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Members' support of a cooperative's lobbying activities

- The case of Sweden's largest forestry cooperative

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Abstract

Today there is an increased awareness of the importance of forests, which has caused much political interest in forestry. Therefore, there is a need for forest owner to protect their property rights. The largest forestry cooperative in Sweden, Södra, works to improve market conditions for the membership by promoting changes in policy to the advantage of forest owners, hence, lobbying activities.

The problem addressed in this study is that the cooperative's lobbying benefits also non-members, while the members pay by abstaining from possible dividends. The members' willingness to pay is unknown. Likewise, it is difficult to predict whether the outcome of lobbying will be successful or not. The lobbying can, therefore, be costly with limited or no returns.

The aim of this study is to explore the members' incentives and disincentives to accept the forestry cooperative Södra using its collective funds for lobbying activities. Core issues are the members' knowledge and beliefs of Södra's lobbying activities, their appreciation of Södra as a tool for lobbying and their understanding of the relationship between individual and collective action. It includes the support of lobbying activities performed by Södra and the incentives to accept the costs for those activities.

Södra is a cooperative and therefore collectively owned and governed. To understand how individuals interact in a collective context, the Theory of Collective Action is used. In addition to the behaviour of individuals in a collective organisation, the theory explains the use of public goods, which results from forests and other natural resources. Because cooperatives are collectively governed, the members have vaguely defined property rights, which can affect the members' acceptance of investments in lobbying. Hence, Property Rights Theory is included in the theoretical framework.

A quantitative research approach is used since a large number of empirical data is needed. The data is collected through a web survey, using a questionnaire. The survey is performed in collaboration with Södra. E-mail with an internet link to the questionnaire was sent to 5.000 randomly selected members of Södra.

The results indicate that most members believe that they get individual benefits from allowing Södra to invest in lobbying activities. The fulfilment of the members' interests constitutes an incentive to accept that collective funds are invested in lobbying. Social interaction within the membership and communication with Södra's business organisation contribute to the incentives to accept the investments. Non-members' free riding behaviour and members' limited planning horizons are not considered as disincentives. Neither uncertainty with lobbying is a disincentive to accept collective investments.

Sammanfattning

Idag finns en ökad medvetenhet om skogens betydelse, vilket innebär skiftande åsikter om hur skogen ska hanteras. Därmed finns det ett ökat behov för skogsägarna att skydda sina äganderätter. Genom gemensamt agerande, exempelvis som medlem i ett kooperativ, har en skogsägare större möjlighet att påverka politiska beslut. Södra är det största svenska kooperativet för skogsägare. Föreningen arbetar för att förbättra markägares förutsättningar genom att engagera sig i påverkansarbete till fördel för skogsägarna, det vill säga lobbyverksamhet.

Studiens problem är att lobbying är kostsamt för kooperativet och därmed för medlemmarna, eftersom dessa möjligen tvingas avstå från utdelning till förmån för kollektiva investeringar i lobbyverksamhet. Dock är medlemmarnas betalningsvilja okänd. Dessutom är det svårt att förutspå vilket resultat lobbyverksamheten kommer att ge. Därmed kan dessa investeringar bli kostsamma utan garanterat resultat.

Syftet med studien är att undersöka medlemmarnas incitament att acceptera att Södra investerar kollektivt kapital i lobbyverksamhet, trots att medlemmar och icke-medlemmar får lika stor nytta av denna lobbying. Studien är inriktad på medlemmarnas kunskap och åsikt om lobbyverksamheten, deras bedömning av Södra som ett redskap för lobbying och deras förståelse för relationen mellan individuellt och kollektivt agerande. Detta inkluderar stödet för lobbyverksamhet samt incitamenten att acceptera kostnaden för denna verksamhet.

Södra är ett kooperativ och därmed kollektivt ägt och styrt. För att förstå hur individer interagerar i en kollektiv organisation är teorin om kollektivt handlande lämplig. Förutom individers beteende i en kollektiv organisation förklarar teorin användningen av kollektiva nyttigheter, till exempel skog och andra naturresurser. I en kollektivt ägd organisation har medlemmarna vagt definierade äganderätter, vilket kan påverka deras inställning till investeringar i lobbyverksamhet. På grund av detta inkluderas även teorin om äganderätter i det teoretiska ramverket.

En kvantitativ metod är lämplig då studien kräver ett stort antal empiriska data. Data är insamlad genom en enkätundersökning i samarbete med Södra. Ett frågeformulär skickades via e-mail till 5000 slumpmässigt utvalda Södramedlemmar.

Slutsatsen är att de flesta av Södras medlemmar upplever sig få individuella fördelar med att låta Södra bedriva lobbyverksamhet. Genom att Södra tillgodoser medlemmarna intressen skapas incitament att acceptera att kollektivt kapital investeras i lobbyverksamhet. Social interaktion inom medlemskåren samt annan kommunikation inom organisationen skapar ytterligare incitament. Medlemmarna anser inte att icke-medlemmarnas gratispassagerarbeteende eller tidsbegränsat medlemskap är hinder för investeringen. Inte heller osäkerhet gällande investeringar i lobbying utgör ett hinder för att acceptera Södras lobbying.

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1 Introduction

This chapter presents the topic for this research. The problem background and problem are presented and further analysed to define the aim of the study. The chapter ends with the study's outline.

1.1 Problem background

The forestry industry developed during the 19th century and had a significant impact on Swedish economy (Skogsstyrelsen, 2013). Forestry is one of the largest industries in Sweden and an important part of Swedish exports (www, Skogsindustrierna 1, 2017). The current net export corresponds to nine billion euro, which is more than the entire Swedish trade balance (Pers. com. Tibblin, 2018). Approximately 55 percent of the total land in Sweden consists of productive forest, which corresponds to about 22 millions of hectares (Skogsstyrelsen, 2013). Of this productive forest, one million hectares are legally protected; both to ensure public access to the forest but also as a habitation of certain species.

The ownership of Swedish forests is divided between private owners, companies and the state (Skogsstyrelsen, 2013). The private properties, most family forestry, accounts for approximately 330,000 individuals and together they possess fifty percent of the total area of productive forestland. The average size of the private properties is 45 hectares. The second largest owner group is private limited companies, for example, Holmen and SCA, who own about 25 percent of the productive forest (Skogsstyrelsen, 2014). Svea Skog AB, which is a limited company owned by the Swedish government, is the third largest forest owner and possesses 14 percent of the productive forest (Skogsstyrelsen, 2013). Other private owners own the remaining part, for instance, the Swedish Church, the government, municipalities, and country councils.

Traditionally, the Swedish forest has been managed by the landowners without involvement from external stakeholders (LRF, 2016). Forest owners have had freedom with responsibility to cultivate and responsibly manage their land. However, today there is an increased awareness of the importance of forest, and the interest in the forest has spread to other stakeholders. These other stakeholders have different opinions regarding how the forest should be managed to ensure that the forest remains for future generations, which results in conflicts of interest (LRF Skogsägarna, 2014). The debate about the use of forest has intensified over the last years and therefore gained more space in media (LRF, 2014). Some of the major issues discussed in the forestry sector are as follows:

The increasingly intensive forestry is a threat to *biodiversity* (Skogsstyrelsen, 2013). When the forestry expands, it affects the habitation of numerous species (www, Naturvårdsverket 2, 2018). The habitat for species, plants, and sponges deteriorate or disappear by the industrialism and intensified forestry. Therefore, there is an interest in conservation of the forest due to biodiversity. This interest influences the debate and in the long run the forest owners' property rights.

A system to protect biodiversity is the establishment of *key habitats* (www, Skogsstyrelsen 1, 2018). Key habitats refer to areas of land with special values that need extra protection since these cannot manage the intensified forestry. The decision to introduce such a protected area is made by The Swedish Forest Agencies, which is a governmental agency. When the Swedish Forest Agencies has decided to establish a key habitat, the forest owner cannot appeal against the decision and are no longer allowed to deforest within this area (FSC, 2018).

International stakeholder influence the forestry sector because of Sweden's membership in EU (www, Skogssällskapet 1, 2017). One legislation from EU that has had an impact on Swedish forestry is *the Species Protection Regulation*. The purpose is to preserve animal and plant species due to climate changes. This legislation was implemented in Swedish law in 2008 and has limited the deforestation.

The right of public access is a Swedish tradition, which results in public interest in the forest and forestry (www, Naturvårdsverket 1, 2018). The public interest is related to an increased interest in authenticity, nature, and health where the forest is an essential factor (LRF Skogsägarna, 2014). People travel to the forest to spend their leisure time close to nature for recreation and outdoor life. This right is individual, but there is an increased trend in activities for commercial purposes like eco-tourism. Today no legislation states the terms of this phenomenon, which means that it is not illegal to organise activities or events without the landowners' approval.

The forest is a resource that should be used but not overexploited (www, Södra 1, 2018). Therefore, a forest owner is interested in both production and conservation to ensure continued forestry (Pers. com. Tibblin, 2018). The problem for the forest owners is that they might be limited in their right to make independent decisions regarding their forest due to other stakeholders and legislation. This limitation affects both economic aspects and individual independence. Agencies can confiscate the forestland for the conservation of certain species or the protection of valuable forest areas. If the forestland is confiscated, the forest owner is not assured financial compensation (Pers. com. Tibblin, 2018). The confiscation negatively affects the value of the forest property and the forest owners' profit potential (LRF Skogsägarna, 2014). Thus, the independence of each forest owner is reduced. In addition, it is hard for the forest owner to make long-term plans due to difficulties to predict the future regarding the risk of confiscation or new legislation.

1.2 Problem

As argued by the problem background, there is an increased need for the forest owners to protect their property rights. However, individuals that act alone on the market are weak against other stakeholders who have more power, e.g., the government and non-governmental organisations (Dunn, 1988). Individuals must use a lot of resources when attempting to influence the market and claim their rights (Dunn, 1988; Nilsson & Björklund, 2003). On this basis, the forest owner needs collaboration partners to gain more power. To achieve this, the forest owners can join together and handle issues collectively by a cooperative society. By joint effort, the individuals have a higher chance to influence political decisions regarding forestry.

The largest forestry cooperative in Sweden is Södra Skogsägarna (Södra) with a membership of more than 50,000 forest owners (Södra, 2018). Södra processes and trades forest products, but the purpose is also to improve market conditions for the members by promoting changes in policy to the benefit of forest owners, hence lobbying activities. When direct government involvement increases within the agricultural sector, lobbying might become the furthestmost important function of cooperatives (Staat, 1987). The problem is though that lobbying is costly for the cooperative and thus for the members (Pers. com., Tibblin, 2018). On this basis, it is problematic that the members' willingness-to-pay is not known. Likewise, it is difficult to predict whether the outcome of lobbying will be successful or not. The result is that the investment for lobbying can be costly with limited or no return.

Moreover, forestry is a specific industry in the sense that it is a long-term production (Skogsstyrelsen, 2013). This means that current members may be paying for something without knowing if the outcome will result in a higher value of the forestland or not. Future owners may perhaps not realise that the today's lobbying has made the forest more valuable (Pers. com., Tibblin, 2018). It is unknown how the market value of the forest will be affected by the lobbying that Södra is involved in. The value is related to the property right and the ability for the owners to decide how to use their forest. It is difficult to assess to which extent even successful lobbying activities may increase the value of forestland.

Södra's lobbying may benefit forest owners who are not members of Södra and therefore do not contribute financially to any lobbying activity. In case the lobbying activities contribute to better governmental policies, non-members will be gain just as much as the members will. Furthermore, it is difficult to estimate a causal relation between Södra's lobbying and the eventual changes in governmental policies.

1.3 Problem analysis

To establish the aim of this study, the problems mentioned in the previous section must be specified. The following problem analysis consists of conceptual clarifications and choice of perspective including delimitations, theoretical basis and empirical basis.

1.3.1 Lobbying

In general term, lobbying can be defined as an act of representation (Berry, 1977). A more precise definition is that lobbying is about influencing decision makers to achieve decisions in a certain direction (www, ne, 2018). This influence is either by putting pressure to change or to prevent a change in policy (Yadar, 2011). Milbrath (1963) provides a similar definition;

“Lobbying is the stimulation and transmission of a communication, by someone other than a citizen acting on his own behalf, directed at a governmental decision-maker with the hope of influencing his decision” (Milbrath 1963, p. 8).

Many people may associate the word lobbying with negative connotations. However, the word lobbying is used in this thesis because it is generally accepted. Södra uses the term business policy, which will be used during the collection of empirical data. Accordingly, business policy issues and lobbying refers to the same phenomenon. In the agricultural sector, it is common that individuals act collectively to redistribute property rights in society by direct involvement in the political system (Staat, 1987). Lobbying is a powerful tool to influence certain decisions, but at the same time, the political outcome of lobbying is always uncertain (Kollman, 1998; Papaioannou et al., 2016). It is therefore impossible to predict if lobbying will be successful or not. Lobbying can be executed by industrial organisations, groups of individuals, specific firms and others (www, SVT, 2013). There is no legislation or regulation specifically for lobbying in Sweden.

Södra is actively working with business policy issues, i.e., lobbying (Södra, 2018). The lobbying activities cover several areas, but the primary focus is favourable conditions for forestry in the south of Sweden, for the individual forest owner and the cooperative society Södra (www, Södra 2, 2018). The idea is that it is more effective to influence lobbying issues together than if the individual forest owner should act alone (Södra, 2017). Currently, there are issues that directly or indirectly affect both the individual forest owner and the collective industry. Large resources are invested in such activities (Pers. com., Tibblin, 2018). Some of the most critical issues today regard the forest owners' property and decision- making rights.

1.3.2 Choice of perspective

Cooperatives are business enterprises where the members own, manage and control the business (Dunn, 1988). This type of ownership structure aims at lowering the members' transaction costs by protecting them from potentially deceptive business partners, which might have been the case if they were acting alone on the market (Nilsson, 2011). Despite this, several problems are related to the collective ownership, such as the balance between individual and collective interests. Because a cooperative must make sure that collective interests are aligned with the interests of individual members, the relationships between the members, and between the members and the management are essential.

Since lobbying is by necessity a collective type of activity, it is vital that the management is aware of the members' opinions. The outcome is unknown but at the same time costly. Hence, the main concern of this study is the members' perception of Södra's lobbying activities. Since there are no prior studies, this thesis can provide valuable insight into how members of Södra value the lobbying activities, as well as an investigation of the member's perception of the collective or individual action.

The study will contribute to the discussion about lobbying activities. The ambition is to provide insight into the members' willingness to pay for lobbying and which incentives they have to accept the investments in lobbying. Hopefully, the study will be of use for Södra, the members of Södra and other interested stakeholders.

1.3.3 Theoretical basis

Several theoretical approaches are suitable to apply for this study. The topic could be approached as a political or psychological phenomenon, focusing on political analysis or the behaviour of the members as well as political decision-makers. Though it may be assumed that the economic considerations of the members have a decisive significance for the willingness to pay for lobbying, economic theory is more suitable.

The main concern of this study is the incentives of the individual member of Södra. Therefore, theories used in this study are based on New Institutional Economics. Within this approach, there is an assumption that individuals are self-interest seeking but also that individuals are not capable of finding the optimal level of utility due to bounded rationality (Hardin, 1982; Williamson, 2000). Bounded rationality includes limited time, skills and other resources for the individual, which result in a situation where they are being exposed to another individuals' deceitfulness. Nevertheless, the forest owners still choose to join a cooperative despite the risk that they need to put aside some individual interests. The tensions between individual and collective interests can be explained by the Theory of Collective Action.

