



**Legitimizing institutional choices in the
forest ownership
Building acceptability for jointly-owned forests**

**COST FACESMAP Conference 2016
Merja Lähdesmäki, Anne Matilainen,
Marjo Siltaoja**



Background of the study



- Demographic changes in the forest-owner structure
 - More versatile values and objectives
- The forest holdings become more fragmented
 - Owners of larger holdings are more active managers than the owners of smaller parcels
- Passiveness - increasing number of owners who have no specific objectives for their forests?
- To prevent fragmentation and improve the effective utilization of the forest resource, the idea of an investor-based jointly-owned forest has been introduced in the Finnish context



Investor-based jointly-owned forests



- A jointly-owned forest can be defined as an area of combined holdings intended for the practice of sustainable forestry for the benefit of the shareholders.
- The first jointly-owned forests were established in Finland in the late 19th century, primarily by the authoritative orders
 - Top-down approach
- Legislative reform in 2003 enabled the establishment of a new sort of jointly-owned forest, joining private forest holdings into larger units based on a common, voluntary agreement between forest owners
 - This change was also supported by taxation policy
 - The number of JOFs has doubled ever since.

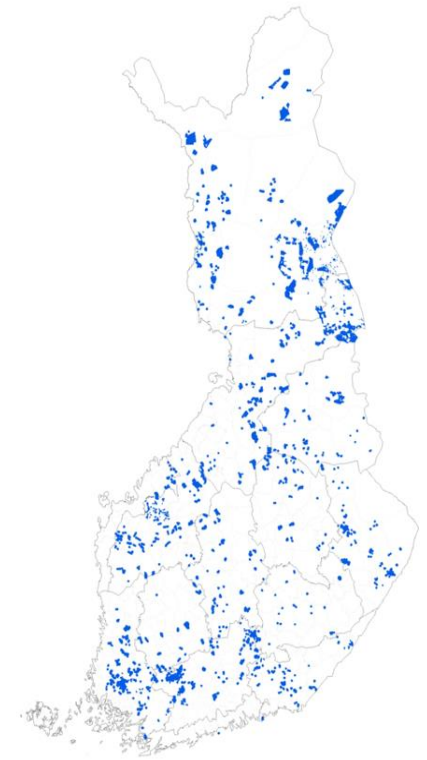


Investor-based jointly-owned forests



- In the establishment of jointly-owned forests two or more forest holdings are incorporated into a common “new” forest unit
 - There are over 275 jointly owned forests in Finland.
 - The total area of jointly-owned forests in Finland is approximately 576 000 ha – about 4,5 % of the area of non-industrial private forests.
 - The size of jointly-owned forests varies from under 20 ha to 90 000 ha.
 - The largest jointly-owned forests are to be found in Northern Finland.

Reference: www.metsakeskus.fi





Investor-based jointly-owned forests



- The Act on Jointly Owned Forests defines the structure and organization of jointly-owned forests:
 - The rules of procedure & A forest management plan
 - An administrative board or an agent chosen by the partnership
 - An annual strategy and budget
- Shareholders are entitled to revenues from the jointly-owned forest's annual revenue
- Challenges traditionally strongly held values and rights of private forest ownership, like the right to control one's own forest property
 - Raises some prejudices and skepticism



Objective of the study



- We argue that the idea of a jointly-owned forest requires social legitimacy in order to get support among the forest owners, i.e., it needs to meet the conception of socially acceptable behaviour.
- We examine the discursive legitimation accounts of private forest owners who describe their personal decision to become a shareholder in a jointly-owned forest.
- **The research questions:** What kind of discursive legitimation strategies do forest owners use in order to justify a jointly-owned forest as the socially accepted form of forest ownership and how do they used them?



Discursive legitimation of jointly-owned forests



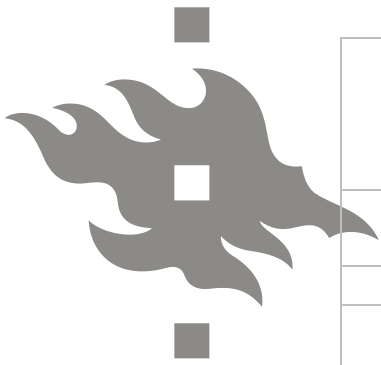
- Legitimacy is the perception or belief that an institution or social arrangement is desirable and appropriate within some socially constructed system of norms, values, beliefs and definitions (Suchman 1995).
- Legitimacy is defined in terms of acceptability or acceptance, taken-for-grantedness, appropriateness, and congruence (Deephouse and Carter 2005).
- Legitimacy is a resource that secures the achievement of other resources (Zimmerman and Zeit 2002) - Crucial resource for the spread of new innovations.
- We apply the discursive approach to legitimation developed by Van Leeuwen (2007) to examine in detail the private forest owners' means of legitimizing participation in a jointly-owned forest.
 - 'Why should we do this?' / 'Why should we do this in this way?'
 - In this approach, legitimation means the creation of a sense of positive, beneficial, ethical, understandable, necessary, or otherwise acceptable action in a specific setting



