



# Institutional barriers in forest owners' cooperation: The case of Estonia



Priit Põllumäe <sup>\*,1</sup>, Ando Lilleleht, Henn Korjus

*Institute of Forestry and Rural Engineering, Estonian University of Life Sciences, Kreutzwaldi 5, 51014 Tartu, Estonia*

## ARTICLE INFO

### Article history:

Received 20 March 2015

Received in revised form 15 January 2016

Accepted 19 January 2016

Available online xxxx

### Keywords:

Forest owners association

Policy tools

Forest policy

Private forest ownership

Social capital

## ABSTRACT

Large-scale cooperation between forest owners can have multiple benefits to both the forest owners and society. However, in most countries such cooperation is not widespread. The purpose of this paper is to explore the question why forest owners' cooperation is not a common practice. We do it by exploring the institutional barriers of cooperation. Based on an Estonian case example we find that the formal institutions reflect mainly the economic aspects of cooperation. The informal institutions, however, are more diverse and often do not relate to the formal ones. Therefore, a number of institutional barriers influences forest owners' decision-making towards cooperation. If policies and policy implementation fail to tackle these barriers then policy goals might not be met and cooperation might not be enhanced.

© 2016 Elsevier B.V. All rights reserved.

## 1. Introduction

Forestry involves large land areas and long time periods for the supply of different goods and services. A continuous and sustainable flow of these goods and services is a prerequisite for the industry as well as for the overall welfare of the society. However, private forests are often fragmented (Wiersum et al., 2005) which may lead to inefficient forest management (Schlueter, 2008) due to higher transaction costs in managing small parcels (Schraml, 2005). For example, in Estonia, 56% of private owners have forest properties of up to 5 ha (Forinfo, 2011). Forest owners' cooperation is one way to overcome the problems that ownership fragmentation produces. A forest owners association (FOA) may provide efficient means for timber marketing as, for example, in Norway where 3/4 of timber sales are being done by the FOA (Størdal, 2004). As forest owners are seldom resource professionals themselves, the associations and cooperatives are extremely important in providing the necessary information (Urquhart and Courtney, 2011).

However, such cross-border cooperation, or in general, membership in a forest owner organisation (FOO), is not a universal solution to the problems previously mentioned (Kittredge, 2005), if it is not widespread. For example, in Estonia only ~6–8% of forest owners are FOO members (National Forest Programme (NFP) until 2020, 2010). A

similar situation can be seen in other countries, too. For example, in the case of the USA, Finley et al. (2006) showed that 1/4 of forest owners are not interested in cooperation. In France, forest cooperatives manage about 13% of French private forests (Darses et al., 2011). Nonic et al. (2011) found that 39% of forest owners in Serbia are not willing to participate in the establishment of FOOs. In Lucerne, Switzerland (Seeland et al., 2011), and in Germany (Schraml, 2005) about 1/3 of forest owners are FOO members. Schaaf and Broussard (2006) conclude that in Flanders only a small minority of forest owners are interested in cooperation. This vividly illustrates that providing merely a potential efficiency benefit is not sufficient for encouraging cooperation (Kwon and Feiock, 2010).

Cooperation is often promoted and supported by state policies to ensure the sustainable management of private forests. In Estonia, FOOs are defined by law and specific support schemes are in place in order to increase the membership of these organisations. From the perspective of the state and resource governance, the more FOO members, the better. High membership numbers and existing FOOs would ensure e.g. more efficient forest management (Schlüter, 2007) and smoother legitimisation of forest policies (Schraml, 2005). There are also clear policy goals set for forest owners' cooperation in Estonia. Yet Kittredge (2005) states that cooperation in general is just not for everyone. While probably so, there is not much information about the reasons behind it. We aim to identify why forest owners' cooperation is not such a common practice yet. For this we investigate different barriers to cooperation and provide an institutional view on the developments and present situation. Finally, we propose some directions for further research.

\* Corresponding author.

E-mail addresses: [priit.pollumae@emu.ee](mailto:priit.pollumae@emu.ee) (P. Põllumäe), [ando.lilleleht@student.emu.ee](mailto:ando.lilleleht@student.emu.ee) (A. Lilleleht), [henn.korjus@emu.ee](mailto:henn.korjus@emu.ee) (H. Korjus).

<sup>1</sup> Postal address: Estonian University of Life Sciences, Institute of Forestry and Rural Engineering, Department of Forest Management, Kreutzwaldi 5, 51014 Tartu, Estonia.

## 2. Data, methods and objectives

The paper follows a case study approach as we consider the context and historical background in which the observed policy process occurs (Yin, 2003). Our data collection methods include literature review, document analysis, and questionnaire surveys (2007 and 2011). The documents for exploring formal institutions include official forest policy papers and legislation to which content analysis is applied. The surveys of forest owners were conducted in 2007 and 2011. Using the survey data from 2007 ( $n = 198$ ), we analyse and identify barriers that forest owners have with regard to cooperation. In order to do so, we use answers to an open-ended question about being/not being an FOA member. Using QDA Miner, and following guidelines by Ezzy (2002) we apply open coding in order to distinguish the main barriers and compare the segments. These barriers are summed across the respondents. Additionally, using the responses from the 2011 forest owner survey ( $n = 260$ ), we analyse if and why FOA members and non-members have actually worked together with other forest owners or not. More specifically, we compare the existing network that FOA members and non-members use to support their forest management related decisions. The forest owners were asked if they have consulted particular forestry issues with different people. These persons included 1) a forestry consultant, 2) FOA personnel, 3) other forest owners, 4) other friends and acquaintances, and 5) other state officials. Also we looked at the owners' willingness to cooperate with other forest owners. This was done in order to compare some informal aspects of cooperation, e.g. institutional learning and trust-building.