According to one branch of the Theory of Collective Action, assumptions meaning that there are limited opportunities for collective action (Olson, 1965). Another approach does, however, operate with less restrictive theoretical assumptions, such that the individuals live in a social context, whereby the interest of one individual may coincide with those of others, i.e., there may be social capital within a community of individuals (Ostrom, 1990).

The tension between individual and collective interests might be rooted in property rights. The individuals have limited property rights to their collectively owned organisation, especially in a cooperative where property rights often are vaguely defined (Cook, 1995). Therefore, Property Rights Theory is included. The problem of vaguely defined property

rights is related to the incentives for the member to invest in collective activities such as lobbying. In a cooperative society, this results in conflicts and uncertainty because of the vaguely defined property rights.

Social Capital Theory and Agency Theory concern the relationship among members of a cooperative but also the relationship between members and management. Being part of the New Institutional Economics paradigm, these theories are linked to the approaches mentioned above. Social Capital concerns social ties within a community of individuals (Feng, Friis & Nilsson, 2016). Trust and social relationships are related to the Theory of Collective Action. According to agency theory, several problems arise from the collectively owned organisation since ownership and management are separated which as well may be related to property rights (Cook, 1995).

1.3.4 Empirical basis

Since no previous studies have been made on forestry cooperatives members' incentives to accept their cooperative's lobbying investments, this study has an explorative approach. To investigate this, an empirical investigation is necessary. Conclusions from the theoretical framework are stated and tested in the empirical study, and later used for analyse and further discussion.

Given that the study concerns the membership at large, it is necessary to collect data from a large number of members, which is to say that a survey among the members is to be conducted. It would be desirable to include all members of Södra in the selection frame, but that was found impossible regarding the number of members. Instead, the sample is limited to a randomly selected group of members, which are representative of the whole membership.

1.4 Aim

By the previous reasoning, the aim of the study is determined.

The aim of the study is to explore the members' incentives and disincentives to accept the forestry cooperative Södra using its collective funds for lobbying activities.

Lobbying is a complex topic since Södra is a collectively owned organisation. Södra's investments in lobbying is dependent on the members' willingness to pay. Therefore, the awareness of the incentives to invest is valuable to the management of Södra.

The study includes several issues, which must be investigated empirically. This comprises the member's knowledge and beliefs of Södra's lobbying activities, their appreciation of Södra as a lobbying tool and their understanding of the relationship between individual and collective action. It includes the support of lobbying activities performed by Södra and the incentives to accept the costs for those activities.

1.5 Outline

The outline of this study is presented in Figure 1. The chapters will be explained briefly in this section.

Chapter 1 describes the problem background, problem, and problem analysis. This leads on to the aim of the study and its delimitations. *Chapter 2* contains an introduction to the forestry branch in Sweden and present the organisation, function, and members of the cooperative Södra.

The theoretical framework is presented in *Chapter 3*, and it is based on a New Institutional Economics approach. The theoretical framework consists of the Theory of Collective Action and Property Rights Theory. At the end of the chapter, the theory is summarised into theoretical conclusions, to form a basis for the questionnaire. *Chapter 4* describe the method for the collection of empirical data. This chapter also includes a discussion of the choice of method and a critical reflection of both method and result. Additionally, this chapter includes ethical discussion of the data collection.

The result of the study is presented in *Chapter 5*. The chapter contains empirical data and analysis of the findings. The result leads on to *chapter 6*, where it is discussed in relation to the theoretical framework. In *Chapter 7*, the conclusions of the study are provided.



Figure 1. Outline of the study.

2 The forestry industry and Södra

In this chapter, the Swedish forestry industry is presented shortly to provide an understanding for actors that influence the development of the industry. This is followed by a description of the cooperative Södra. The purpose of the description is to facilitate the understanding of further analysis, the choice of theoretical framework and method.

2.1 The forestry industry

Traditionally, Swedish family forest owners are members of forestry cooperatives (LRF, 2014). The purpose of the membership is to strengthen the forest owners' position in the round wood market. Besides the benefits of jointly marketing and trading woods, the cooperative is also involved in political work and lobbying activities, though the cooperatives are politically independent.

There are four forestry cooperatives in Sweden, namely Södra, Mellanskog, Norra, and Norrskog. (LRF, 2014). Together these cooperatives have 112.000 members, and whose combined acreage is 6.2 million hectares of forest. These four cooperatives operate in different regions of Sweden. The members of Södra are located in the south of Sweden, Mellanskog mainly in mid-Sweden while Norrskog and Norra are operating in the north and the far north, respectively. To obtain value and secure market access for their members, the cooperatives are involved in the industrial development, for example, the sawmilling industry. The political work is conducted together with other major actors within the forestry industry. Collaboration partners are for example the Federation of Swedish Family Forest Owners. The persistence of the collaboration is to promote forestry and be involved in the development of environmental legislation and policies. Besides, the collaboration includes responsibility to disseminate information and education.

Except for forestry cooperatives, there are other actors involved in the forestry industry, for example, The Swedish Forest Industries Federation (www, Skogsindustrierna 1, 2018). This is an organisation for companies and associations that use forest as raw material for their products and services. The objectives of The Swedish Forest Industries Federation are to strengthen the competitiveness of their members and work for increased use of forest-based products. To accomplish this, The Swedish Forest Industries Federation is involved in dialogues with the government, agencies and political parties.

The forestry sector also includes governmental agencies such as The Swedish Forest Agency and The Swedish Environmental Protection Agency (www, Skogsstyrelsen 2, 2018; www, Naturvårdsverket 3, 2018). The assignment of The Swedish Forest Agency is to supervise that political decisions regarding forests are implemented and that the objectives are fulfilled (www, Skogsstyrelsen 2, 2018). The Swedish Environmental Protection Agency's focus area is environmental issues within Sweden, EU and internationally (www, Naturvårdsverket 3, 2018).

2.2 Södra

2.2.1 *The group*

In 1938, the precursor of what would later be Södra was founded (www, Södra 3, 2018). In the 1960s and the 70s, Södra became a successful forestry group in the international market. However, because of the financial crisis in the late 70s, the Swedish government had to interfere and took over about 40 percent of the shares. These shares were in the mid-1980s

returned to Södra once the economy stabilised. Over the years, Södra has grown through mergers and therefore expanded geographically. The latest merger took place in 2007 when forest owners in the provinces of Bohuslän and Dalsland became members.

Today, Södra is the largest forestry group in Sweden (Södra, 2017). In 2017, the net sales amounted to 20.5 billion SEK (Södra, 2018). Södra's number of employees was approximately 3400 persons in 2017, and the number of members roughly 50.000 Swedish forest owners.

The organisation of Södra is divided geographically into three regions called West, South, and East (www, Södra 4, 2018). These regions are divided into 36 Forestry Districts. The location of the member's property determines which district the member belongs to. The forestry district is represented by a group of selected members, called representatives. The representatives are responsible for all activities within the district, monitoring the local political activity and execute the members' interests. At the forestry districts' annual meetings, 200 delegates are elected who participate at the cooperative society's Annual General Meeting. During the Annual General Meeting, the board of directors is elected. The board consists of maximum ten member directors and three external directors. Thus, the majority of the board are forest owners. The board focuses on long-term objectives and strategic issues. The board also appoints the CEO, which is part of the Group Senior Management. Besides the CEO, the Group's Senior Management includes business area presidents and executives who work with financial, market and human resource issues (www, Södra 5, 2018).

2.2.2 The member

In total, the members of Södra own about 2.5 million hectares of productive forest land (Södra, 2018). The members deliver nine million cubic meters of raw material to Södra's industries. This is approximately a tenth of the total forest harvesting in Sweden. The amount of delivered raw material corresponds to 80 percent of Södra's need for woods while the remaining 20 percent is bought on domestic and foreign markets. The members of Södra have mostly family-owned forest operations (Södra, 2017). The majority of the members are male, and female members account for about 35 percent. The average age of the members is 60 years. About 60 percent of the members live permanently at their forest estate. The majority owns less than 100 hectares of productive forestland, and the income of forest corresponds to less than 10 percent of their total income.

A member has different roles within the organisation; the member is the owner, supplier, lender, and costumer (www, Södra 4, 2018). Because of these roles, the member can be assured to have a market for the products. Södra is obligated to handle all wood that the member wishes to deliver, but the member is not obligated to deliver all woods to Södra (Pers. com., Tibblin, 2018). Besides processing forest products, Södra is assigned to provide advice and support to the members.

Södra is a democratic organisation where each member has one vote regardless of the amount of delivered timber, the size of the member's investment or how much forestland the member owns (www, Södra 4, 2018). The requirement that must be met to join Södra is either to own or to rent at least five hectares of productive forest, and it must be located within Södra's area of operation, i.e., in the south of Sweden. There is no entrance fee, but each forest owner must contribute capital. In return for their investments, members receive dividends from the cooperative's profit. The number of dividends is related to each member's contribution capital

and the volume of woods delivered to Södra. The purpose of the model of Södra is to reward those members who actively and continuously trade with Södra.

2.2.3 The operations

The operations of Södra aim to promote the profitability of the members and secure a marketing channel for forest raw material (www, Södra 2, 2018). To achieve this, Södra trades, develops and processes the forest raw material, and later markets the processed products. Södra offers personal and professional help to all members regarding felling, thinning, planting and supply of new plants. The function is divided into three business areas; Södra Skog, Södra Woods and Södra Cell.

Södra Skog. Södra Skog purchases woods from the members to be processed in saw mills and pulp mills (www, Södra 5, 2018). Besides the trading part, Södra Skog offers forestry services and complete solutions for those members who demand that type of service. The complete solution often involves the entire forest cycle, from plant to felling, including land preparation and replanting.

Södra Wood. Södra Wood includes two types of products, sawn timber and interior wood products (www, Södra 5, 2018). In the sawmills of Södra, the wood is processed into construction material. The interior wood products are used for moulding, panelling, flooring, glue boards and posts. From wood raw material, Södra Wood also manufactures pellets and wood shavings.

Södra Cell. This business operation includes three pulp mills (www, Södra 5, 2018). Södra Cell is one of the largest manufacturers of pulp in Europe. About 80 percent of the pulp in Södra Cell comes from softwood and the rest from hardwood. One pulp mill also processes pulp for fabric. By-products from the mills are used as biofuel, green electricity, and district heating.

2.2.4 The financing

The unique ownership structure in cooperatives obliges the cooperative to rely on member patrons to contribute equity capital (Peterson & Cobia, 2000). The individual equity capital is risk capital, whereby the equity holder has the rights to residual returns of the cooperative.

As in practically all cooperatives, Södra's equity consists of allocated capital, which is earmarked in the names of the members, and unallocated capital, which has resulted in that the cooperative has retained parts of the profits that it has made during the years (Peterson & Cobia, 2000; www, Södra 6, 2018). In Södra, there are two types of capital investments; direct investment and issued capital (www, Södra 6, 2018). When becoming a member, a direct investment requirement is calculated. This is a mandatory share determined by the size of the member's productive forest land. Each member should pay 600 SEK per hectare forest, but no member has to contribute more than 120.000 SEK, which corresponds to an area of 200 hectares. Above that ceiling, investments are voluntary. The share is treated as a debt that is deducted from the payment for the wood deliveries. The member can individually choose the rate of deduction by either two or four percent. The direct investment is returned to the member once the membership is finished. The issued capital is a foundation of dividends and belongs to each member, but it is retained by the cooperative for as long as the membership continuous. The issued capital goes to profit sharing.

Equity redemption is returned equity, in cash, to the members. The redemption can be done in several ways. Issued bonus shares is a consolidation of the surplus where the profit is divided amongst the members (www, Södra 6, 2018). This capital is not paid to the members. Instead, it is built up during the years of membership and dependent on the profit share.

The members receive parts of Södra's profit by capital retains, retained patronage refunds and dividends on shares (www, Södra 6, 2018). Members receive capital retains based on wood deliveries. Therefore, members who trade with Södra are rewarded. By retained patronage refunds, Södra transfers unallocated capital to the member's account, based on how much capital each member holds. Dividends on shares are based on the capital that the members own in the cooperative, both direct investment and issued capital (www, Södra 6, 2018). The Annual General Meeting decides the part of the profit that will be divided amongst the members.

A specific trait of Södra's financial structure is that the allocated capital of all kinds is tradable and appreciable (www, Södra 6, 2018). It can be freely traded among members and employee at a specific market, whereby the market price is dependent upon the buyers' and sellers' expectation as to future returns on the shares. This financial structure means that the unallocated capital and the allocated capital are intertwined. The members know that the located capital can be converted into allocated capital. This is likely to affect their willingness to support the cooperative's investments in collective action.

2.2.5 The lobbying activity

Representatives and employees of Södra actively work with lobbying in several levels; locally, regionally and internationally (www, Södra 2, 2018). The local level of lobbying is monitored by the local member operation. The regional and international level is monitored by the board of directors, the administrative council, and lobbying specialists. Currently, Södra has a team of three employees working full-time with lobbying and political issues. Additionally, Södra has several collaboration partners occupied with lobbying. Södra collaborates with The Swedish Forest Industries Federation and The Federation of Swedish Family Forest Owners (Södra, 2017). At the regional level, Södra manages the work unaccompanied or in collaboration with the regional Federation of Swedish Farmers' organisation.

The main issue of the lobbying is to ensure reasonable conditions for the forest owners (www, Södra 2, 2018). The development of profitability for the individual member is essential and improving the conditions for family forestry in Sweden. Another central issue for Södra is to promote the importance of forestry concerning the environment, the social economy and for Sweden. That implies to highlight the value of forest for everyone and to increase respect for forest owners and family forestry. As a part of this, Södra improves terms for small business that are oriented to forestry and trade of wood.

The combined power of Södra's and the forest owners' opinion work has given results (www, Södra 2, 2018). There are examples of lobbying activities where the joint effort of the forest owners has played a decisive role. Lobbying activities that have been successful for Södra are as follows; the abolition of the fee for forest care, expropriation issues regarding roads and power lines, increased influence for landowners regarding management of wildlife and the advent of forest and environmental certification.

Current issues that Södra is involved in cover several areas (www, Södra 2, 2018; Pers. com., Tibblin, 2018). For example; the threat against the property rights of forest owners, production related issues, the trustworthiness of authorities, problems related to the right of public access such as eco-tourism, the balance between forestry and wildlife, the national forest program, the need for Sweden to establish its own sustainability objectives instead of adapting to the objectives of EU, clarify the conditions of the Species Protection Regulation and the legislation of key biotopes, survey of areas for outdoor life and involvement in current development of the legislation regarding forests.

3 Theoretical framework

This chapter presents the theoretical framework, based on the New Institutional Economic paradigm. The theoretical framework is used to examine the members' incentives to accept the cooperative's investments in lobbying. The main components of the framework are the Theory of Collective Action and Property Rights Theory.

Södra is a cooperative and therefore, collectively governed. To understand how individuals interact in a collective context, the Theory of Collective Action is useful. In addition to the behaviour of individuals in a collective organisation, the theory explains the use of public goods such as forests and other natural resources. The theory includes social aspects such as individualism related to collectivism, as well as Game theory and Social Capital theory. Because cooperatives are collectively governed, the members have vaguely defined property rights, which might affect the member's incentives to accept the cooperative's lobbying costs.

