



ELSEVIER

Contents lists available at ScienceDirect

## Journal of Forest Economics

journal homepage: [www.elsevier.com/locate/jfe](http://www.elsevier.com/locate/jfe)

# Absent neighbours and passive shareholders – The issue of residency and involvement in the management of a forest common<sup>☆</sup>

Stefan Sandström<sup>a,\*</sup>, Mahesh Poudyal<sup>b</sup>, Solveig Berg Lejon<sup>a</sup>, Gun Lidestav<sup>a</sup><sup>a</sup> Department of Forest Resource Management, Swedish University of Agricultural Sciences, SE 901 83 Umeå, Sweden<sup>b</sup> School of Environment, Natural Resources and Geography, Bangor University, LL57 2UW Gwynedd, Wales, United Kingdom

## ARTICLE INFO

## Article history:

Received 30 December 2014

Accepted 31 May 2016

Available online 5 July 2016

## JEL classification:

Q230

## Keywords:

Forest governance

Non-resident shareholders

Participation

Swedish forest commons

## ABSTRACT

The Swedish forest commons can be regarded as self-organized community groups which jointly manage a forest resource. However, previous studies point out the diminishing role and engagement of shareholders in terms of governance, thereby challenging some vital design principles of robust common-pool resource institutions. We assume that major reasons for this is associated with socio-demographic changes meaning a large proportion of shareholders do not live in the area. Therefore this study compares resident and non-resident shareholder participation in and perceptions about their common, as well as assesses their engagement in the management of one major forest common in Northern Sweden. To this end a questionnaire survey was conducted together with regular consultations with the common's board and staff to discuss shareholder participation and other major issues concerning the common.

The study shows that the common has a low shareholder engagement and a high proportion of non-resident shareholders. Even though a large proportion of resident shareholders acknowledged benefits from the common, they were also less satisfied with the cooperation among shareholders and less optimistic about the possibilities to influence management decisions. In contrast, the majority of non-resident shareholders saw 'no disadvantages' of the common. Although most of the shareholders regularly visit the common, hardly any participate in the general meetings. While residency outside the municipality certainly seems to have an impact on the engagement of non-resident shareholders, our study suggests that simple strategies from the board including accessible information and better timing and/or location of meetings might even increase the participation among all shareholders.

© 2016 Department of Forest Economics, Swedish University of Agricultural Sciences, Umeå. Published by Elsevier GmbH. All rights reserved.

## Introduction

The establishment of the modern Swedish forest commons began in the late 19th century as the undesired effects of the Great Land Redistribution and privatization of land became apparent (Holmgren et al., 2010; Nylund, 2009). By cre-

<sup>☆</sup> This article is part of a special section entitled "From Generation to Generation – the Use of Commons in a Changing Society", published in the Journal of Forest Economics 24, 2016.

\* Corresponding author. Tel.: +46 727139304.

E-mail addresses: [stefan.sandstrom@slu.se](mailto:stefan.sandstrom@slu.se) (S. Sandström), [mahesh.poudyal@cefp.org.uk](mailto:mahesh.poudyal@cefp.org.uk) (M. Poudyal), [solveig.berg@slu.se](mailto:solveig.berg@slu.se) (S.B. Lejon), [gun.lidestav@slu.se](mailto:gun.lidestav@slu.se) (G. Lidestav).

