, i.e. a sustainable development of nature with its plants, insects and animals, and actions for environmental protection; Social aspects as interaction with the local community and local businesses (timber supply, tax payments), legitimacy (ethical considerations), recreational aspects, landscape view, and preservation of nature and cultural values.

Sample

A local representative of the Swedish Forest Agency helped with a list of small scale forest owners in Uppsala County, north of Stockholm. They were grouped according to timberland area and whether or not the owners lived on their estates. Table 1 presents the number of estates sampled in each group and the total number (in brackets). The intention was to interview owners with different characteristics and in that way gets an understanding about different views on responsibilities. Regrettably, only two women are included in the study.

An introductory letter was sent to the owners that were selected. They were contacted after between 1 and 2 weeks to discuss the time and place for an interview. Not all those who were contacted were interested or had time to participate in the study within the given time frame. Drop-outs were replaced with other owners in the sample.

As the Swedish Forest Agency plays a major role for implementing the Swedish forest policy two local office holders were interviewed. They have knowledge of the owners and their estates.

The interviews were open-ended, relatively unstructured conversations. The discussions were directed only as necessary to clarify point and ensure adequate coverage of the research theme. The interviews were tape recorded and the tapes transcribed. A summary was sent to the owner for comments. These texts form the core of the data. From the transcriptions case summaries were developed. Cases were compared with one another, looking for recurring motivations for taking responsibilities. Several draft classifications of motivations were prepared, seeking to develop one system which would satisfactory encompass the major views on the interviewed small scale forest owners responsibilities.

Table 1 Sample size and total number of small scale forest owners in each group, Uppsala county

Grouping	Forest area (hectares)	
	50–100	>250
Living on the estate	3 (756)	2 (44)
Not living	2 (118)	3 (15)

Results

Economic Responsibilities

It is a key concern among most of the studied owners to secure long term profitability of their forestry by diversified management and handling risks. This “goal” coincides with the wish to hand over the estate to the next generation.

One could say that forest is an important inheritance, it isn't anything you can sell however you want to ... Forest is an inheritance that requires a much more long term thinking, the forest isn't anything for just me.

One exception exists, however: for one of the owners, this is not a strategic goal. The reason given is that he does not know what will happen in the future. The basis for management today must be what is good for the forest itself.

In the short run it is important for the owners to secure income for the family.

The forestry income should go back to the estate as it always has done. Income from harvesting is reinvested in the estate.

Among the studied owners larger timberland owners tend to be more production oriented than the smaller ones. However, many owners cut less than what could have been done from a sustainable perspective. The forests also give financial security for owners not living on the estate and having other financial sources. Several of the interviewed owners are interested in hunting. Leasing the timberland for hunting is an important source of income for some of the owners. Some of the owners stress the importance of forestry for Sweden's economy.

Environmental Responsibilities

Some of the owners say that they have a moral obligation to protect nature while others say that they do what feels correct. All the owners say that they have a moral obligation to manage the forest in an environmentally sustainable way. One reason is the long-term aspects of forest management. An owner of a big estate says that it is important to manage the forest in such a way that one takes advantage of forests' carbon sequestration.

All the owners say that production is the primary goal and that it comes before environmental considerations. Many of the interviewed owners have a so called green forest management plan. The owners want to decide themselves where the balance between production and environmental considerations should be and what they should consider. Typical for the owners is the following statement:

I would never ever cut a tree with a fish hawk nest but I would certainly strongly object if there was a rule saying that I was not allowed to do it because this is something that I myself could determine.

The interviewed forest owners say that they have not experienced external pressure from any interested party to increase environmental considerations more

than what the law requires. However, some of the owners claim that there is pressure from buyers of roundwood to decrease consideration of the environment.

Certification of timberland is another motive for increasing environmental considerations. Some of the owners had certified their forest according to PEFC or FSC.

Certification is a strong motive because it affects the payment for the wood.

Social Responsibilities

The attitude of the interviewed owners depends greatly on their interest, family tradition and the connection to the estate and its surroundings. Recreation is mentioned as the most important social responsibility. History and cultural values are also mentioned as important. Most of the owners stress that they manage their forest in such a way that it facilitates recreation, not least close to densely populated areas. However, they also stress that they expect visitors to respect the nature.

I try not to cut up the trails that the public uses or to put branches on them.

The interviewed owners claim that they are affected by esthetic values. Several owners express a wish to manage the forest in such a way that it is beautiful. This means that they save trees and surroundings that they find beautiful. Of course, what is considered beautiful varies between the owners.

It is also in line with their principles to manage the forest in a way that preserves historic and cultural values. Most of the owners have an esthetical perspective on managing their forest. They also stress the close ties with their estate and its neighboring area. One of the owners of larger pieces of land says:

Sometimes old apple trees remain on former crofters' holdings. One should be careful with them and not plant spruce seedlings on the site. As a forest owner one should take responsibility for preserving these spots. After all they represent a culture and epoch that have disappeared, even if the remains are not that old. This is a spot where people have lived and worked and one should be respectful.