The chapter is summarised into theoretical conclusions or statements. These conclusions are used in the empirical investigation as a basis for the questionnaire.

3.1 The Theory of Collective Action

The collective action indicates individuals' conscious collaboration (Meinzen-Dick & Knox, 1999). Marshall (1998) defines collective action as action taken by a group, directly or through an organisation, to fulfil the members' perceived shared interest. Collective action can also be explained as a collaboration between individuals, to fulfil a collective purpose (Meinzen-Dick & Knox, 1999).

The collective action implicates to collectively establishing a frame of rules and regulation for consumption of for instance natural resources, as well as monitoring, sanctioning and resolve disputes (Meinzen-Dick & Knox, 1999). Collective action does not necessitate an organisation, although it facilitates and streamlining the work. The special thing about the consumption of natural resources is the involvement of several actors with varying interests. The users often act without communicating with others, which complicates collaboration (Adger, 2003). The collective action occurs when decisions are made through social interaction, information and functioning networks. The phenomenon of collective action can be connected to lobbying activities since cooperatives often act to defend members' property rights (Staatz, 1987). By joining a cooperative, the members engage in collective action. Cooperatives usually take political action on particular issues where the members have a substantial economic interest. Through the cooperative, members get benefits from joint efforts.

The development of collective action is challenging (Meinzen- Dick & Knox, 1999). There are high transaction costs, though these may be reduced to the extent that the actors involved in a collective action experience trust in each other. The leadership plays a significant role in getting these actors to engage and cooperate. Collective action is facilitated if based on volunteering rather than external interfering, forced incentives or sanctions (Ostrom, 1998).

Different theoretical approaches may contribute to understanding collective action (Hardin, 1982). Collective action is related to consumption of public goods and social issues, which includes psychological and behavioural aspects. Game theory and social capital theory are essential aspects of collective action, to understand the balance between individualism and collectivism in a group (Hardin, 1982; Adger, 2003).

Public Goods. Goods and services are usually traded at a market where the price is determined by supply and demand, assumed no market failure (Mitchell & Carson, 1989). What defines public goods is the lack of observable market price. Examples of traditional public goods are wilderness areas, national parks, and natural resources such as the forest. Public goods are explained by jointness of supply and impossibility of exclusion (Hardin, 1982). A good is jointly supplied if one individual's consumption does not reduce the amount accessible. This definition is, however, not clear-cut; for example, air traditionally has been assumed to be joint of supply, but, nowadays the consumption of air leaves the air altered. The other definition state that if it is possible to prevent consumption of a certain good, that good is impossible of exclusion.

The consumption of public goods is linked to social issues (Ostrom, 1998). Hardin (1968) stated the expression *The Tragedy of the Commons* to explain the complexity of public goods. When public goods are free, there is a risk of individuals overusing it, which follows the logic that if they do not use the public good, someone else will. Individuals, therefore, overuse the public good to maximise self-interests, and misalignment occurs between the individual and collective interests. Individuals face choices of maximisation of short-term self-interest yields outcome while leaving others worse off (Ostrom, 1998). In public-goods dilemmas, all those who would benefit from the consumption of public goods find it costly to contribute, and would rather prefer others to pay. Individuals oppose collective action due to the risk of contributing individual resources and exposing themselves to free rider behaviour (Staatz, 1987). The forest is a natural resource and a public good. The right of public access allows everyone to consume benefits from the forest. The public access also allows other to interfere in the management of the forest. Due to many different actors, it is hard to arrange collective cooperation to jointly manage the forest to ensure long-term development. When individuals are free to benefit from the forest due to public access, there is a risk of overuse.

The Balance of Individualism and Collectivism. Even though individuals are driven by self-interests that do not necessarily mean that groups of individuals must be driven only by common interests (Olson, 1965). If group members were to ignore their personal benefits, it is not likely that they collectively would seek group objectives. Self-interest seeking individuals tend to ignore collective interests, and instead of contributing, they become free riders (Kahn, 2003; Olson, 1965). To prevent individuals from ignoring collective benefits, there must be some individual gain, based on the logic of self-interest behaviour (Ostrom 1998; Kirst-Ashman & Hull, 2014). Individuals in a collective society will work to achieve collective objectives only if they expect a better individual outcome when the objectives are fulfilled. This assumption follows the logic that individuals are rational and self-interest seeking. This assumption is, however, debated.

According to Hardin (1982), there is often a collective interest within a group of rational members. Therefore, the group must be rational and act rationally. Thus, if there is a rational group and the group would benefit from collective action, the group will automatically act rationally. However, these assumptions are opposed by theories within the collective action. The social dilemma stated within collective action is that when individuals seek personal interests, they fail to secure greater collective interests (Olson 1965; Hardin 1982). Such self-interest rationality will either benefit collectively or prevent the success of collective accomplishments. This narrow rationality can be explained by game theory.

Game theory. Game theory illustrates strategic aspects of individuals during social interaction (Hardin 1982). Two individuals interacting may either choose a strategy of cooperation or no cooperation. Assuming that the choices are made independently, and

without communication or bargaining, four outcomes are possible. If both individuals choose to cooperate, they will each receive a positive payoff. On the contrary, if they do not cooperate, they both face negative payoff. If one cooperates and the other does not, the cooperator faces even worse negative payoff, and the one that does not cooperate receives a very positive payoff. The fundamental idea is that the most positive outcome for both is to cooperate since the outcome of that choice is most evenly distributed. The foundation of the collective action, based on game theory, is that the individual must sacrifice a part of the individual positive gain, for the best of the collective. This reasoning does, however, have weaknesses or reasoning that may be questioned. Humans are not always capable of rational decisions (Ostrom, 1998).

Bounded rationality. Individuals are boundedly rational and do not always calculate situations and outcomes from certain actions, which complicate collective action (Ostrom, 1998). The individual is not capable of processing information to make a rational decision. Instead, individuals often use rules of thumb, heuristics, learned over time and previous outcomes in particular situations. In addition to learning variables, norms are important for collective action. Norms affect the way individuals act and learn in a social context. Therefore, norms vary among cultures, individuals, and situations. This can both facilitate and complicate social dilemmas. Certain norms affect the expectations of other members of a group. In that way, norms and reciprocity may create a reputation for keeping promises and performing actions with short-term cost and long-term benefits. If individuals believe that others intend to contribute, they will contribute since they have trust in these other individuals (Kahn, 2003).

Social interaction. A reputation for being trustworthy can turn out a valuable asset (Feng et al., 2016). This asset is called social capital, which is an overall term for trust, satisfaction, and loyalty among the membership and between members and management. Further, social capital can be described as social networks or social ties between individuals within a group (Adger, 2003; Feng et al., 2016). The Social Capital Theory explains how individuals use their relationship to others in a group, both for personal good but also for collective good (Adger, 2003). Social capital is highly relevant for a collectively owned organisation since it reduces agency cost and facilitates the decision-making for the management (Feng et al., 2016). Trustworthiness affects the incentive to cooperate since individuals expect to be reciprocated (Ostrom, 1998). If trust increases, so do the social capital. Trust is essential to gain collective action (Meinzen-Dick & Knox, 1999). If the group is characterised by trust, the members can engage in productive social exchange (Ostrom, 1998).

Trust, reciprocity, reputation and the connection between these are essential to understanding how repeated face-to-face communication affects collective action (Ostrom, 1998). Cooperation is easier reached by face-to-face communication. Individuals, however, need skills to communicate and reach collective action to solve a social dilemma. Computerized communication is not as efficient as personal communication. Both social capital and face-to-face communication may be a challenge if there is a large membership. If members are anonymous, there is less social capital and a higher risk of free rider behaviour (Feng et al., 2016). A shortage of social capital, caused by wrongly used communication, have negative effects on collective action.

The management and incentives of collective action are related to Property Rights Theory (Meinzen-Dick & Knox, 1999). The reason for addressing property rights when dealing with collective action is that property rights offer incentives for involvement. It can be assumed

that the holder of a property right will participate in activities to protect and ensure future benefits of investment.

3.2 Property Rights Theory

Property rights. Property rights can be explained as social institutions, which define or delimit the extent of granted privileges concerning a particular asset, e.g., a parcel of land or forest (Libecap, 1989). Cook and Iliopoulos (1999) describe property rights as socially and legally enforced rights for an individual to govern an economic asset. The property rights are connected to behavioural relations between economic actors regarding the use of valuable resources. The use includes defining access and use of natural resources, but also work relationships and ownership structure of an organisation (Libecap, 1989; Cook & Iliopoulos, 1998; Libecap, 2003). All societies and environments require an organisation of property rights. The purpose is to control access and use of resources to avoid losses which may arise through open access, for example, public access regarding forest. Property rights prevent that the resource's value is wasted due to competition for control. Besides, it contributes to avoiding the short-term use of assets when long-term probably would be more efficient. For example, the state, a group or private individuals can hold property rights.

In economic analyses, ownership of an asset is often connected to the possession of the residual rights of control over that asset (Cook & Iliopoulos, 1998). A property holder has the right to make decisions that affect the value of an asset, besides what is regulated by the law. According to Christman (1994), the concept of ownership includes three components. The first component is the right to use the asset, the second regards the right to the returns, and the last component is the right to change or sell. Crucial is therefore that the owner can reallocate the resource, make decisions regarding the resource and even destroy the resource when it no longer has any value (Nilsson & Björklund, 2003). However, there are limitations in the effects that occur due to property rights. For example, it is costly to care for the resource and to monitor it so no one else can appropriate the resource (Nilsson, 2011). Regarding the ownership of forest, the residual right might be violated by external actors. For instance, the decision of felling can be disrupted by legislation or The Species Protection Regulation.

Vaguely defined property rights. According to the theory, the property right holder is interested in caring for the asset (Nilsson, 2011). If property rights are well defined, the private and social benefits are equalised in economic choices, the benefits, and the costs are completely borne by the owner (Anderson & McChesney, 2003). Decisions regarding the resource aim to maximise total wealth, dependent on current income distribution and the composition of market demand. Otherwise, when the property rights are not well defined, or when it regards a group or the state, there are consequences for economic performance. Vague property rights affect the owner's expectations of use of the asset. It can be assumed that the owner has no or little interest in cherishing the asset if the owner does not expect any return. Also, vaguely defined property right puts limitations in trade and reduce the value of the asset, i.e., affect the economical options for the owner. In society, this can lead to decreased economic performance, lower wealth and less economic opportunities for the owners.

Property rights not only include ownership of land or forest. Hence, it also involves property rights of an organisation. In the case of collective ownership, in a cooperative, it results in suboptimal distribution and utilisation of resources (Nilsson & Björklund, 2003).

Cook (1995) claims that problems in a cooperative occur due to vaguely defined property rights. These problems involve aspects explaining why members have a dislike to finance the cooperative or why the management makes investments that not all members are interested in,

which result in free rider behaviours among the members. It is also caused by the unique collective ownership structure in a cooperative. Some activities of the cooperative occur in the long term, perhaps beyond the time-period of membership for an individual member (Nilsson, 2011). The collective ownership makes it more severe for the members to monitor the cooperative since ownership and control are separated in large cooperatives. The control is handed over to professional managers, which results in agency costs. Agency costs are founded on Agency Theory and consist of the relationship between a principal that hands over a task to an agent (Hakelius, 1999). The costs occur because the principal cannot always be sure that the agent performs the task as planned, due to information asymmetry and opportunistic behaviour. When using Agency Theory to analyse a cooperative, the member is often illustrated as a principal and the cooperative (management and board of directors) as the agent. To prevent the agent from acting opportunistic, members should constantly monitor the activities in a cooperative. However, the leadership of the cooperative may hold information that the members do not have and use this information as an advantage when making decisions on behalf of the members.

Cook (1995) specifies five general problems rooted in the unique property right structure of a cooperative, which affect the efficiency of the organisation. These problems influence the members' behaviour towards the collective organisation.

The free rider problem can be divided into two types: external and internal problem (Cook & Iliopoulos, 1998). The external problem regards a common resource problem and depends on untradeable, insecure or unassigned property rights (Cook, 1995; Cook & Iliopoulos, 1998). Individuals have incentives to gain benefits without contributing. This means that others completely carry the consequences (Nilsson, 2011). This results in members or non-members using a resource for their benefit (Cook, 1995). This mainly occurs in open membership cooperatives, for example when a non-member producer receives benefits from lobbying or negotiated terms of trade (Cook & Iliopoulos, 1998). The members who contribute cannot exclude others from receiving benefits, similar to the situation of public goods (Hardin, 1982). The internal free rider problem arises when new members receive equal patronage and residual rights as current members and are entitled to pay the same amount per unit of patronage (Cook, 1995). Intergenerational conflicts may accrue from equally distributed right and lack of a market for residual claims as reflecting.

The horizon problem is a result of limited planning horizons of the members in a cooperative (Cook, 1995; Nilsson, 2011). This due to member's residual claim on the net income caused by an asset having a shorter lifecycle than the productive life of the asset. In a cooperative, there is heterogeneity among the members regarding the expected time-period of the membership. The problem is that the collective objectives and investments might exceed the membership of an individual member. Therefore, members have incentives to make short-term strategies (Nilsson, 2011). The horizon problem is caused by the non-transferability of residual claimant rights and the absence of a secondary market for such rights. This problem probably intensifies regarding investment in research and development, advertisement and other intangible assets that develop over a long time (Cook, 1995). The board of directors and management, therefore, are pressured to increase the proportion of the cooperatives cash flow devoted to current payments to members, compared to investment and an acceleration in equity redemptions at the expense of retained incomes.

The portfolio problem within a cooperative society refers to the difficulty of make investments adapted to the members' heterogeneous risk preferences (Nilsson, 2011). When

there are no transferability, liquidity and appreciation mechanisms for exchanges of residual claims, the members are incapable of regulating their cooperative asset portfolio to match the risk preferences (Cook & Iliopoulos, 1998). Decisions of investments in a cooperative are allocated to patronage decision. Hence, members hold sub-optimal portfolios. Because of this, members are obtained to accept a higher degree of risk than preferably. Therefore, the pressure increase on decision makers to rearrange the investment portfolio, even though a reduced risk portfolio results in a decrease in expected returns.

The control problem regards agency costs, which occur when attempting to prevent a conflict of interests amongst the members and the board of directors (principal) and management (agent) of the cooperative (Cook & Iliopoulos, 1998). The board operates on behalf of the members. Thus, the members have difficulties of monitoring the management (Nilsson, 2011). Decisions of the management do not always correlate with the members' opinions. The management does not have to consider the member opinions. However, the management is dependent on the members as suppliers, and therefore they still have to consider the opinion of the membership. Due to devices in monitoring information and imperfect search, governance bodies operate with limitations (Cook, 1995). Within agricultural cooperatives, the provided information and external pressure exerted by publicly traded equity instruments are not existent.

The influence cost problem refers to the indifference of the members, which create difficulties for the management to get acquainted with the wishes of the members (Nilsson, 2011). According to Cook and Iliopoulos (1998), influence activities occur when decisions within an organisation affect the distribution of wealth or other benefits amongst members, or groups of members in the organisation. In addition to individual interests, the affected members or the group of members tries to influence the decision to gain benefits. According to Cook (1995), the dimension of influence costs is determined by three factors; the existence of a central authority, the types of actions that govern decision making and the level of homogeneity or conflicts of interest among the members in the cooperative. Especially the level of homogeneity is a present challenge for agricultural cooperatives in Sweden (Hakelius, 1999). Hakelius (1999) discusses the change in agricultural cooperatives during the 20th century. Earlier, agricultural cooperatives were characterised by a homogeneous membership. Nowadays, the number of farmers in Sweden has been reduced, and at the same time, there is more specialisation in production orientation, which results in heterogeneity.

