

SUSTAINABILITY TRANSITION IN PRIVATE FORESTRY: CASE STUDY EVIDENCE FROM FINLAND

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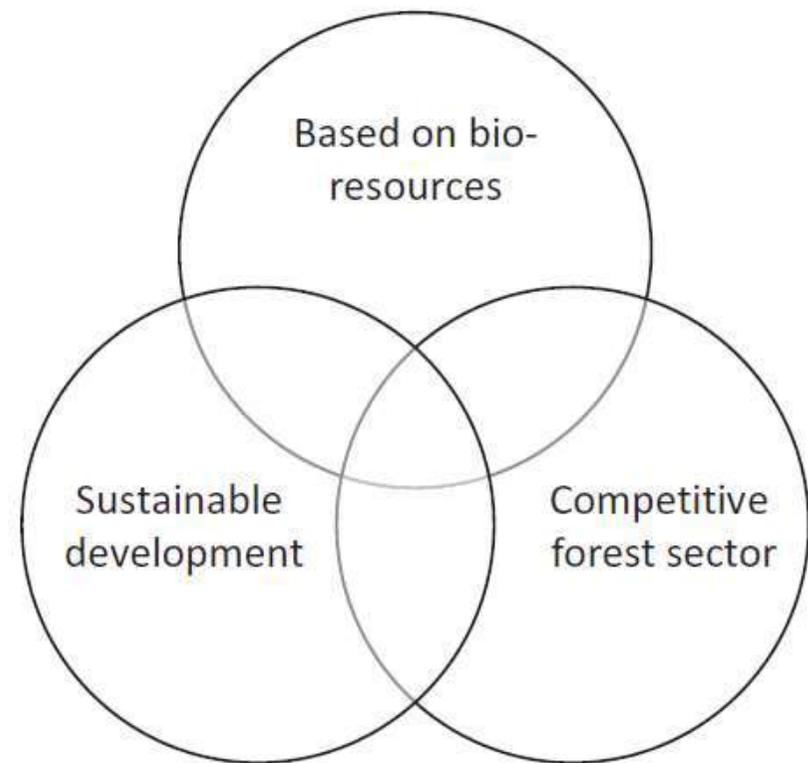
NEXUS OF BIOECONOMY AND FOREST SECTOR – THE ROLE OF SUSTAINABILITY:

Roos, Stendahl (2016)

**Fossil fuel dependency
down**

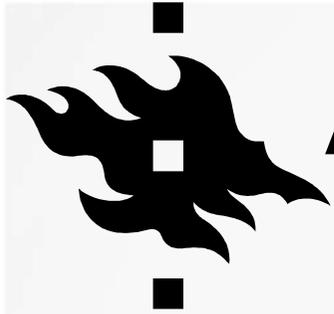
**Combatting ecosystem
decline**

**Boosting economic
development and job
creation**





- Teppo Hujala (11.6.2018): *While orchestrating transformations is difficult, we can try to support transformation by better understanding of change patterns, encouraging cross-disciplinary collaboration and out of the box thinking*
- Public service organizations, such as local forestry associations in the Nordic setting, are struggling to renew their business models in facing diminishing public subsidies – private service providers enter markets
- In addition to societal changes, forest ownership structures and values under flux



AIM OF THE STUDY

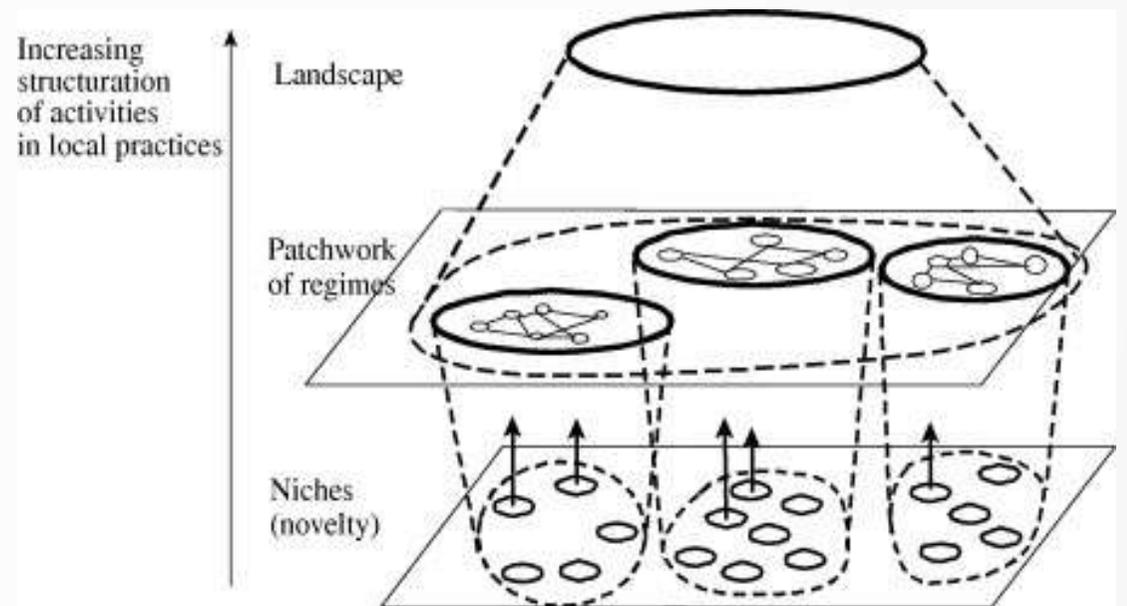
- With literature review, to analyse implementation of **sustainability driven practices** in which private service businesses and family forest owners may co-create value.
- We focus on private sector voluntary sustainability initiatives as a system driver in forestry (not just forest certification), but also recognizing that changes in forestry legislation can play a role
- *Contribution to Hujala et al. (2019): Services in family forestry. Springer, World Forests Series.*