Empirical material



- The empirical data of this study consists of interviews with 20 private forest owners who all had joint interest in the same investor-based jointly-owned forest.
 - The jointly-owned forest has 85 partners and is established in 2011. The forest area is approximately 1400 hectares.
- Semi-structured and in-depth interviews – dealing themes such as personal forest-owning history, the motivation for becoming a shareholder in a jointly-owned forest, experiences of the establishment process and the operation of the jointly-owned forest
- The data analysis method applied was discourse analysis which examines how social reality is created by historically and contextually situated discourses



	“Age” of the forest owner	The way of becoming a forest owner	Forest area invested in the JOF (the share of all the forest area)	“Distance to the forest” (i.e. whether the forest owner lives in the JOF area)
1	pensioner	inheritance+purchase on external markets	40 (57%)	local
2	pensioner	inheritance	n.a.	local
3	working age	inheritance+purchase on external markets	3 (4%)	local
4	working age	inheritance	13 (n.a.)	local
5	pensioner	inheritance	4 (n.a.)	non-local
6	pensioner	inheritance+purchase on external markets	7 (41%)	non-local
7	pensioner	inheritance	50 (100%)	local
8	pensioner	inheritance	15 (60%)	non-local
9	pensioner	inheritance	5 (100%)	non-local
10	working age	inheritance+purchase on external markets	70 (32%)	local
11	pensioner	purchase on external markets	10 (n.a.)	local
12	working age	purchase on external markets	36 (72%)	local
13	working age	inheritance+purchase on external markets	10 (10%)	local
14	pensioner	inheritance	29 (83%)	local
15	working age	inheritance	6 (100%)	non-local
16	working age	inheritance	n.a.	non-local
17	working age	inheritance	15 (100%)	non-local
18	pensioner	inheritance+purchase on external markets	10 (33%)	local
19	working age	inheritance+purchase on external markets	n.a.	local
20	working age	inheritance	15 (100%)	non-local



Results of the study



- Authorization: referring to expertise
 - Authorization is legitimation by reference to someone with vested authority due to their status or role in a certain institution or their organizational expertise.
 - Legitimizing jointly-owned forests based on the forest owners' own or others' knowledge and expertise (media, forest advisors, municipality) or based on traditions
 - Legitimation through authorization honours the forest owner's sense of autonomy when making decisions concerning the forest





Results of the study



- Moralization: referring to the sense responsibility
 - Legitimation through moral evaluation is based on moral values, which are an integral part of any ethical process evaluating what is right, just and fair.
 - Legitimizing jointly owned forests based on emotions by emphasizing the moral responsibility one has towards the forests
 - Legitimation through moralization reinforces/constructs the identity of a moral forest owner who maintains the well-being of the forest as well as the next forest-owner generation





Results of the study



- Rationalization: seeking efficiency and benefits
 - In rationalization, legitimation is grounded either on some kind of truth, on ‘the way things are’, or by reference to their goals, uses and effects.
 - Legitimizing jointly owned forests based on instrumental benefits by emphasizing the economic and personal utilities that derive from joining a the co-ownership
 - Legitimation through rationalization highlights the idea that the loss of control over one’s forest area is well compensated





Discussion



- Results verify that the various legitimation strategies were often intertwined with each other, which reflects the challenging nature of the decision-making process.
- Moralization is strongly linked with the rational legitimation of jointly-owned forests.
 - The economic arguments were often strengthened with moral evaluation.
 - Given the importance of forests for Finns, the utilization of forests is imbued with moral evaluations
 - The active forest management has become a moral norm, and a “good forest owner” identity is based on the idea of fulfilling the moral obligation to take a proper care of the forest.
- Legitimation of new forest ownership forms is not solely a process of rational and economic calculation but more likely a question concerning the moral evaluation of the new practices.



Discussion



- The examination of the legitimation strategies demonstrates how forest owners often create strong emotional bonds to their forest estates.
 - Forest owning includes a moral norm to keep the family forests in the possession of the family in the best possible condition.
- The powerful normative nature related to the idea of forest as a legacy greatly explains the motivation of private forest owners to join the jointly-owned forest and give up the control of their own forest.
- Legitimizing the new institutional ownership practice of the jointly-owned forest, the forest owners are indeed simultaneously re-producing their new identities (shareholder)



Conclusions



- The majority of the forest owners in our data were also those who had been actively taking care of their forests – the decision to join the jointly-owned forest was made in order to continue and guarantee active forest management in the future.
- Although the legitimation strategies presented in this study are context-specific, we nevertheless suggest that these legitimating strategies are also likely to characterize other institutional innovations in the forest-owning settings.
- Legitimizing new forest-related innovations does not solely reflect the macro-level policy discourse.
 - Institutional changes should be supported by micro-level moral responses as well.



Thank you for your attention



Further information:

merja.lahdesmaki@helsinki.fi

anne.matilainen@helsinki.fi