The five problems stated above increase transaction costs within the cooperative organisation (Cook, 1995). Cooperatives might be affected differently. Cook and Iliopoulos (1998) demonstrate that the problems with vaguely defined property rights affect the member's incentives to invest in the organisation. It influences the organisation's ability to generate equity capital. The free rider, the horizon, and the portfolio problems tend to reduce members' incentives to invest in the development of the cooperative. These problems include opportunistic behaviour by member-patrons and their evaluation of the set of cooperative property rights approved to address residual claim and residual rights of vital issues (Cook & Iliopoulos, 2000). Therefore, the members' willingness to invest equity seem to increase when the cooperative is characterised by arrangements such as closed membership, marketing agreements, and appreciable equity shares. In addition to this, the latter type of cooperative consequently will have higher transaction costs. Better defined property rights, therefore, increase investment incentives. The control and influence cost problems affect the agency and coordination costs within the cooperative; consequently create inefficiencies that result in

disadvantages when cooperatives have to compete with firms that have more defined property rights structures (Cook & Iliopoulos, 1998).

3.3 Theoretical conclusions

This section presents conclusions based on the theoretical framework. These are linked to the aim of the study and therefore focused on the members' incentive to accept that Södra uses collective funds to finance lobbying activities. The conclusions can be interpreted as a hypothesis for the empirical investigation.

Theoretical conclusion 1: The members' acceptance of Södra using collective funds for lobbying increases if the investment complies with the **individual interest**.

Individuals are expected to act by individual wealth-maximisation (Olson, 1965; Kahn 2003). If there is no individual gain, individuals are not willing to contribute to collective action (Olson, 1965; Hardin, 1982). Thus, the members of Södra are likely to have weak interest in lobbying if they do not perceive any individual gains, whereas members want to support lobbying if they believe that this collective action may maintain the value of their forest.

Theoretical conclusion 2: The members' acceptance of Södra using collective funds for lobbying increases by **social interaction** within the membership.

Members of a group interact, and social capital evolves (Adger, 2003; Feng et al., 2016). Norms and reciprocity create a reputation for keeping promises and performing the collective action due to social capital within the group (Ostrom, 1998). Therefore, members influence each other. It might be assumed that Södra members interact and thus, they are kept informed about on-going happenings.

Theoretical conclusion 3: The members' acceptance of Södra using collective funds for lobbying increases if they think that the management has good **communication** about the collective interests of the membership.

Since trust, or social capital, is connected to communication, it facilitates collective action (Ostrom, 1998; Nilsson, 2011; Feng et al., 2016). It may be assumed that the members' acceptance of lobbying is affected by the communication from the management, and how much insight the management provides for the members.

Theoretical conclusion 4: The members' acceptance of Södra using collective funds for lobbying decrease if the lobbying benefits for **non-member** forest owners.

The constraints of human behaviour restrict rational decisions (Hardin, 1982; Ostrom, 1998). According to *the Tragedy of the Commons*, individuals consume a good to prevent others from consuming it (Hardin, 1982). Also, members do not want to contribute to activities that benefit others (Cook & Iliopoulos, 1998). Södra's lobbying can result in benefits to non-members who do not financially contribute to the lobbying. Therefore, the members have weaker incentives to invest in lobbying if others profit.

Theoretical conclusion 5: The members' acceptance of Södra using collective funds for lobbying decreases if the activity pays off beyond the **membership horizon**.

Members may object to a collectively owned cooperative's investment if the returns may not be realised until after the members have exited (Cook, 1995; Cook & Iliopoulos, 1998). If the profit comes in a far future, the member may perhaps not support the collective action (Olson, 1965). The incentives to accept Södra's lobbying activities might be affected by the time horizon for the outcome. The time horizon of a member can be limited by the length of the membership, and therefore the incentive to invest is affected.

Theoretical conclusion 6: *The members' acceptance of Södra's using collective funds for lobbying decreases if the outcome is **uncertain**.*

The members of a cooperative have different risk preferences (Nilsson, 2011). The members might want investments in lobbying with an uncertain outcome. Therefore, some members must accept more risk than preferred (Cook & Iliopoulos, 1998). Södra has a large and heterogeneous membership, which means different risk preferences. A risk-averse member perhaps not approve funds invested in risky lobbying activities.

4 Method

The chapter first explains the methodological procedure. The chapter concerns a discussion of suitable research method, collection, coding and analysis of data, background variables and finally a discussion about quality and ethical considerations.

4.1 Research approach

The theoretical conclusions are to be empirically tested. There are different approaches to treating the relationship between theory and data. An inductive approach implies that theory is generated based on empirical observations (Bryman & Bell, 2015). A deductive approach is based on theory, from which hypotheses are formulated and empirically tested. This study has a deductive approach.

Data can be quantitative or qualitative (Bryman & Bell, 2015). The choice of strategy depends on the aim of the study. A quantitative approach is usually related to a deductive view of the relation between theory and research, meaning that hypotheses are tested by observations of the reality. The quantitative approach often includes a collection of numerical data, mainly concerning numbers in the analysis (Denscombe, 1998). The data often represent a sample from a larger population in a resource-saving manner, using few variables for the analysis (Black, 1999; Denscombe, 1998).

This study aims to find general conclusions about the membership of Södra. Therefore, a large number of empirical data is needed. Hence, a quantitative research approach is appropriate. A large number of observations increases the possibility to obtain a higher degree of generalizability, and the conclusions reflect trustworthiness (Denscombe, 1998, Robson, 2011). Additionally, a quantitative approach is to be preferred when describing group tendencies and identify what commonly occurs within a group (Black, 1999).

A qualitative approach would be preferable if the meaning were to gain a deeper understanding of a specific case (Robson, 2011). A qualitative approach for this study would comprise interviews with a limited number of members of Södra. When using a qualitative approach, the focus concerns words instead of numbers and how individuals perceive and interpret the social reality (Denscombe, 1998; Bryman & Bell, 2015). Qualitative approach implies a more constructive than objective view and the social society is in continuous change, affected by the individuals within it. To collect data with a qualitative approach requires more time and resources than accessible for this investigation, due to many respondents (Denscombe, 1998).

4.2 Questionnaire

There are several methods for collecting quantitative data (Bryman & Bell, 2015). Data can be collected either by structured interviews or by using a questionnaire.

A structured interview implies that the researcher follows a predetermined interview guide and asks all participants the same questions in the same order (Bryman & Bell, 2015). The questions are standardised, which reduces the risk of differences between interviews. The interviews can be made either from face-to-face or by telephone. The researcher can adjust the questions during the interview to follow up a specific answer. However, a questionnaire is preferred when collecting a large amount of data (Denscombe, 1998; Robson, 2011).

Questionnaires are suitable when the study intends to explore attitudes, opinions, comments, and beliefs (Denscombe, 1998). Therefore, it is suitable to use a survey, by a questionnaire, to

explore the members' incentives to accept Södra using collective funds for lobbying activities.

Nevertheless, a disadvantage of questionnaires is that the researcher is not present when the respondents answer the questions and therefore cannot ask additional questions or verify the respondent's honesty (Denscombe, 1998). There may be a social desirability response bias; respondents do not always report their attitudes or beliefs truthfully to appear better (Robson, 2011). Though, the researcher does not risk influencing the respondent's answer or asking the same question in different ways to the respondents when using a questionnaire (Bryman & Bell, 2015).

In this study, the questionnaire is web-based, designed in the web-tool Netigate. A motive to use a web-based questionnaire is that the respondents are geographically spread, and the data is to be collected during a brief period (Robson, 2011). A web-survey requires that the respondents have access to the internet and an email address, which is the case for the vast majority of Södra's members. Moreover, the researchers need to have access to the respondents' email addresses. In this study, the e-mails were sent from Södra's IT department, and so the researchers did not handle any e-mail addresses.

The respondents received an e-mail containing a cover letter and an internet link to the questionnaire. This link could only be opened once by each unit, to make sure that no respondent answered more than once. Since the members of Södra are Swedish forest owners, the cover letter, and the questionnaire were written in Swedish. If the questionnaire was written in English, there might be members of Södra that resigned to participate due to linguistic reasons.

4.2.1 Questionnaire design

Cover letter

A cover letter to the questionnaire provides information about what the questionnaire is used for and who sent it (Denscombe, 1998; Bryman & Bell, 2015). In addition, it mentions why the respondent has been selected and offer a guarantee of confidentiality. The e-mail sent to the members of Södra also contains a cover letter, written by the Officer of Member Relations at Södra (see Appendix 1 Cover letter). This cover letter provides information about the aim and objectives of the study. It also informs that the survey is a collaboration between Södra and students at the Swedish University of Agriculture Sciences.

In addition, a cover letter written by the researchers was attached (see Appendix 2 Cover letter). Besides information about the aim of the study, it comprises assurance of anonymity, the estimated time to fill in the questionnaire and the voluntary participation. The letter contains a presentation of the lobbying activities of Södra. Also, it includes instructions for the respondents to make sure they understand the questions and the response options. Finally, the cover letter provides contact information to the researchers and the supervisor to allow the respondents to contact them if needed.

Questionnaire

The questions are based on the theoretical conclusions retrieved from the theoretical framework. A questionnaire can contain closed or open questions (Bryman & Bell, 2015). In this study, the questionnaire consists of closed questions, meaning that the respondent chooses among predetermined response options. This makes it easy to find relationships between variables and to compare the participants with each other, i.e., it facilitates the coding of data

(Bryman & Bell, 2015). However, there are disadvantages of closed questions. Perhaps, the respondents have difficulties in choosing an answer that relates to them. Another disadvantage occurs if the respondents do not find a suitable answer, which causes frustration whereas the respondents do not complete the survey. Also, information can be lost by using closed questions. In this study, the respondents were able to add a comment before finishing the questionnaire, to intercept valuable details not covered by the fixed alternatives.

Open questions mean that the respondents answer each question in their own words without agreeing to a predetermined option (Bryman & Bell, 2015). But the coding of open questions requires much time and resources. Since there is a large number of members in Södra, eventual coding of open-ended questions would have taken too much time regarding the time frame of this study. It also sets a different demand on the respondent and requires more effort, which can decrease the response rate.

According to a standardised questionnaire, both questions and the order of the questions was distributed in the same way for each participant, (Bryman & Bell, 2015). A standardised questionnaire is most suitable for surveys since it facilitates the coding and ensures that the questions are asked in the same way to each respondent (Robson, 2011). The respondent has to answer questions, either by choosing between predetermined responses options or a statement designed as a Likert scale. The Likert scale is an ordinal scale and suitable when the intention is a certain order or ranking of opinions solicited on a questionnaire (Black, 1999). The Likert scale in this study has five response options from totally disagree, agree to low extent, neutral, agree to high extent and totally agree. When using an ordinal scale, the intervals between the options are not assumed to be equal which must be taken into consideration when analysing the data (Black, 1999).

Since the questionnaire is designed as a self-completing questionnaire, there are short instructions for each question or statement. It is vital to ensure that the respondents understand how they are expected to answer each question (Denscombe, 1998). That is especially important in this questionnaire since it includes both questions and statements with predetermined response options. The respondent was instructed at the beginning of the questionnaire and after the section of background questions. To further encourage the respondent to answer correctly, there was a short instruction above each response options.

Questionnaires do not provide the possibility of follow-up questions (Denscombe, 1998). Therefore, it is essential that the questionnaire is carefully thought out. Before the questionnaire was sent out, it was tested by independent individuals to ensure that the questions or statement was precise, and not difficult to understand. To make sure that the empirical data would be able to analyse, a statistically experienced person was consulted before handed. The questionnaire was also sent to the Officer of Member Relations of Södra for feedback and approval.

4.2.2 Choice of respondents

There are difficulties with collecting data from an entire population due to time constraints and administrative reasons (Denscombe, 1998). Therefore, researchers often chose a sample, which is hopefully representative of the whole population. From the defined population, the sampling frame is selected (Robson, 2011). The sample frame constitutes a critical factor in the research process (Bryman & Bell, 2015). Therefore, it is important to choose a sampling frame that is representative of the population, to get a more generalizable result.

For this study, the population consists of the members in Södra. Considering that the questionnaire is sent by e-mail, the sampling frame constitutes all members of Södra that has a registered e-mail address and access to the internet. Because of a large membership, it is impossible to include the whole selection frame. Instead, the questionnaire is sent to a random sample within the selection frame.

A random sample means that each unit of the sampling frame is equally probable of being selected (Bryman & Bell, 2015). To ensure a random selection of sample in the study, the selection was computerised with help from the IT-department at Södra. In that way, the risk of human bias is eliminated (Bryman & Bell, 2015). The selection is neither dependent on human contact, for example, how active the member is in the organisation.

The size of the sample is often a compromise between factors such as time, cost, and size of the population (Bryman & Bell, 2015). In general, a larger sample increases precision and generalizability (Denscombe, 1998; Bryman & Bell, 2015). The larger the sample is, the more aspects could be covered. The sample size of this study is determined to 5000 members of Södra.

4.2.3 Response rate and non-responses

The response rate depends on the choice of method, the design of the survey, the characteristics of the respondents and what type of questions asked (Denscombe, 1998; Bryman & Bell, 2015). Hence, a well-considered survey can be vital for the response rate. A questionnaire consisting of a large number of questions or with several open-ended questions demands a lot of effort for the respondents. This might result in lower response rate (Bryman & Bell, 2015). The response rate can be improved by a well-formulated cover letter and clear instructions (Bryman & Bell, 2015). These aspects were considered when designing the questionnaire and cover letter. To ensure this, the questionnaire was tested by several individuals before it was sent to the members of Södra. Hence, it is possible to examine if the questions were perceived as the researchers intended. Also, the expenditure of time to complete the questionnaire was tested, which ensure that the questionnaire takes a reasonable time to respond.

Two main strategies can be used to increase response rate. First, the questionnaire was sent by e-mail and not postal. Postal surveys tend to require more efforts by the respondents since they must answer the questionnaire, and send it back to the researchers (Bryman & Bell, 2015). In this study, the respondents answer the questionnaire online, which means that the result is registered directly without the respondent having to send it back actively. The second strategy is to send a reminding e-mail to non-respondents, which may raise the response rate significantly (Bryman & Bell, 2015). However, in this study, it is not possible to send a reminder e-mail to non-respondents. This due to the IT system of Södra is not compatible with the university's web-tool Netigate, and therefore it is not possible to identify members who already have responded.

The questionnaire was sent to the sample of 5.000 members by e-mail on the 12th of April 2018, and it was closed the 21th of April. When the survey was closed, the number of respondents was 782, which finished the whole questionnaire, and this implies a response rate of 15.6 percent. Thus, there is a possibility that the e-mail list to the members contains outdated addresses. This makes it difficult to estimate the number that truly received the questionnaire. In addition, the response rate varies through the questionnaire since the respondents could choose to finish the questionnaire without answering all questions. The

ones who filled-in parts of the questionnaire are 845. This means that the response rate fluctuates between 15.6 and 16.9 percent.

4.3 Processing and analysis of data

After closing the questionnaire, the raw material of data was exported from the web-tool Netigate to Excel and the software package SPSS statistics for further analysis. The Likert scale was coded by the ranking, namely 1 (totally disagree) to 5 (totally agree). The variables not continuous, nominal variables was coded from 1 for yes to 3 for other.