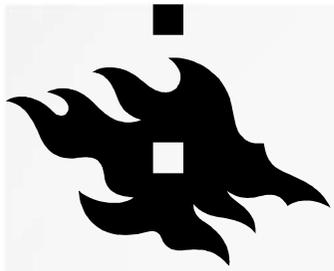


CONCEPTUAL BACKGROUND 1

- Transition management was introduced as a new governance approach for sustainable development in the Netherlands in 2000 (Geels 2002)
- Multi-level perspective explains trajectories of sustainability transitions
- Radical innovations are generated in niche level based on new technological solutions

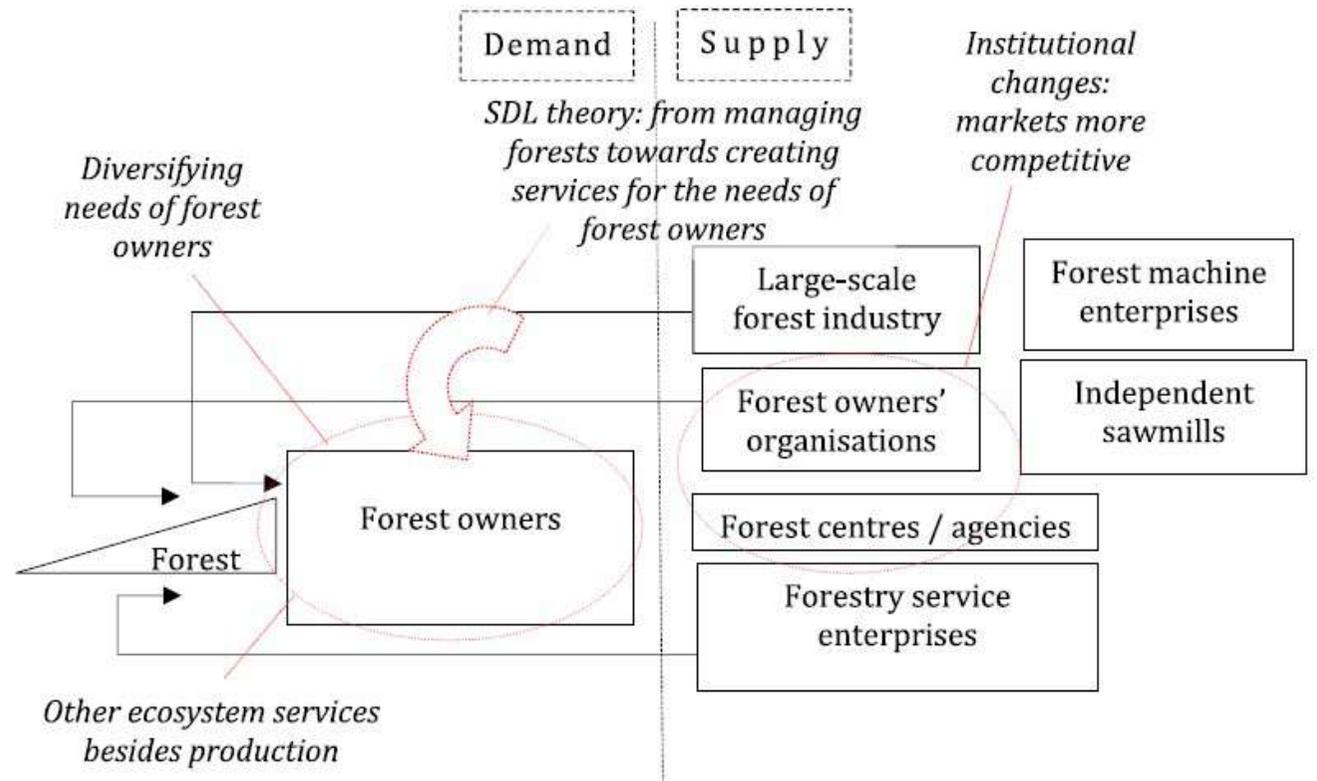


Geels (2002)

