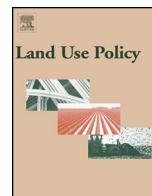




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The disappearing chain of responsibility: Legitimacy challenges in the political governance of Finnish Forest and Park Service

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ABSTRACT

This article analyses the consequences of institutional and organisational arrangements for the legitimacy of the governance of Finnish public forests. It focuses on normative legitimacy, which comprises input legitimacy (accountability), throughput legitimacy (power relationships, transparency and inclusiveness) and output legitimacy (problem-solving capacity). These components, and the challenges involved in them, are analysed in relation to the governance of the Finnish Forest and Park Service. It is a hybrid agency which combines business economic tasks with broader societal duties related to public forests. The article draws on the relevant laws, parliamentary reports and comments, policy and planning documents, as well as interviews with MPs, government officials and agency staff. The discrepancy between written regulations and policies on the one hand, and the actual governance practices and rationalities that guide informants' interpretations and implementation of the regulations on the other, constitutes (in addition to the regulatory vagueness) the key challenge to the system's legitimacy. The Finnish case shows that assigning to Parliament a central formal role in the governance of public forests may serve more as window-dressing than providing genuine legitimacy to the decisions being made, as its actual role is dependent on how – and by whom – such decisions are prepared. The results highlight the importance of inclusiveness and transparency in the governance process; and of concrete, measurable criteria and indicators for each policy goal, against which performance may be assessed on a regular basis.

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Introduction

In recent decades the legitimacy of forest policy has become an increasingly topical and challenging issue, as the previously timber production oriented policy field has been affected by changing social values and demands for inclusion from environmental actors, recreationists, indigenous groups and forest users not involved in timber production (Bäckstrand et al., 2010; FAO, 2010; Johansson, 2013; Valkeapää and Karppinen, 2013). Governmental responses to the changed political landscape are particularly well reflected in the policies governments have adopted in respect of the publicly owned forests under their direct control. One of the key choices concerns the institutional arrangements required to establish the

rights and responsibilities both of forest users and the state (FAO, 2001; Kruger et al., 2013). In a number of countries, forestry companies are granted long-term tenure to manage publicly owned forests and to harvest timber within the regulatory context defined by the government (Luckert et al., 2011; Kruger et al., 2013). In others, public forests are managed by authorities or by a state-owned company. Alternatively, local communities are granted tenure to manage nearby forests (Acharya, 2002; Bullock and Hanna, 2012). The arrangements differ in terms of the procedures followed, the degree of political control, and the role and influence of different actors in defining and achieving sustainable forest management. These issues in turn affect the legitimacy of the governance system.

This article seeks to analyse the consequences of institutional arrangements and organisational structures for the legitimacy of forest governance by focusing on the governance of public forests in Finland. Forests hold a deep meaning in Finnish culture and society. A quarter of Finland's forests are state-owned, and the governance model followed reflects the attempts to reconcile two – to some extent contradictory – policy goals. On the one hand, timber production has been the dominant goal of Finnish forest policy. The

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reasons for this include the central role played by forest-based industries within the Finnish national economy, the creation of employment, and the generation of direct income for the state. On the other hand, over the past few decades there has been increasing focus on conservation of biodiversity, livelihoods not based on timber (such as reindeer husbandry and tourism) and recreation in public forests in northern and eastern Finland, where these forests are mainly situated. (Eräsaari, 2002, p. 52) has suggested that forests, and nature in general, represent the Finnish version of public space found in most Western countries in urban environments.

Parallel with these trends, Finnish public policy has in general increasingly focused on cost effectiveness, productivity, and balancing the state budget in line with new public management (NPM). This has concerned also the Finnish Forest and Park Service (*Metsähallitus*), the agency managing all state-owned forests in Finland. In an attempt to combine NPM and the need for democratic control, in the 1990s the Forest and Park Service was transformed from a public authority into a public enterprise. In contrast to public joint-stock companies, it has a number of 'other societal duties' (as they are referred to in the relevant legislation) besides its thriving business operations. These relate to both ecological and social sustainability and include the promotion of employment, biodiversity, and recreation services, as well safeguarding the prerequisites of reindeer husbandry and the indigenous Sámi culture.

Although the particular organisational structure adopted for the Finnish Forest and Park Service is not widely used elsewhere – it can be described as an anomaly – it sheds light on a broader dilemma commonly faced in sustainable forest management; namely that of achieving a balance between the public good (such as environmental benefits) and meeting business economic goals (Hukkinen, 1999; Kruger et al., 2013). The case is interesting from a legitimacy perspective because the explicit reason behind this hybrid agency has been to maintain the highest possible level of democratic control through the direct involvement of Parliament in defining the annual goals for the Forest and Park Service, in contrast to other institutional arrangements on public forests, such as public joint-stock companies.