By using descriptive analysis of the collected data, data can be summarised, described and patterns in the data identified. Descriptive statistics emphasis on graphical and numerical procedures, suitable for a categorical variable such as nominal and ordinal data. The descriptive analysis involves measurement of frequencies and is appropriately presented as graphs (Bryman & Bell, 2015). This descriptive analysis is used for evaluating the theoretical conclusions of this study.

The empirical data include background variables, which enable to evaluate if there are statistically significant differences or similarities between groups of members. Such analysis may state, for example, if members living permanently at their forest estate answer differently at the questions compared to members not living on their estate.

4.3.1 Statistical analysis method

In this study, the statistical analysis method is the chi-square test. A chi-square test is a test of statistical significance. Hence, it allows estimation of how confident the result of the randomly selected sample is, i.e., if the sample selected is generalizable for the whole population (Bryman & Bell, 2015). The test assumes a null hypothesis, which specifies that the medians of the population distributions are identical (Newbold et al., 2003). It means that the two-tailed hypotheses are as follows.

H_0 : The medians of the populations are equal

H_1 : The medians of the population are not equal

When the null hypothesis is set up, the level of statistical significance is established (Bryman & Bell, 2015). For this study, a significance level of 95 percent was determined.

The test results in either rejecting or accepting the null hypothesis by evaluate the p-value (Newbold et al., 2003). If the null hypothesis is accepted, there is no difference between groups. If the p-value is less than 0.05 (5 percent) the test is statistical significant, and the null hypothesis is rejected. Therefore, there is a significant difference between the groups. If the p-value exceeds 0.05 the test is not statistical significant, hence the null hypothesis is accepted, and there is no significant difference between the groups.

4.3.2 Chi-square test

The chi-square test is one of the most common and flexible statistical test, used to identify relations between variables (Robson, 2011). The chi-square test measure differences between observation and expected frequencies in a cross table (Bryman & Bell, 2015). Further, this analysis allows examining if there is statistical significance when comparing groups of respondents, between an independent and dependent variable. It allows establishing at what

level the result is statistical significant. When using a chi-square test, it is assumed that the units are equally distributed in the correlation table. The test means nothing alone, but can be useful in relation to a predetermined level of statistical significance. Additional, the chi-square test include the degree of freedom, referring to the number of options for each participant.

In the following chapter, the results from the chi-square test will be presented by following formula; $X^2(df, N)=p$. X^2 represents the chi-square test, df means *Degree of Freedom*, N is the number of respondents and p is the *p-value*. The *p-value* is compared to the predetermined level of significance.

The chi-square test is limited by two requirements (Denscombe, 1998). The first requirement is that maximum 20 percent of the expected frequencies can be less than five. The second requirement is that the expected value must exceed one. If these requirements are not fulfilled, the accuracy of the statistics can be affected. To avoid this problem, it is possible to perform a logical merger, where two or more groups are combined.

4.4 Background variables

At the beginning of the questionnaire, the respondents were asked about some background information. These questions were not based on theoretical conclusions, and therefore not a part of the result. Instead, it contributed a basis for the statistical analysis. Södra has a large and heterogeneous membership, and thereby it might be expected that different member categories have different attitudes. Hence, it was possible to identify if there are differences among the categories. All background questions can be found in Appendix 3 Questionnaire.

The questionnaire consisted of the following background variables; gender, age, acreages, type of production, years as a member of Södra, if the member lives permanently on the forest estate and if the member has a successor or not. Variables of this type are called nominal (Black, 1999). These variables are not ranked, and the conclusions are binary, the respondent either belongs to the category or not.

The members' age was ranked on a scale from under 30 years to older than 80 years (see Figure 2). Most respondents stated that they are 61- 70 years (33 percent), followed by the age 51-60 years (25 percent), 71-80 years (18 percent), 41-50 years (15 percent), 31-40 years (6 percent), over 80 years (2 percent) and under 30 years (1 percent). Regarding gender, male amounted to 79 percent, female 21 percent and non-binary represented less than 1 percent.

The third background variable included information about the number of hectares of forest each member owns. Most members own 31-70 hectares (32 percent), followed by 101-500 hectares (26 percent), 6-30 hectares (21 percent), 71-100 hectares (17 percent), up to 5 hectares (2 percent), 501-1000 hectares (1 percent) and over 1000 hectares (1 percent).

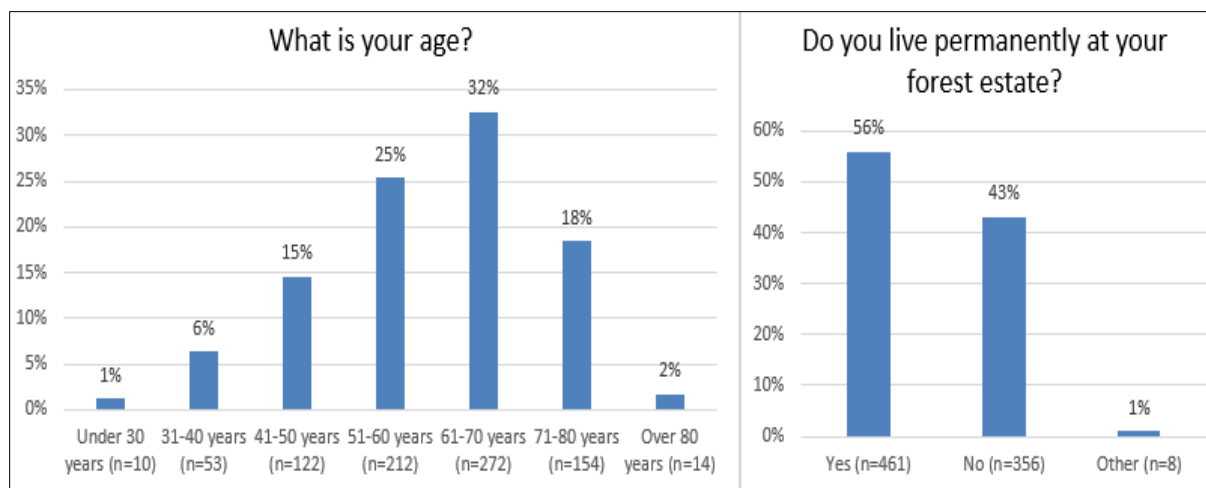


Figure 2. Results from questions “age” and “permanently living at your forest estate”.

The members were asked about their main production orientation. On the question, most members indicated forestry (81 percent), followed by animal production (7 percent), grain production (4 percent). The remaining indicated other production (9 percent). Regarding permanent living on the estate, most members live on their estate (56 percent), followed by not living on their estate (43 percent) (see Figure 2).

The sixth question concerns if there is a successor or not (see Figure 3). Most members answered yes (67 percent), followed by other option (18 percent), and no (16 percent). When the members were asked for how long they have been a member, most members indicated 11-20 years (24 percent), followed by 21-30 years (22 percent), 0-5 years (17 percent), 31-40 years (16 percent), 41-50 years (7 percent) and over 50 years (1 percent) (see Figure 3).

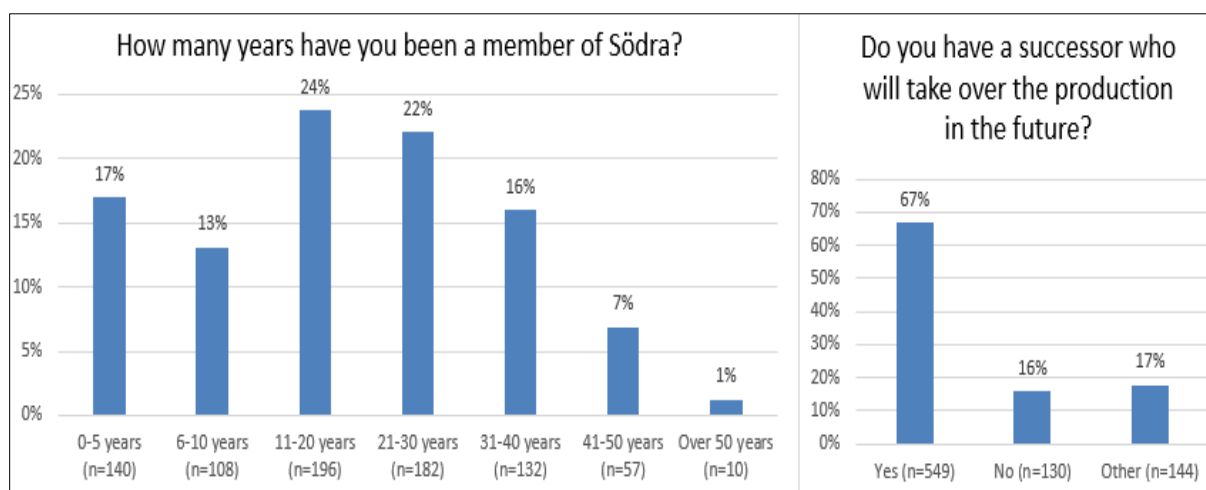


Figure 3. Results from questions “years of membership” and “successor or not”.

The members were asked what geographic area of Södra they operate in. Every area was represented, though, the majority indicated Skåne (6 percent), followed by Finnveden (6 percent), Ljungby (5 percent) and Vimmerby (4 percent).

To gain an insight into the awareness of lobbying among the members, the eighth and last background question covered this. Most members indicated yes (76 percent), followed by no (18 percent) and the remaining indicated other (7 percent).

Four background variables are used to examine if there are differences in the answers among the member categories. These background variables are; “age”, “permanently living on the estate”, “years of membership” and “successor or not”. It is assumed that these variables can be expected to constitute differences in the responses. Due to the requirements for a chi-square test, member categories based on the variables “age”, “permanently living on the estate”, and “years of membership” are merged to larger groups.

Besides providing basic information about the respondents, the background variables can be an indicator if the sample is representative of the population. Thus, the background variables are not the only measurement for representativeness, but when the result is compared to Södra’s information about the average member, they can indicate if the sample is more representative. The average member in Södra is around 60 years old, more than half of the membership lives permanently at their forest estate and owns less than 100 hectares of forest (Södra, 2017). This corresponds to the empirical data, which therefore indicate that the sample is representative. Additionally, the background information also shows that the respondents are geographical spread throughout Södra’s area of operation.

4.5 Quality assurance and ethical considerations

In business research, there are criteria for evaluating the quality of the research (Bryman & Bell, 2015). The quality of quantitative researches is associated with reliability and validity (Golafshani, 2003).

Reliability refers to the consistency of measurement (Robson, 2011). It can also be explained as the stability of measurement, i.e., whether a measure is stable over time (Bryman & Bell, 2015). The reliability of the study increases if the result of a repeated investigation, at another time not fluctuate, i.e., similarities in the result indicates that the measure is stable (Golafshani, 2003). Replication concern the possibility for others to replicate the study (Bryman & Bell, 2015). To achieve reliability and replicability, the research approach and choice of respondents is carefully described. This also applies to the method of collection, the coding and the analysis of the data.

Validity concern whether the means of measurement are accurate and if the data measure as intended (Drost, 2012; Golafshani, 2003). There are different types of validity (Drost, 2012). Internal validity concerns the causality of the study, hence, if the causal relationship between two variables is stable and not affected by another variable (Bryman & Bell, 2015). To ensure validity, it is essential that the questions asked in the study are measuring what the researcher aims to measure. When using a self-completion questionnaire, it is always desirable to conduct a pilot study. A pilot study might reduce validity issues. Thus, it is a way to evaluate the design of the questionnaire. In this study, no pilot study was made due to limitations in time. Hence, before the members of Södra received the questionnaire, it was tested on selected individuals, including the Officer of Member Relations of Södra. By testing the questionnaire, it was possible to evaluate if the questions were understandable and if the structure was satisfying. The test also made it possible to make improvements and clarifications of the questionnaire.

Generalizability refers to external validity and is a concept for establishing trustworthiness of the study (Robson, 2011). Generalizability concerns to what degree the result of the study are applicable, i.e., if the result would be the same in other contexts or among persons other than those who are involved. This implies that quantitative research must have a representative sample (Bryman & Bell, 2015). Nevertheless, a representative sample is taken into

consideration in the study; it is not appropriate to generalise the findings outside the selected sample. Thus, the result of the study can be relevant for comparable populations.

In social research, it is necessary to consider ethical aspects (Bryman & Bell, 2015). Bryman and Bell (2015) present four main areas of ethical principles; if participation in the study bring harm to the respondent, if there is a lack of informed consent, if the study implies invasion in the participant's privacy and if the study involves deception. Information provided by respondents must be handled strictly professional to defend the respondent's integrity (Denscombe, 1998). The cover letter, therefore, provides the respondent with information about the aim of the study and explain that the respondent's personal information is handled correctly. To ensure that the study does not cause any harm to the respondents, all respondents are anonymous, and the data material is handled confidentially. The web-tool Netigate converts the answers to numbers, and therefore it is not possible to identify any individual or connect any answer to a certain respondent. Further, the data material was only handled by the researchers and no one else had access to the material. For using Netigate, it requires an account, which means that a password protects the data. This ensures that the data material only is used for the intended study.

In the cover letter, the respondents can find the information that participation in the study is voluntary. To facilitate the decision on participation or not, clear and sufficient information about the study must be obtained (Denscombe, 1998). Therefore, it is important that the respondents also are sufficiently informed about what the study is about. Further, the respondent can find contact information to the researchers, if there would be any questions.

5 Results and analysis

This chapter presents result and analysis of the study. Each section starts with a theoretical conclusion, followed by questions linked to the specific conclusion. To facilitate the descriptive analysis of the questions, all percentages are rounded to nearest integer. To examine differences between member categories with regard to background variables, each question is analysed by two background variables. The background variables used are “age”, “permanently living on the estate”, “years of membership”, and “successor or not”. For a full presentation of the result, see Appendix 3 Questionnaire.

Comments from the last open-ended question in the questionnaire are used to further illustrate the members’ attitude to lobbying. However, the possibility to comment was given last in the questionnaire, not in connection with a certain question. The comments are used to illustrate or underline some of the results. The citations are translated from Swedish to English.

5.1 Individual interest

The members’ acceptance of Södra using collective funds for lobbying increases if the investment complies with the individual interest.

The theoretical conclusion was tested by the questions “Södra should engage in business policy activities”, “Södra does a better business policy work than individual forest owners can do”, “How important are the different business policy issues to you”, “Södra’s efforts in business policy provide benefits to me through, for example, increased value of my forest property”, “For Södra to invest in business policy, the questions must be important to me, e.g., such as increases the value of my forest”, and “It is good that Södra invests in business policy because Södra engages in the issues that are important to me”.

To make members of a collective organisation engaged in collective action, it is crucial that the members can identify individual gains among the collective objectives, based on the logic of self-interest seeking. Södra engages in lobbying activities to improve the members’ conditions to conduct forestry. This collective action demands lots of effort and resources. Therefore, it is crucial to examine if the members support this investment or not. On the question “Södra should engage in business policy activities”, most members indicated that they totally agree (42 percent) or agree to high extent (35 percent). This was followed by neutral (13 percent), agree to low extent (8 percent) and totally disagree (2 percent) (see Figure A12, Appendix 3). The following citations further illustrate the attitude to Södra’ lobbying investment:

*“Influence is invaluable”
“The importance of business policy has become clearer”*

A chi-square test was performed to analyse the relationship between member categories based on the background variables, but neither test showed statistical significance. This means that the members are equally likely to respond, regardless of the member categories.