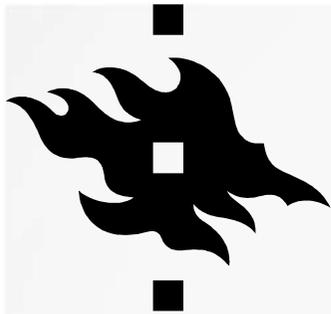


CONCEPTUAL BACKGROUND 2

- Following Service-Dominant Logic by Vargo and Lusch (2008), all social and economic actors can be understood as 'resource integrators'; value co-creation?
- Case of Finland and Sweden: service supplier organisations differ substantially from each other in terms of size and institutional background



Source: Mattila and Roos (2014)

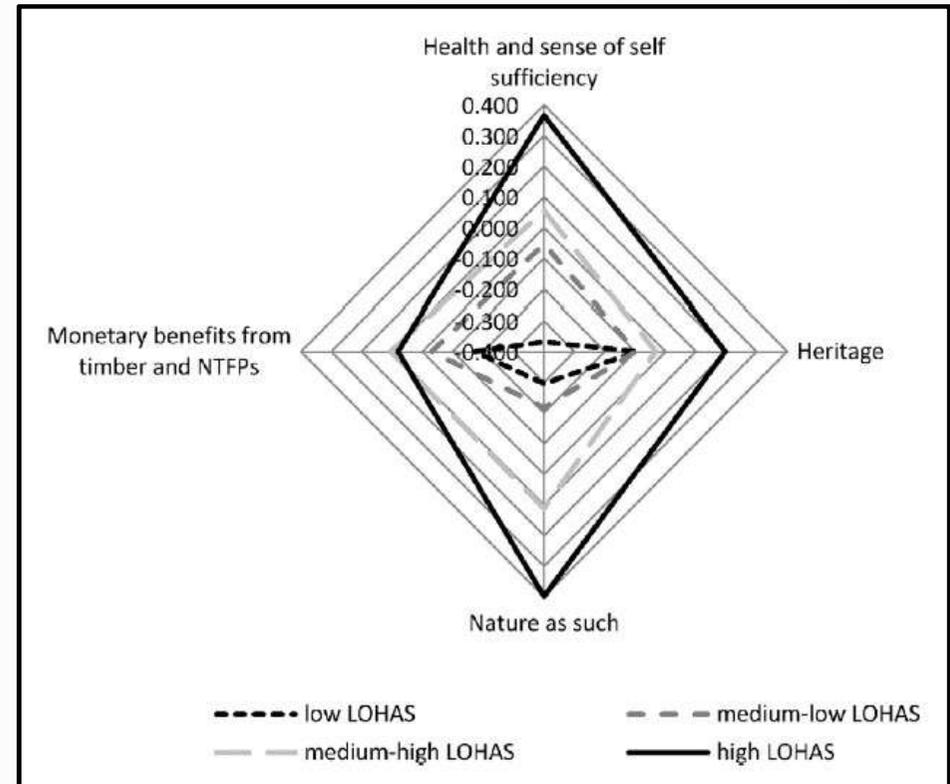


LITERATURE ON SUSTAINABILITY DEVELOPMENT IN THE CONTEXT OF NIPF'S MORE LIMITED IN SCOPE THAN IN VOLUME...