ating forest commons in the interior of four northern counties Dalarna, Gävleborg, Västerbotten and Norrbotten, where forest land still remained unallocated, the government aimed to prevent further large-scale purchase and unsustainable exploitation of the forestlands by forest companies which threatened to undermine the existence of an independent class of taxpaying farmers, and more generally to improve local livelihood and the economy in these vulnerable and poor communities by providing a model of proper forest management (Carlsson, 1997, 1999; Holmgren et al., 2010). The establishment can thus be regarded as based on experience and expectations consistent with the arguments put forward by Margaret McKean, namely that “common property regimes may be the most appropriate things to create where resource systems are under *both* environmental and population pressure, at least where prevailing cultural values support cooperation as a conflict-solving device” (McKean, 2000: 42). However, it should be recognized that the modern Swedish forest commons – 24 in number and more than half a million hectares in coverage – are constituted in such a way that the parcels (or shares) of forestland involved are privately owned but jointly managed (Ds Jo, 1983). Thereby, they differ from commons in many other countries, where they tend to be either jointly owned and managed, or jointly managed while the ownership stays with the state or other local authorities (McKean, 1992b, 2000). Furthermore, the shares in Swedish forest commons are tied to the private landholding (farm/forest) and thus cannot be owned or sold in isolation. Shares can however be transferred as inheritance or sold along with the associated private holdings, paving way for out-migrating shareholders to alienate their shares, and for outsiders, by purchase, to get access to the commons as long as the associated private property is kept. Moreover, shareholders in Swedish forest commons are not only individuals but could also be companies, the church, the municipality or the state so long as they own the property linked to a share in the commons (Carlsson, 1997). Also in these respects, the Swedish forest commons are different than those commons generally referred to by Margaret McKean and Elinor Ostrom, where out-migration usually implies that the rights to the commons are lost even if ownership to their private property retains (McKean, 1992a; Ostrom, 1990).

In spite of the differences mentioned above, the Swedish forest commons should nowadays be regarded as self-organized community groups which jointly manage a forest resource that cannot be diminished or disbanded (SFS, 1952: 167), and thereby similar to a common property regime (CPR). Thus, considering the eight attributes or principles associated with successful CPR's put forward by Ostrom (1990, 2009), we argue that in the Swedish context, where boundaries are well defined (principle 1) and rights to long term tenure and to organize are recognized by the government (principle 7), the participation and engagement aspects are of particular interest. Therefore, the objective of the present case study on one of the major forest commons in Sweden is to explore shareholder participation in and perceptions about their common, and to assess their engagement in the management or governance of the common. Consequently, our research focus relates to the 2nd principle dealing with *Proportional Equivalence between Benefits and Costs*, the 3rd principle on *Collective-Choice Arrangements*, the 4th on *Monitoring* and the 6th about *Conflict-Resolution Mechanisms* (ibid).

Previous studies on some of the Swedish forest commons have not only pointed out the diminishing role of shareholders in terms of governance (i.e., “decision-making rights”) of their commons (Stenman, 2009), but have also highlighted the fact that shareholders in Swedish forest commons do not bear costs proportional to the benefits they obtain (Carlsson, 1997). Moreover, it is also important to study the structure of governance in these forest management institutions in order to understand why some commons seem to be doing well while others do not. Indeed, results from a recent study have highlighted that although the resident shareholders seem to be generally satisfied in the way their forest common is governed/managed, the participation in management, governance and decision-making is rather low among the shareholders (Lidestav et al., 2013). Furthermore, women's participation in various aspects (utilization, decision-making, benefits sharing) is found to be significantly lower compared to their male counterparts. All of the examples mentioned here indicate a need to stimulate participation among the existing shareholders in these forest commons in order to make them truly participatory forest governance institutions.

In this paper, Vilhelmina Upper Forest Common (VUFC) in the county of Västerbotten in Northern Sweden (Fig. 1) is our case. VUFC is one of the major forest commons in terms of size of forestland and the number of shareholders. However, it is also a common where the low participation among shareholders has become a concern to the Board (VUFC Chair Hans Hansson 01-03-2012, personal communication). As such this common presents a good case to study shareholder unconcern in governance/management, while keeping in mind the above-mentioned attributes associated with successful CPRs. Hence, we can assume that shareholders' residency in the area (or not) has an impact on their engagement with the common. Consequently, we design the study so that we can compare resident and non-resident shareholders (i.e., those living within Vilhelmina municipality and those living outside).

## Study methods

### *Historic analysis of VUFC*

We reviewed all annual reports from VUFC between the years 1952 and 2011 to gain an understanding of the management, governance, and the performance of the forest common during the past 60 years. More importantly, we conducted the historic analysis to understand the demographic change related to the membership in the VUFC over the years. The historic analysis

Download English Version:

<https://daneshyari.com/en/article/6545161>

Download Persian Version:

<https://daneshyari.com/article/6545161>

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