Södra is a collective organisation, and collective action may strengthen influence in business policy issues compared to individual effort. Hence, one question captures if the members think that Södra does a better business policy work compared to individual engagement (see Figure A13, Appendix 3). Most members indicated totally agree (45 percent), followed by agree to high extent (35 percent), neutral (14 percent), agree to some extent (4 percent) and

totally disagree (1 percent). A chi-square test, based on the background variable “years of membership” indicated statistical significance, $X^2(8, N=807) = 15.69$. $P = 0.047$, $p < 0.05$ (see Figure 4). There is a significant difference between the members concerning how long they have been members of Södra. The question was analysed by the other background variables, which indicated no statistical significance.

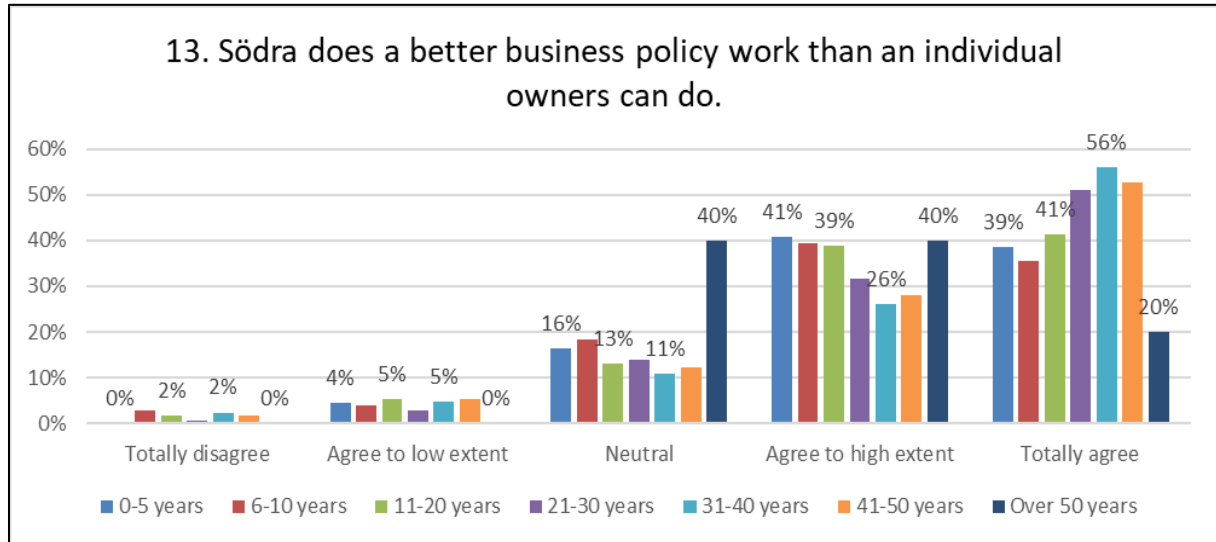


Figure 4. Result from the question “Södra does a better business policy work than individual owners can do”, analysed by background variable “years of membership”.

Södra engages in various lobbying activities. The members were therefore asked how important they experience the following business policy issues; Preserving the property right, the species protection regulation and legislation of key biotopes, the balance between forestry and wildlife, the trustworthiness of authorities, problems related to the right of public access and production related issues. If the issues are individually important, it can be assumed that the members are more positive about the lobbying activity. It is related to the assumption of individual gain within a collective organisation. Based on the result and the response options, the majority of the members considers that the issues presented are quite important or very important (see Figure A14a-14f, Appendix 3). The following citations further illustrate that Södra promotes the members interests:

“It is crucial to engage future forest owners in unrestricted user rights”
“It feels like the right to public access has overruled the property right. The authorities decide over my private economy, the forest”

Individual benefits probably result in a more positive attitude for lobbying, such as increased value of the estate. The question “Södra efforts in business policy provide benefits to me though, for example, increased value of my forest property” resulted in most members indicated agree to high extent (40 percent), followed by neutral (32 percent), totally agree (20 percent), agree to a limited extent (6 percent) and totally disagree (2 percent) (see Figure A15, Appendix 3). A chi-square test was performed to analyse the response option by background variable “permanently living on the estate”, which indicated statistical significance $X^2(4, N=790) = 9.97$. $P = 0.042$, $p < 0.05$ (see Figure 5). Hence, there is a difference of opinion amongst the members depending on whether they live on the estate or not. This question was further analysed. The analyse by background variable “successor or not” resulted in $X^2(8, N=791) = 19.28$. $P = 0.013$, $p < 0.05$. The analyse by background variable “years of

membership” also showed statistical significance, $X^2(8, N=794) = 15.58$. $P = 0.049$, $p < 0.05$, indicating that the members disagree depending on the years of membership.

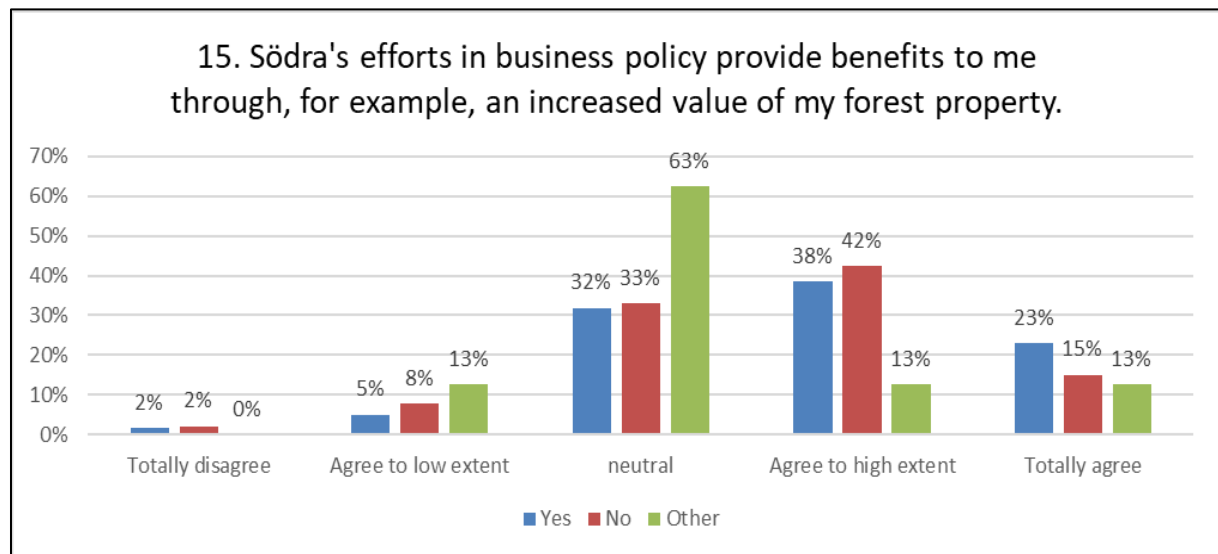


Figure 5. Results from the question “Södra’s efforts in business policy provide benefits to me through, for example, an increased value of my forest property”, analysed by background variable “permanently living on the estate”.

The question “for Södra to invest in business policy the issues must be important to me, e.g., such as increases the value of my forest” showed that most members agree to high extent (48 percent), followed by totally agree (22 percent), neutral (19 percent), agree to low extent (9 percent), and totally disagree (3 percent) (see Figure A16, Appendix 3). The chi-square test by background variable “age” indicated statistical significance $X^2(8, N=789) = 27.90$. $P = 0.000$, $p < 0.05$ (see Figure 6). This means that the members’ age is related to their response option regarding this question. However, the other tests showed no statistical significance.

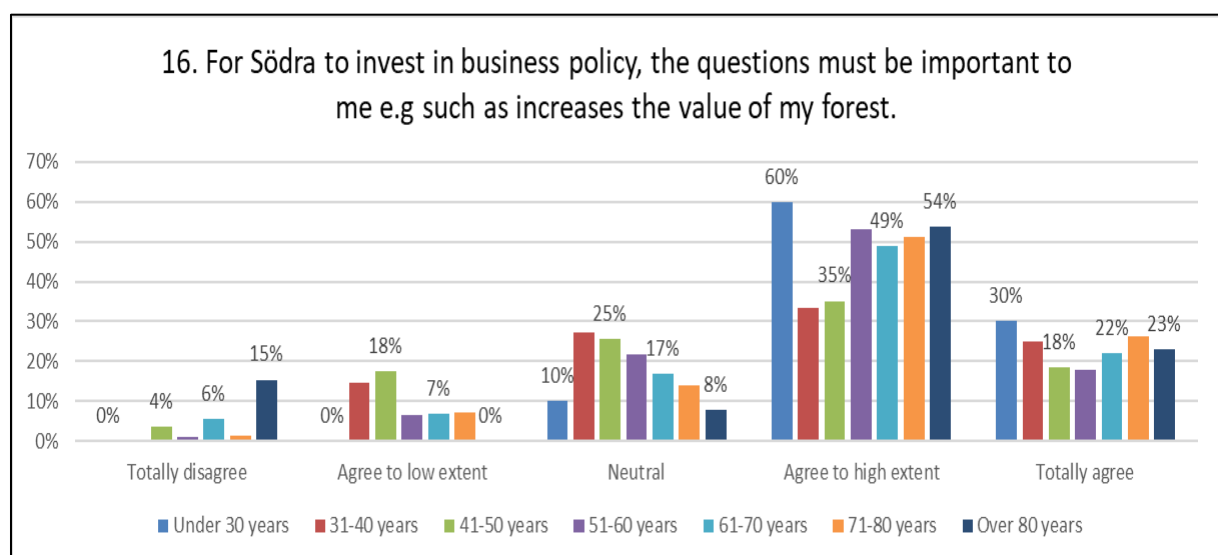


Figure 6. Result from the question “for Södra to invest in business policy, the questions must be important to me e.g., such as increases the value of my forest”, analysed by background variable “age”.

The last question “It is good that Södra invests in business policy because Södra engages in the issues that are important to me” is related to the balance between collective and individual objectives, to examine if the members experience that Södra engages in accurate issues. The

result is that most members agree to high extent (46 percent), followed by totally agree (30 percent), neutral (16 percent) agree to low extent (6 percent) and totally disagree (2 percent) (see Figure A17, Appendix 3).

The chi-square test indicated statistical significance when analysed by background variable “age” $X^2(8, N=791) = 45.84$. $P = 0.000$, $p < 0.05$. When analysed by background variable “years of membership”, the chi-square test showed statistical significance $X^2(8, N=793) = 30.86$. $P = 0.000$, $p < 0.05$ (see Figure 7). Hence, the attitude in this question differs, depending on age and years of membership.

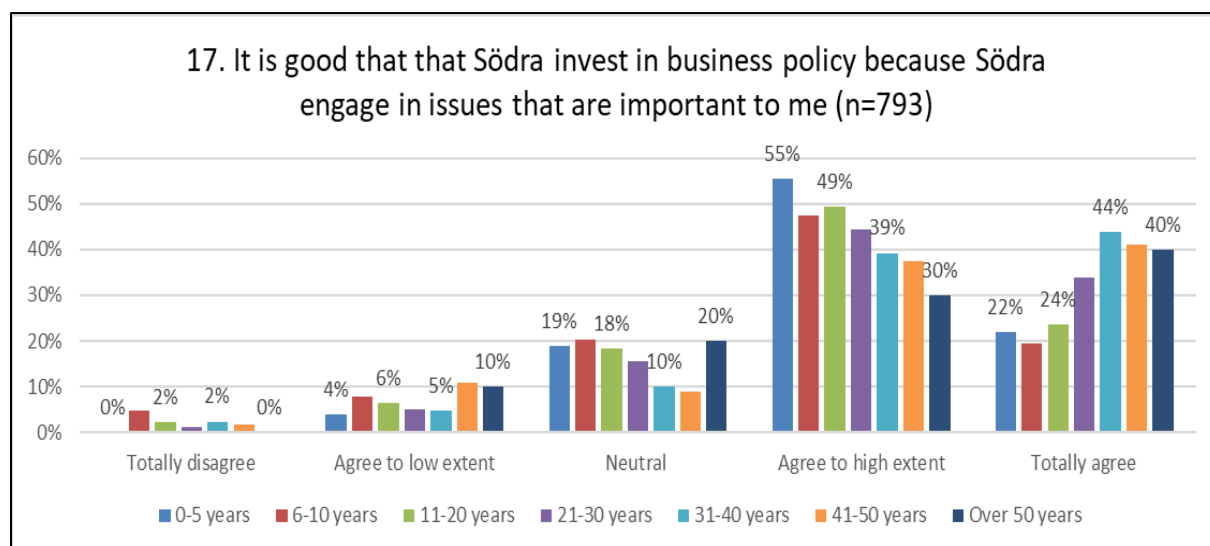


Figure 7. Results from the question “It is good that Södra invests in business policy because Södra engages in issues that are important to me”, analysed by background variable “years of membership”.

5.2 Social interaction

The members’ acceptance of Södra using collective funds for lobbying increases by social interaction within the membership.

The theoretical conclusion was tested by the questions “I trust that Södra manages my interests regarding business policy”, “How do you experience the discussion climate in Södra”, and “My trust in Södra and my relationship with the members make me more positive about Södra’s focus on business policy issues”.

Social capital is essential to collective organisations and collective action. Trust in management and other members might affect members’ attitude for lobbying activities. Reciprocity and norms affect how the members act within the organisation. However, within a large organisation, there are two types of social capital. First, social capital can evolve between management and members. The other type includes social capital between the members. On the question “I trust that Södra manages my interests regarding business policy” most members indicated agree to high extent (46 percent), followed by totally agree (32 percent), neutral (15 percent), agree at a low grade (4 percent) and totally disagree (3 percent) (see Figure A18, Appendix 3). The following citations further illustrate the attitude to Södra’ lobbying investment:

“To listen to the members is important”

Statistical significance was founded when analysed by background variable “Age”, $X^2(8, N=789) = 33.08$. $P = 0.000$, $p < 0.05$. The analyse by background variable “Successor or not” indicated statistical significance $X^2(8, N=787) = 16.96$. $P = 0.031$, $p < 0.05$. This question was also analysed by a chi-square test based on background variable “years of membership”, which indicated statistical significance $X^2(8, N=790) = 26.51$. $P = 0.001$, $p < 0.05$ (see Figure 8). That means that the trust in Södra differs among the member categories when analysed by all background variables, except permanently living on the estate.