- A large body of volume on ownership objectives and value changes (e.g. Weiss et al. 2017, Feliciano et al. 2017, Umaerus et al. 2017))
- Lönnsted (2012): factors of sustainability related change in private forestry scarcely emphasized among Swedish landowners, but when done strongest reasons for taking environmental and social responsibility were interest in nature and cultural values (evidence from a case study)
- Lähtinen et al. (2016): differences found across prioritization of sustainability indicators value chain between forest owners and sawmill industry
- Forest certification as a mechanism towards sustainable forest management received major interest; in NIPF dominated countries typically PEFC over FSC (FPAMR 2017) – future demand for FSC growing

WHAT ABOUT FOREST OWNERS' DIVERSIFICATION IN VALUES AND OWNERSHIP OBJECTIVES

- Most important trends affecting the western and northern Europe are changing demographics of private landowners; their changing lifestyles, motivations and values (e.g. Häyrinen et al. 2016; Weiss et al. 2017)
- These changes have been long-term and are expected to continue affecting timber supply and management behavior, as well as legitimacy of forest related policies (Valkeapää & Karppinen 2013)

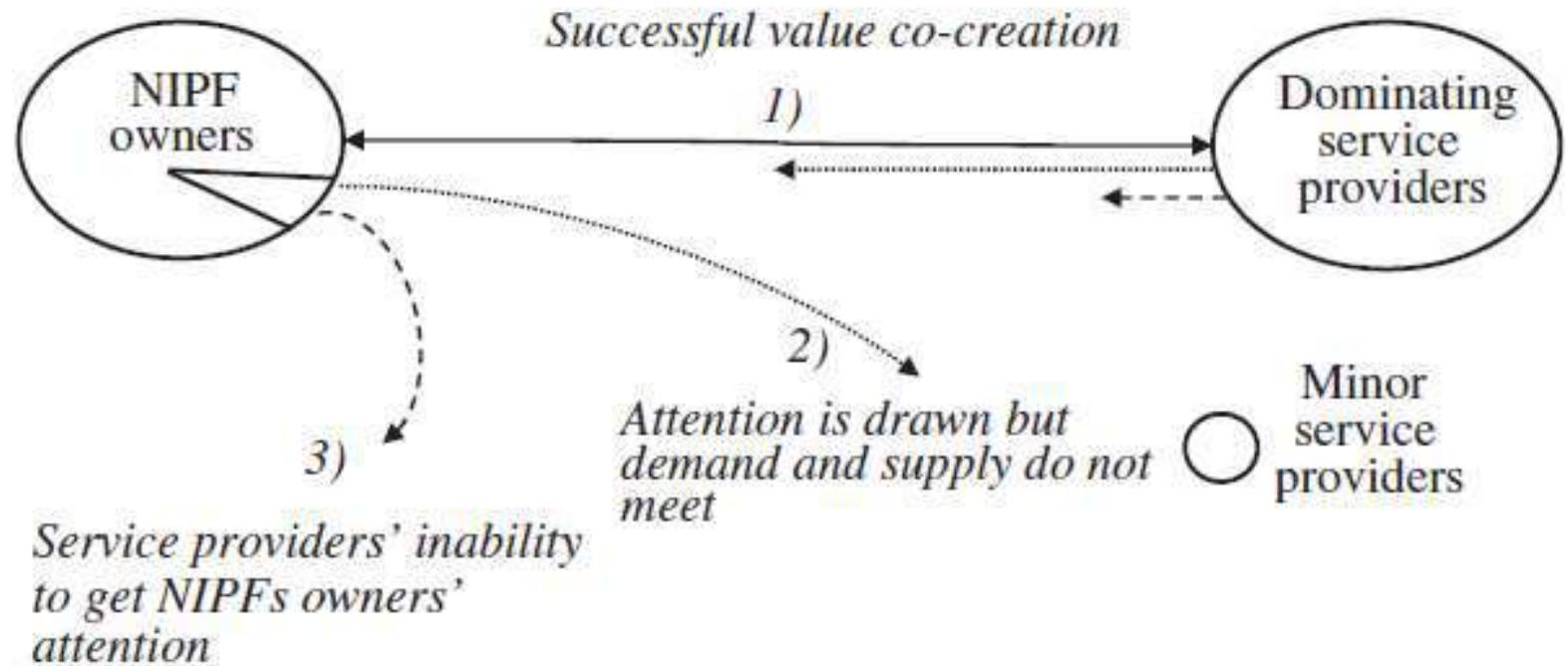


Identified four groups of forest owners against their perception on the "meaning of forests", data 2014, N=394 (Häyrinen et al. (2016))



NICHE PLAYERS PROVIDING FOR MORE THAN NICHE OWNERS?