The research questions we seek to find answers to are 1) how forest owners' cooperation is reflected in the forest policy; 2) which policy tools target cooperation; 3) which are the main barriers to cooperation and; 4) how these barriers reflect the relations between informal and formal institutions of cooperation among forest owners.

## 3. Analytical framework

### 3.1. What are institutions?

Institutions are foundations that make up the social life, or as North (1990) puts them, “the rules of the game in a society”. Institutions are “the prescriptions that humans use to organise all forms of repetitive and structured interactions” (Ostrom, 2005). Pejovich (1998) defines them as “the legal, administrative, and customary arrangements for repeated human interactions”. Institutions form and determine the success of policies and economic development.

Our everyday lives are influenced both by formal and informal institutions. For example, we follow formal rules like legislation, working regulations, etc. But we also follow the informal institutions. Helmke and Levitsky (2004, p. 727) define informal institutions as “socially shared rules, usually unwritten, that are created, communicated, and enforced outside of officially sanctioned channels”. They have a more abstract context, e.g. customs, values, and beliefs. Compared to informal institutions, formal institutions have a certain legal status and clear objectives (state institutions, state-enforced policies and rules that govern organisations).

#### 3.1.1. Forest policy tools as formal institutions

Policies and policy tools aim to direct and influence a target (population) towards a desired behaviour (Bowers, 2005). They are bundles of self-interest that people have compromised on. Forest policy includes, for example, standardised public goals to utilise and protect forest ecosystems and it provides the tools to reach these goals (Krott, 2005). Thus, policies depend on e.g. social values, the types of forest goods and services, and the economic value of these benefits (Cubbage et al., 2007). There are different types of tools that are used in environmental policy. Böcher (2012) explains tools through state intervention: there are regulatory tools with a high degree of state

intervention and informational tools where the importance of the state is very low. In between there are also cooperative (e.g. certification) and economic tools (e.g. taxes and subsidies). Another way to divide them is using the “sticks, carrots and sermons” approach (Serbruyns and Luysaert, 2006). In this distinction *sticks* refer to regulatory, *carrots* to financial, and *sermons* to informational tools. It is also important to notice that the choice of tools depends also on which type of forest land is being influenced. Schaaf and Broussard (2006) suggest that public forest policies are mostly regulatory while private forest policy uses tools that are more informational. Some studies support this suggestion and conclude that owners accept tools that do not involve major changes in management practices (Serbruyns and Luysaert, 2006). Policy implementation is therefore a difficult task in private forestry considering the wide array of forest owners' characteristics. Therefore, policy tools have to be diverse and formulated in a way that different groups are addressed (Pregernig, 2001).

#### 3.1.2. Informal institutions in forest owner cooperation

As noted, informal institutions are usually unwritten and reflect embedded understandings about “the game” (North, 1990). The relationship between forest owners and their forest land has many informal aspects beside formal ones. For example, emotional considerations might influence land sale decisions (Grubbström, 2011). There is a significant amount of literature which suggests that forest owners are very diverse both in their forest-related needs, values and management objectives (Bengston et al., 2011; Boon and Meilby, 2007; Dominguez and Shannon, 2011; Finley and Kittredge, 2006; Hugosson and Ingemarson, 2004; Karppinen, 1998; Kendra and Hull, 2005; Majumdar et al., 2008; Mizaraite et al., 2010; Ní Dhubháin et al., 2007; Pöllumäe et al., 2014). This heterogeneity of forest owners' informal institutions is therefore a significant factor when looking at cooperation, since it is difficult to have one organisation that would satisfy these different objectives (Rickenbach et al., 2006). As such cooperation is “fundamentally a social enterprise” (Rickenbach et al., 2011), it involves social capital, i.e. trust, and is based on relationships and communication. Forest owners' cooperation is thus a process of collective learning and trust-building which develops also on the informal level of institutions.

#### 3.2. Framework

We look at and discuss the different barriers as well as formal and informal institutional aspects of cooperation in the institutional analysis framework developed by Williamson (2000). It consists of different levels where institutions function and interrelate with each other. Williamson (2000) describes these levels as the “four levels of social analysis” (Fig. 1). The informal institutions are on the top level (L1), formal institutions (L2), governance (L3) and resource allocation (L4) follow. For example, this framework has been used previously by Behera and Engel (2006) who looked at joint forest management in India.

Institutions change and in the framework this is characterised with the top levels providing input to the lower levels and vice versa. The pace of change depends on the level of institutions. Informal institutions develop very slowly and therefore institutional learning and changes take time. At the same time the following levels change more quickly, as the more frequently activities occur the quicker this learning process occurs. North (1990) also explains that the formal institutions are based on informal institutions and both of them evolve within the social sphere (Casson et al., 2010). Still distinguishing between those two is not easy as Helmke and Levitsky (2004) show. Even more so as they are not independent from each other (Grzymala-Busse, 2010) and constantly change. Such institutional change can lead to 1) the adoption of new rules or principles; 2) change in common understanding; or 3) opposition. The implementation of new rules or changes in a common understanding is closely related to trust and trust-building. Trust, i.e. social capital plays a huge role in social networks (Borg et al., 2015) and

Download English Version:

<https://daneshyari.com/en/article/6544886>

Download Persian Version:

<https://daneshyari.com/article/6544886>

[Daneshyari.com](https://daneshyari.com)