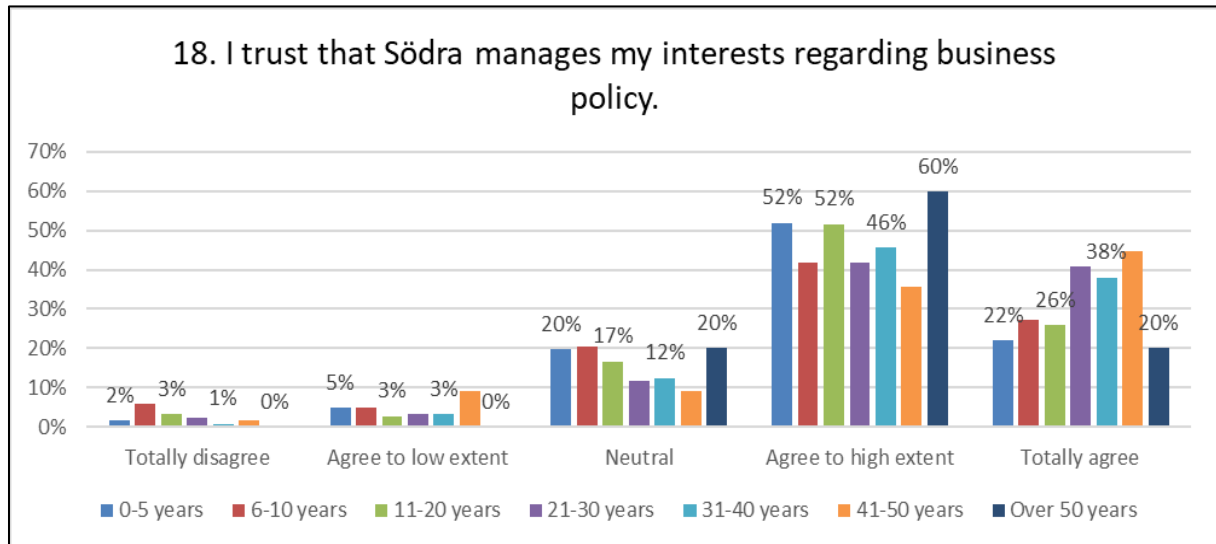


Figure 8. Results from the question “I trust that Södra manages my interests regarding business policy”, analysed by background variable “years of membership”.

The question “How do you experience the discussion climate in Södra” includes three sub-questions to provide an understanding of the discussion climate in Södra. The sub-questions include relations between different members, between members and management and between members and non-member forest owners (see Figure A19a-19c, Appendix 3). Most members indicated that they consider the discussion climate quite good or neutral in the three different sub-questions.

The question “My trust in Södra and my relationship with the members make me more positive about Södra investing in business policy” was used to identify if the members are affected by the social interaction in Södra. Most members indicated agree to high extent (44 percent), followed by neutral (26 percent), totally agree (21 percent), agree to low extent (6 percent) and totally disagree (3 percent) (Figure A20, Appendix 3). However, the chi-square test analysed based on background variable “Age” indicated statistical significance $X^2(8, N=777) = 44.26$. $P = 0.000$, $p < 0.05$. When analysed by background variable “successor or not” the test also resulted in statistical significance $X^2(8, N=776) = 22.95$. $P = 0.003$, $p < 0.05$.

In addition, the analyse by background variable “years of membership” resulted in statistical significance $X^2(8, N=779) = 21.70$. $P = 0.006$, $p < 0.05$. (see Figure 9). Thereby, concerning the age of the members, successor or not and years of membership, there is a difference between the member categories.

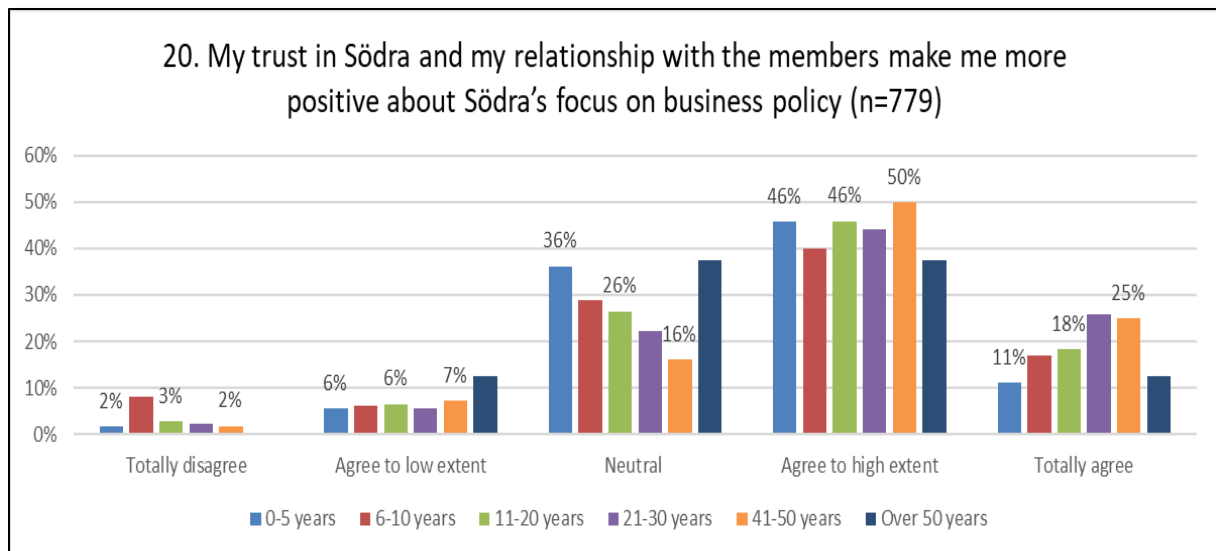


Figure 9. Results from the question “My trust in Södra and my relationship with the members make me more positive about Södra’s focus on business policy”, analysed by background variable “years of membership”.

5.3 Communication

The members’ acceptance of Södra using collective funds for lobbying increases if they think that the management has good communication about the collective interests of the membership.

The theoretical conclusion was tested by the questions “How do you prefer to get information about which business policy issues that Södra is working with”, “If Södra informed better about business policy, I would be more positive”, and “The information about Södra’s objectives with business policy is sufficient”.

To engage individuals in collective action, communication is of the essence. The question “How do you prefer to get information about which business policy issues that Södra is working with” was used to indicate the members’ attitude towards different communication channels. Most members prefer information from Södra by e-mail (57 percent) or by Södrakontakt (55 percent) (see Figure A21, Appendix 3). The least appreciated communication channel is social media (10 percent), by phone (2 percent) and other (2 percent).

The members were asked if a better communication would positively affect their attitude for business policy issues. Most members indicated that they are neutral (45 percent), followed by agree to high extent (31 percent), agree to low extent (10 percent), totally agree (8 percent) and totally disagree (6 percent) (see Figure A22, Appendix 3). The chi-square test did not show statistical significance for any background variable, which means that the attitude regarding the effect of better communication from Södra is not related to the member categories.

Regarding the final question “The information about Södra’s objectives with business policy is sufficient”, the majority indicated neutral (35 percent), followed by agree to high extent (34 percent), agree to low extent (17 percent) while totally agree and totally disagree got 7 percent each (see Figure A23, Appendix 3). The chi-square test was performed by background variable “age”, which indicated statistical significance $X^2(8, N=775) = 26.33$. $P = 0.001$,

$p < 0.05$ (see Figure 10). Therefore, the outcome of this question is dependent on the members' age. Further chi-square tests indicated no statistical significance.

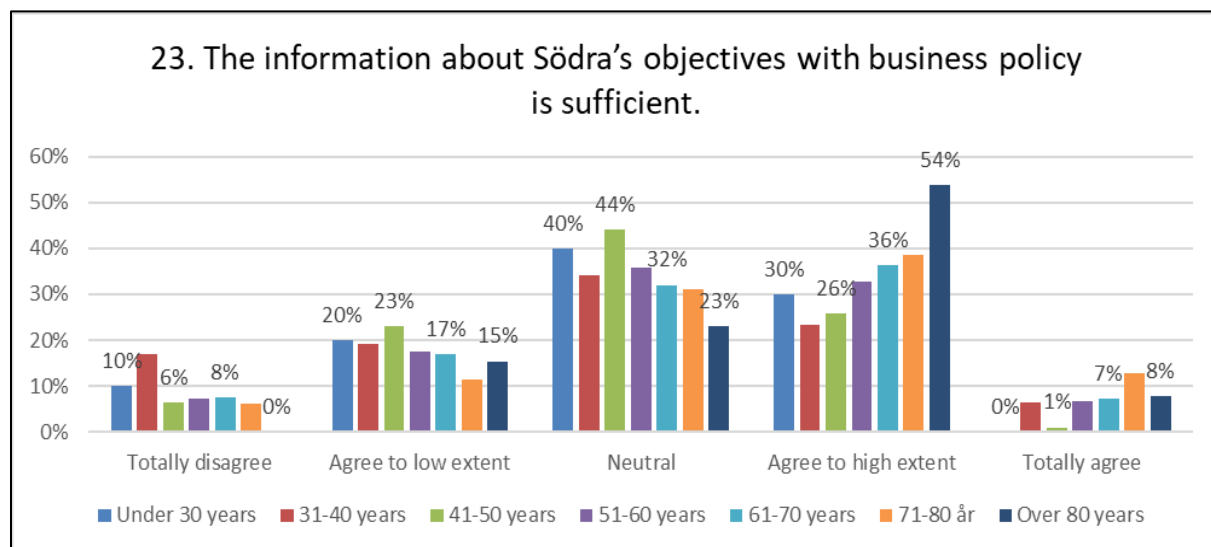


Figure 10. Results from the question “The information about Södra's objectives with business policy is sufficient”, analysed by background variable “age”.

5.4 Non-member benefits

The members' acceptance of Södra using collective funds for lobbying decrease if the lobbying benefits for non-member forest owners.

The theoretical conclusion was tested by the questions “Södra should invest in business policy although it may benefit other forest owners who do not contribute to the investments”, and “If the results of business policy only benefit Södra's members, I would be more positive about the efforts”.

When Södra engages in lobbying activities, it might benefit all Swedish forest owners and not just the members of Södra. However, the costs of lobbying are borne only by the members. On question “Södra should invest in business policy although it may benefit other forest owners who do not contribute to the investment” most members indicated that they agree to high extent (45 percent), followed by totally agree (23 percent), neutral (21 percent), agree to low extent (8 percent) and totally disagree (3 percent) (see Figure A24, Appendix 3). A chi-square test was performed based on the background variables. Since the tests showed no statistical significance by either background variable, there is no difference between the member categories.

On the question “If the results of business policy only benefit Södra's members I would be more positive”, the majority indicated neutral (32 percent), followed by totally disagree (29 percent), agree to high extent (18 percent), agree to low extent (13 percent) and totally agree (8 percent) (see Figure A25, Appendix 3). A chi-square test indicated no statistical significance. The following citations further illustrate the members' attitude to Södra's lobbying investment:

“Business policy is important to all forest owners, members- non-members- members of another organisation”

“Södra is good for all forest owners but best for their members”

“Business policy cannot be related to individual forest owners. The engagement provides benefits for everyone”

5.5 Membership horizon

The members’ acceptance of Södra using collective funds for lobbying decreases if the activity pays off beyond the membership horizon.

The theoretical conclusion was tested by the questions “In particular, Södra should focus on such business policy issues that deliver results in the near future” and “Södra should invest in business policy even if the result is achieved after my membership has ceased”.

The member’s engagement in Södra’s lobbying activities is assumed to be related to the remaining years of membership. On question “In particular, Södra should focus on such business policy issues that deliver results in the near future” the majority indicated neutral (30 percent), followed by agree to high extent (24 percent), agree to low extent (22 percent), totally disagree (18 percent) and totally agree (6 percent) (see Figure A26, Appendix 3). A chi-square test was performed based on background variable “age”, which showed statistical significance $X^2(8, N=771) = 21.70$. $P = 0.006$, $p < 0.05$ (see Figure 11).

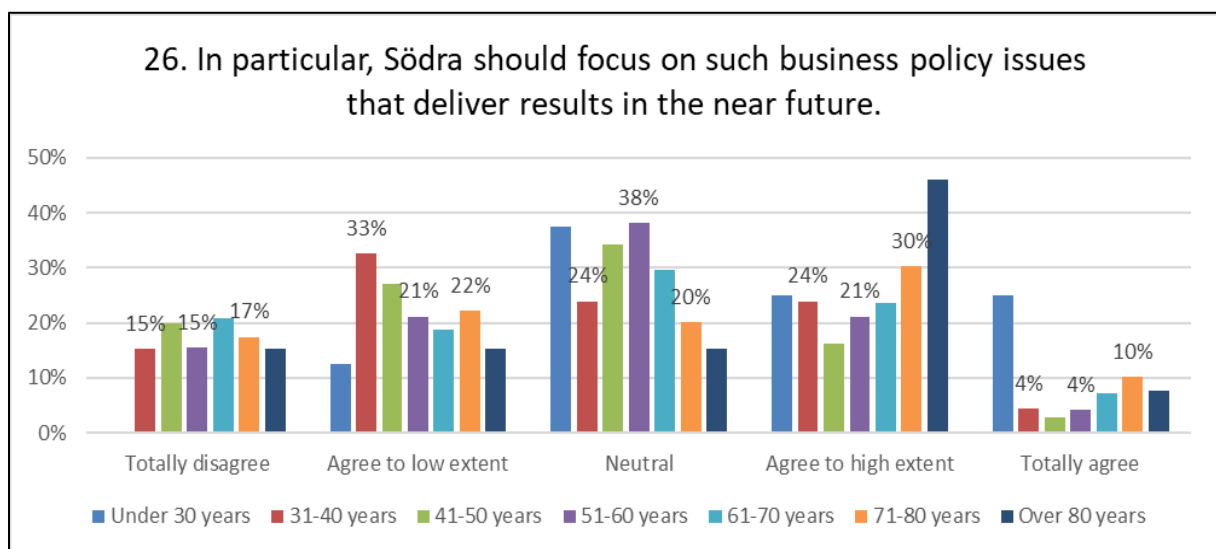


Figure 11. Result from the question “In particular, Södra should focus on such business policy issues that deliver results in the near future” analysed by background variable “age”.

Regarding lobbying activities, there is a risk that members invest in activities that give a positive outcome too far off in the future, which means that members have contributed without taking part of the benefits. To examine the influence of remaining membership period the question “Södra should invest in business policy even if the result is achieved after my membership has ceased” was asked. Most members indicated agree to high extent (40 percent), followed by totally agree (36 percent), neutral (17 percent), agree to low extent (6 percent) and totally disagree (2 percent) (see Figure A27, Appendix 3). When the question was analysed by the chi-square test, neither background variable indicated statistical significance.

5.6 Uncertainty

The members’ acceptance of Södra using collective funds for lobbying decreases if the outcome is uncertain.

The theoretical conclusion was tested by the questions “It is difficult to determine which business policy issues that affect my forestry” and “Södra should work with business policy, although it is difficult to know how the outcome will be”.

As a forest owner, it can be difficult to determine which lobbying activities that affect forestry. If the members are aware that Södra’s lobbying activities influence their forestry, it might affect the acceptance of these activities. Therefore the members were asked the question “It is difficult to determine which business policy issues that affect my forestry,” most members indicated agree to high extent (34 percent), followed by neutral (27 percent), agree to low extent (20 percent), totally agree (12 percent) and totally disagree (7 percent) (see Figure A28, Appendix 3). Neither of the chi-square tests showed statistical significance.

When Södra engages in lobbying activities, it is an investment without known outcome. Therefore, it is possible to assume that the members rather prefer Södra to avoid lobbying activities and instead use the resources for more safe investments. Hence, the members were asked “Södra should work with business policy although it is difficult to know how the outcome will be” most members indicated agree to high extent (46 percent), followed by totally agree (26 percent), neutral (17 percent), agree to low extent (8 percent) and totally disagree (3 percent) (see Figure A29, Appendix 3). A chi-square test was performed based on background variable “age”, the test showed statistical significance $X^2(8, N= 769) = 16.57$. $P= 0.035$, $p<0.05$ (see Figure 12).