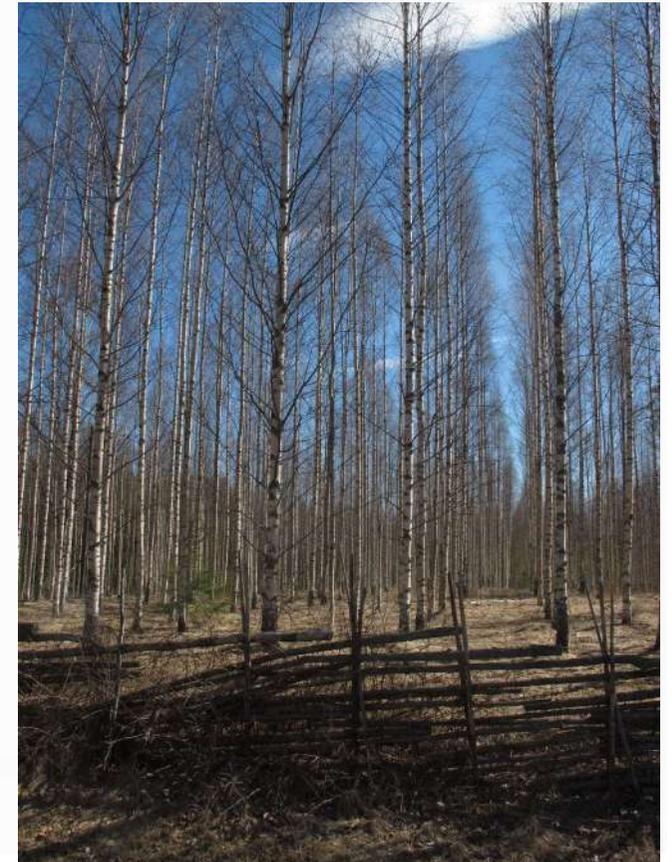
Decreasing practical silvicultural expertise among NIPF owners, the **trustworthiness and credibility** of a service provider become a more significant factor



Source: Mattila (2015)

FUTURE DIVERSIFICATION IN PRIVATE FOREST OWNERS' VALUES AND OBJECTIVES?

- Finnish case: Aiming at more efficient land management and adoption of new kind of forest management strategies? But what kind of a challenge of practicing multifunctionality and ecosystem management? And what kind of consequences on the needs for forest owner service providers – a case study
- Traditional forestry associations can often act as gate-keepers if they are not willing to change their mindset towards more multifunctional goals of landowners (e.g. Asikainen et al. 2014)





CASE COMPANY: A PIONEER



- **Innofor** is a small company, established in the late 1990s and currently with less than 10 employees
- Instead of clear cutting Innofor promotes forest management services that aims to continuous cover forestry, cuttings from the above and natural regeneration.
- High biodiversity is promoted by leaving deciduous trees and higher volume of deadwood, and promoting un-even age forestry and high variety in terms of wood species. Further, they emphasises leaving soil intact during harvesting, which has positive influence on forest carbon balance
- Partnerships between local harvesting companies are essential, also some sawmills emphasize cuttings from the above management
- The size of the clients' forest ownership vary, but typically is 10-50 hectares (average size in Finland)

- As for the future, company management believes in zero emission forestry concept to provide growth potential, as do remaining challenges for maintaining forest biodiversity in face of increasing industrial cutting levels
- The clients find Innofor often via internet, but also references from the former clients has expanded company clientele
- The growth of customer base is somewhat slow, since on average forest owners need forest management services in 5-10 years - challenges to service development
- But according to CEO, the current forest policy regime provides company a favorable business environment

Source: Innofor



CONCLUSIONS

- The challenge for sustainability transition is its aim at **incremental change** that keeps the overall structure of existing end-uses intact => limited market space for new, radical innovations through service or social based solutions
- **Long value chains** in forestry-wood market represent another key barrier for integrating and effectively communicating sustainability towards final end-users and creating demand for higher-level sustainability
- But new possibilities via digitalized services and owner **networks**? Professional networks or co-members in conservation groups supporting learning processes?
- As a new approach, **emphasis framing** (possibly in combination with public commitment) can be an effective tool to nudge family forest owners towards sustainability (de Vries et al. 2016)

SOME BACKGROUND LITERATURE

- Geels, F. 2002, Technological transitions as evolutionary reconfiguration processes: a multi-level perspective and a case-study, *Research Policy*, 31, 1257–1274.
- Häyrinen, L., Mattila, O., Berghäll, S., & Toppinen, A. 2016. Lifestyle of health and sustainability of forest owners as an indicator of multiple use of forests. *Forest Policy and Economics* 67: 10-19.
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- Valkeapää, A. & Karppinen, H. 2013. Citizens' view of legitimacy in the context of Finnish forest policy. *Forest Policy and Economics*. 28: 52-59.
- Weiss, G., Lawrence, A., Lidestav, G., Feliciano, D. & Hujala, T. 2017. Changing Forest Ownership in Europe – Main Results and Policy Implications, COST Action FP1201 FACESMAP POLICY PAPER. EFICEEC-EFISEE Research Report. University of Natural Resources and Life Sciences (BOKU), Austria. 25 p.