Another aspect that owners consider is ownership in itself. It gives a special feeling to own a piece of land and walk around in it. It is also a specific feeling to work in one's own forest.

To work in the forest gives a pleasant feeling. After a working period the best thing is to sit down on a stump, drink a cup of coffee and listen to the silence.

Local Forest Agency District Officers

The officers' expectations follow what is said in the Forestry Act. The owners must follow the law, which means the obligation to regenerate after final felling, to facilitate outdoor recreational life and preserve cultural values.

The district officers stress that the law sets the minimum requirements and that the ambitions of the Agency are higher. One mean for achieving this is extension service. They do not feel that it is a problem that the advice is above the actual

requirements of the Act. There does not need to be a conflict of interest between financial interests and environmental aspects. For example, when constructing a forest road, it is often cheaper to avoid wetlands.

There are several motives for an owner to consider stricter environmental aspects than the Forestry Act requires, according to the interviewed district officers. Tradition is one. If earlier generations have put aside an area, it is likely that the present generation will do the same. Practical reasons are another example of why a site is left untouched; for example, the area may be difficult to manage or have poor bearing capacity. Another possibility is that the owner is unaware of the value of a particular area.

The district officers also try to influence the owners to manage their forests in such a way that it facilitates the movement of the public on the timberland, not least if the estate is located close to a populated area. After a cutting, some owners realize that the public will stay on roads through the forest if they are maintained. There are however, other owners that do not want to have the public in their forests. The Act states that an owner should facilitate the free movement of the public.

It is quite common that the owners take greater consideration to cultural values than the Act requires. One reason is an interest in cultural values. It is also easier to convince an owner to take cultural considerations than environmental ones.

Cultural remains are easy to see while for example some types of lichen require a magnifying glass.

The interviewed officers say that owners of large forest estates often have greater knowledge of forestry than owners of small ones. However, there is no major difference as concerns environmental considerations. It is furthermore difficult to claim that there is a difference between owners who live on their estate and absentee owners; although one difference is that absentee owners have poorer knowledge about their timberlands.

Comments

Interest among consumers of forest industrial products in social responsibility has increased in recent decades. Responsibility includes consideration of the economy, environment and society. It has become natural for more and more businesses to incorporate their environmental and social responsibilities. Many buyers of roundwood demand that small scale forest owners take responsibility, not the least practice sustainable management. The demands have changed over time, however, as has the weight placed upon the different responsibilities. Even if some aspects of responsibility have existed for a long time, the dominant responsibility until some decades ago was that of timber production. This was a major concern among forest products companies and many governments. However, the importance of softer values with respect to forests has increased.

A small scale forest owner not only has economic, environmental and social responsibilities towards herself/himself and her/his family but also towards stakeholders. Different stakeholders at least partly demand different responsibilities. The forest owners comply with many of the demands, but not all. It must also be

kept in mind that they constitute a heterogeneous group, which means that the fulfillment of different responsibilities varies between forest owners. Owner structures furthermore change, as do the responsibilities.

The results presented about small scale forest owners' view on economic aspects have been reported in earlier studies. The same is true for environmental aspects. However, the results indicate susceptibility for considering environmental and social responsibilities. The article consider also at the same time both forest owners and office holders and thus give two perspectives on responsibilities. The role of the office holders is difficult. Their advices are appreciated but the result shows that many forest owners want to make the final decision themselves.

Garriga and Melé (2004) write that businesses that only have financial motives for taking economic responsibilities would look at CR as a mean for creating financial value for the owners. This is not the case among the owners interviewed here. As the results show, other motives exist for them for taking environmental and social responsibilities. Henderson (2001) claims that another reason for taking responsibility is that it will increase competitiveness of the business. The interviewed owners also differ in this respect. One theory says that it is difficult to find a relationship between ethical actions and societal value or the benefit for the enterprise (Nystad and Haugland Smith 2006). This explains why it is difficult for some managers to adopt CR in their business strategy. The interviewed forest owners do not have this problem, as it does not seem that the reason for taking responsibility is goal achievement. The reason seems to be a moral one. The interviews showed that strong reasons for taking environmental and social responsibility were an interest in nature and cultural values. The district forest officers express the same view.

Nystad and Haugland Smith (2006) write that some stakeholders will in reality be given more attention than others. Their results show that the interests or views of the stakeholders are usually not considered, i.e. the owners make decisions themselves. A priority is made between different alternatives based on the owner's own values which may or may not coincide with stakeholders' wishes. For example, a forest owner interested in the environment will take more environmental responsibility than an owner that is more interested in social responsibilities.

The article outlined what responsibilities the interviewed owners take and what responsibilities local district officers expect them to take. However, much more research is needed on this topic. The perspectives of both the small scale forest owners and the stakeholders must be covered, and different owner categories should be included. It would also be of interest to compare results from different countries.

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