The next section of the article describes the idea and evolution of the new public management approach taken in Finland. The theory section outlines the theoretical approach of the article for analysing legitimacy, concluding with specific research questions. The sections that follow the presentation of data and methods analyse the legitimacy of the governance of the Finnish Forest and Park Service in terms of input, throughput, and output and output legitimacy. The discussion and conclusions contains a summary of the challenges to legitimacy identified in the analysis, discusses strategies for addressing them, and draws lessons from the Finnish case for the legitimacy of governance more generally.

New public management and challenges to legitimacy

New public management (NPM) evolved in the 1980s as a critique of the bureaucratic methods of public sector organisation. It is a theory of managerial change based on the application of economic, business, and public choice ideas (Dunleavy et al., 2006), which argues that market-oriented management of the public sector leads to greater cost-efficiency without negative consequences for the goals of, or services provided by, the state (Lane, 2001). NPM is characterised by greater use of performance measures, a stronger emphasis on results, more autonomy for agencies, less political involvement, deregulation, and competition (Gheradi and Jacobsson, 2000).

Since the late 1980s, a dozen different Finnish state organs have been transformed into public enterprises (HE 161/2002 vp).

(Meklin, 1987, p. 21) maintains that there is an inherent conflict in public enterprises between business goals and societal duties, which he describes as the 'goal problem': how should an organisation prioritise its goals and achieve balance between the two? In NPM literature, public enterprises are also considered ineffective. Due to the fact that most of the profits go to the state budget, there is no incentive for a public enterprise to maximise profits. Consequently, in Finland and other OECD countries most of them have been sold or turned into public joint-stock companies of which the government is the sole or majority owner (Lane, 2001, pp. 76).

In this sense, the Forest and Park Service represents an outdated mode of public administration. Furthermore, the EU considers public enterprises to violate the principle of free competition (Finnish Ministry of Finances, 2009), which is why the organisational structure of the Forest and Park Service is currently being revised (Finnish Ministry of Agriculture and Forestry and Finnish Ministry of the Environment, 2012). However, the Finnish government has been reluctant to fully privatise the Forest and Park Service, due to the particular significance of public forests in Finland. When the Forest and Park Service was turned into a state enterprise by law in 1994, Parliament accepted this on the grounds that it retained its ability to steer the Forest and Park Service through the annual review of its services and performance goals the agency was to provide: i.e. so-called *performance management* (Harrinvirta, 2000; Rytteri, 2006, pp. 123; State Enterprise Act 1185/2002).

According to Lane (2001), one of the central critiques of NPM is precisely the difficulty of trying to combine efficiency with equity, democracy, fairness and impartiality. While the application of NPM may increase the economic efficiency of public administration, democratic control is likely to decrease as power is transferred from politicians to operative level directors (Lane, 2001, p. 144). Besides the formal delegation of authority involved, decreasing control is also due to an asymmetric knowledge base. The leadership of an enterprise knows more about its operations and outputs than politicians and government officials, and may choose to conceal this knowledge from them (Lane, 2001, pp. 136–137; Meklin, 1987).

The key challenge in NPM is thus to achieve a balance between efficiency and equity, or the democratic principles (Lane, 2001, pp. 104, 114). This is essential for the legitimacy of the public sector, because the extent to which the governance system achieves equity between multiple perspectives through democratic processes affects its legitimacy.

Analysing legitimacy

Legitimacy can be characterised as the normative belief held by actors that a particular rule, institution or order ought to be obeyed (Bäckstrand, 2006, p. 291; Tyler, 2006). It is in other words the 'acceptance and justification of shared rule by a community' (Bernstein, 2005, p. 142). In the Weberian tradition legitimacy has been defined empirically as the exercise of power de facto accepted by citizens through the expression of consent in one way or another.

The empirical dimension of legitimacy is beyond the scope of this article, but it is motivated by earlier studies on empirical legitimacy of Finnish forest policy. The empirical legitimacy (as a public acceptance) of the Finnish forestry sector as a whole was strong during the post-war period due to its role in providing employment and contributing to the building of the welfare state (Donner-Amnell and Rytteri, 2010). However, since the 1980s changes in forest-related values and the reducing economic importance of the sector have given rise to more critical tones. In a recent analysis of the empirical legitimacy of Finnish forest policy, Valkeapää and Karppinen (2013) found that citizens considered forest industry to be too powerful and wanted to see more emphasis

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