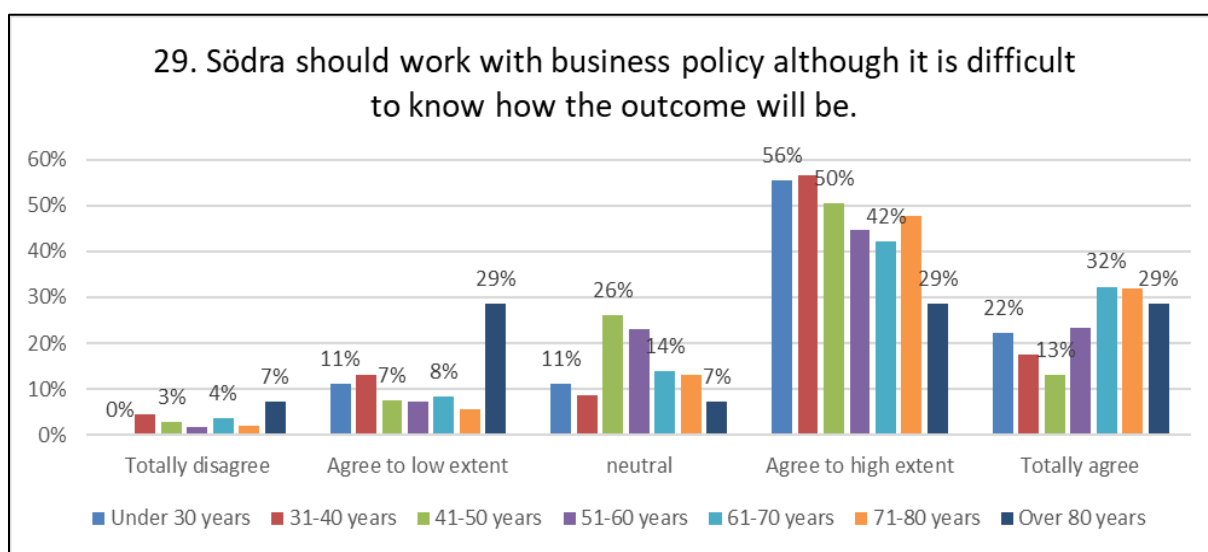


Figure 12. Result from the question “Södra should work with business policy although it is difficult to know how the outcome will be” analysed by background variable “age”.

5.7 Summary

To facilitate the identification of statistical significances between the member categories, the results from all chi-square tests are presented in Table 1. The questions are found in Appendix 3. For every question analysed by a background variable, the *p-value* is presented. As can be observed in the table, the statistical significance fluctuates. Some questions indicate no difference between the member categories, while others show a significant difference by several background variables.

Table 1. Summary results and analysis

<i>Question/ variable</i>	“Age”	“Permanently living”	“Successor or not”	“Years of membership”
<i>Q12 (Figure A12)</i>	<i>Not significant P=0.195</i>	<i>Not significant P=0.195</i>	<i>Not significant P=0.242</i>	<i>Not significant p=0.164</i>
<i>Q13 (Figure A13)</i>	<i>Not significant P=0.592</i>	<i>Not significant P=0.213</i>	<i>Not significant P=0.787</i>	<i>Significant P=0.047</i>
<i>Q15 (Figure A15)</i>	<i>Not significant P=0.130</i>	<i>Significant P=0.042</i>	<i>Significant P=0.013</i>	<i>Significant P=0.049</i>
<i>Q16 (Figure A16)</i>	<i>Significant P=0.000</i>	<i>Not significant P=0.543</i>	<i>Not significant P=0.173</i>	<i>Not significant P=0.201</i>
<i>Q17 (Figure A17)</i>	<i>Significant P=0.000</i>	<i>Not significant P=0.237</i>	<i>Not significant P=0.258</i>	<i>Significant P=0.000</i>
<i>Q18 (Figure A18)</i>	<i>Significant P=0.000</i>	<i>Not significant P=0.134</i>	<i>Significant P=0.031</i>	<i>Significant P=0.001</i>
<i>Q20 (Figure A20)</i>	<i>Significant P=0.000</i>	<i>Not significant P=0.413</i>	<i>Significant P=0.003</i>	<i>Significant P=0.006</i>
<i>Q22 (Figure A22)</i>	<i>Not significant P=0.869</i>	<i>Not significant P=0.454</i>	<i>Not significant P=0.511</i>	<i>Not significant P=0.975</i>
<i>Q23 (Figure A23)</i>	<i>Significant P=0.001</i>	<i>Not significant P=0.769</i>	<i>Not significant P=0.093</i>	<i>Not significant P=0.414</i>
<i>Q24 (Figure A24)</i>	<i>Not significant P=0.439</i>	<i>Not significant P=0.296</i>	<i>Not significant P=0.721</i>	<i>Not significant P=0.408</i>
<i>Q25 (Figure A25)</i>	<i>Not significant P=0.364</i>	<i>Not significant P=0.446</i>	<i>Not significant P=0.427</i>	<i>Not significant P=0.234</i>
<i>Q26 (Figure A26)</i>	<i>Significant P=0.006</i>	<i>Not significant P=0.661</i>	<i>Not significant P=0.201</i>	<i>Not significant P=0.509</i>
<i>Q27 (Figure A27)</i>	<i>Not significant P=0.249</i>	<i>Not significant P=0.614</i>	<i>Not significant P=0.298</i>	<i>Not significant P=0.608</i>
<i>Q28 (Figure A28)</i>	<i>Not significant P=0.072</i>	<i>Not significant P=0.661</i>	<i>Not significant P=0.447</i>	<i>Not significant P=0.704</i>
<i>Q29 (Figure A29)</i>	<i>Significant P=0.035</i>	<i>Not significant P=0.488</i>	<i>Not significant P=0.079</i>	<i>Not significant P=0.125</i>

6 Discussion

The chapter presents a discussion of the results in relation to the theoretical framework. Further, the chapter includes a discussion of differences among member categories.

Individual interest

Lobbying is generally understood as collective action, the purpose of which is to influence decision-makers to make certain decisions (Staatz, 1987; www, ne, 2018). However, to make individuals engage in such collective action, the collective objectives must conform to some extent with objectives of the individuals (Ostrom 1998; Kirst-Ashman & Hull, 2014). Södra invests in lobbying activities to influence decisions, to ensure reasonable conditions for Swedish forest owners. This implies that Södra's members abstain capital to finance the lobbying activities, due to the financial structure of cooperatives. When using collective funds, the members are forced to renounce a part of the profit that will be used to finance the lobbying activities. These investments could cause opposition from the members.

However, based on this study, most members believe that Södra should engage in lobbying and that it is better that lobbying is performed collectively than by individuals, even if the members must refrain some of the profit. Since the members indicate that they are content with the lobbying of Södra, it can be assumed that they identify individual benefits from investments in lobbying. Individuals in a collective organisation can still invest in the collective if they identify individual benefits (Hardin, 1968). The members of Södra agree in general that lobbying influences their forestland in a positive way. For example, increasing the value of the forest. It can be assumed that the owner cannot always make independent decisions about felling. The lack of felling cause economic loss, hence, affects the value of owning forest. Therefore, the individuals have an interest in lobbying activities, even if the objective of that activity is collectively decided upon. It can be assumed that one explanation for the member's agreement on lobbying is the balance between individual and collective objectives. The collective objective of lobbying is to improve the conditions of forest owner, which is of interest for each individual owner. The members also consider that Södra invests in relevant issues, which indicate that Södra has found a way of satisfying both individual and collective needs.

The need for collective action, such as lobbying, often evolves from social issues (Ostrom, 1998). The social context could enlighten the imminent positive attitude for lobbying. The forestry is a special industry due to many actors involved in it, both actors within the industry and actors surrounding it. These actors often have different interests that contradict each other and complicates a common solution. Since the members think that their property rights are threatened and restricted, they experience need to defend that property right. To be able to improve their property rights, they need an advocate to front the interests of forest owners. If the forestry industry did not include social issues, the members' attitude would probably be less positive.

Regarding individual interest, there are some differences between member categories. From the result, it can be observed that the years of membership positively affect the member's belief in benefits, from letting a cooperative perform the lobbying activities instead of individual involvement. Additionally, these members also tend to agree that Södra engages in right issues to a higher extent, than the other member categories. The explanation might be that the longer the forest owners have been a member of Södra, the more they have invested. It can also be observed that members living at their estate permanently perceive that they gain benefits in the form of increased value of the forest to a higher extent than those who do not.

Social interaction

Trust is essential for collective action within a large organisation (Adger, 2003). This study confirms that the members trust Södra's management. Trust within the organisation can depend on that the members of Södra elect representatives to manage the cooperative. This means that the members sense trust for the representatives to consider the members' interests. However, the management cannot always consider the member's opinions before they make decisions. Nevertheless, the members must trust that the management focuses on the members' interests. Since the members trust Södra to promote their interest, they have a positive attitude to Södra handling collective funds and invest them in lobbying. If the members did not trust Södra, they probably would prefer that the profit is used as individual dividends.

In a large cooperative like Södra, social interaction does not only include the relationship between members and management but also between the members. Ostrom (1998) discusses trust, norms and reciprocity in relation to social interaction. If there is social interaction, the membership might be more homogenous. A possible explanation is that the social interaction results in members affecting each other and establishing norms. This creates a more homogenous membership, which makes it is easier to establish collective objectives. Additionally, social interaction results in engagement in the collective organisation, which results in the members caring for other members, i.e., the members perceive empathy for the others. This implies that if one member is restricted in their forestry, the others are interested in supporting the work for helping that member due to social interaction.

Regarding trust, the members' opinions are related to member categories. The length of the membership is a crucial factor. From what can be observed, the trust increases by the length of membership. However, there are exceptions from that observation. It could also be assumed that the members stay as a member because they have trust in Södra as a cooperative and that Södra manages both the members' interest and the collective funds properly.

Communication

Ostrom (1998) specifies that communication is important for collective action. This implies that Södra must communicate information about current lobbying activities and account for the resources used for these activities. The majority of the members are pleased with the communication, but not completely satisfied. Hence, they would be more positive about the investments if the communication was improved. This indicates that Södra can make improvements concerning their communication. Communication may be even more essential in a large organisation like Södra since many individuals demand detailed information. If Södra did not inform at all about the objectives of the investments, the members would probably have a less positive attitude to the lobbying activities.

According to Ostrom (1998), the best way of communication is face to face, but from this study, the result shows that the members prefer e-mail instead. It seems though that this membership thinks that the most important is that the cooperative provides insight into the lobbying activities, not how they do it. Communication can be related to trust, since if Södra communicates frequently and properly, the members perceive transparency. Since the members' trust that Södra performs their interests, they do not require as much insight, and therefore they might be content with e-mail information. The analyses indicate the member's age affect the opinions about Södra's communication. From what can be observed in the result, the satisfaction regarding communication increases with age.

Non-member benefits

According to Cook and Iliopoulos (1998), free riding implies that individuals reap benefits without contributing, based on presupposes self-interest seeking. Lobbying might result in non-members receive benefits without contributing to the financing. At the same time, the members have difficulties in excluding non-members from receiving such benefits (Hardin, 1982). Södra cannot exclude other forest owners from receiving the same benefits as the members, even if the investments in lobbying are solely financed by the members of Södra.

However, the result from this study indicates that most members of Södra do not consider free-riding behaviour as a disincentive to invest in lobbying. Nevertheless, the members' willingness to accept Södra using collective funds for lobbying would not increase if Södra could exclude other forest owners from receiving benefits. When engaging in lobbying, Södra collaborates with other forestry cooperatives and actors, e.g., Federation of Swedish Family Forest Owners and The Swedish Forest Industries Federation. Just as Södra, these organisations are member-owned and the lobbying activities financed with collective funds. Perhaps, the members' positive attitude is rooted in Södra's collaboration with other actors in the forestry sector. The members of Södra may consider that other forest owners still contribute to the investments in lobbying. It could also be considered that the situation could be the opposite. Hence, the members of Södra gain benefits from lobbying activities performed by another organisation. Therefore, the members might experience that in some issues they contribute to lobbying and in some other cases, they just receive benefits. The attitude to lobbying activities dependent on the expected period of the outcome is affected by the members' age. From what can be observed, the older members prefer Södra to focus on such business policy issues that deliver results in the near future.

Membership horizon

Members of a cooperative have limited planning horizons, depending on the expected time of the membership (Nilsson, 2011). The horizon of the membership is a possible explanation of contradicted shared opinions among Södra's members regarding whether Södra, in particular, should focus on short-term or long-term lobbying strategies. Nevertheless, regardless of limited planning horizons, the members are in general positive to investments in lobbying, even if it might results in benefits after the membership has ceased. This can be connected to the nature of forestry; it is a long-term production, so the members are used to invest in something that will pay off in the future. Regardless if the members are supposed to be members for many years or if they will finish their membership in the near future, they accept that Södra uses collective funds for lobbying activities. This is probably since forest owners have cherished their forest for many years, or they plan to do so. Therefore it is important for them that the conditions for forestry are reasonable in the future, regardless of the forest owner still is a member by that or not. Nevertheless, the interpretation of the result is that the oldest and the youngest members tend to believe that Södra should focus on lobbying activities that deliver results in the near future.

In general, the forest is a valuable asset and generates profits for the owner. This can explain why the expected time of membership in Södra does not result in a negative attitude to long-term investments. Since lobbying aims to improve conditions for forestry, it can be seen as a strategy to preserve or increase the value of the forest and the profitability eventually. Restrictions on property rights and unclear conditions for forestry can, on the other hand, have a negative effect on the value of the forest and the profitability. Thus, the forest owners perceive the investments in lobbying as a less effort, compared to the possible economic benefits as can be received from reasonable conditions for forestry.

Uncertainty

The difference in risk preference in a cooperative membership can affect the member's willingness to accept the cooperative's investments (Cook & Iliopoulos, 1998). However, due to large and heterogeneous membership, all members' individual risk preferences cannot be considered. Therefore, the members are forced to accept a collective risk preference.

Lobbying is an uncertain investment since it is not possible to evaluate the outcome in advance. Besides, it is difficult for a forest owner to determine which investments in lobbying activities will affect their forestry. Although, if the profit comes in a far future, the member may perhaps not support the collective action (Olson, 1965). However, the uncertainty does not create a negative attitude for the investments. Thus, it is not examined if the members would support the investments in lobbying activities even more if it were clearer what investments affect the private forest estate. The attitude to uncertain lobbying investments is dependent on the members' age. However, it seems like the older members are most positive to uncertain investments in lobbying.

Moreover, the members of Södra might not be sensitive to risk, or they consider their cooperatives pursuit for reasonable conditions so important that they ignore their individual risk preferences. Thus, the member's might perceive that they gain welfares by trying to influence the conditions for forestry, even if it gives any result or not. If the lobbying investment does to give the desired result, the forest owners have highlighted their collective opinion, which can be valuable. In addition, even if lobbying is an uncertain investment, the members are sure to share the profit due to the financial structure of Södra. This means that they know that they will receive some dividends, which might explain their positive attitude towards Södra investing some of the collective funds.

Member categories

Most frequently, the age and years of membership constitute sources of differences among the membership. Therefore, it is assumed that the membership is heterogeneous in attitude towards lobbying; based on the member's age and years of membership. Especially the background variable age occurs in more analysis that indicates significance. By observing the summary table (see Table 1), it can be observed that statistical significance is founded on the same question when using either one of these background variables. An explanation is that age and years of membership are assumed to be related. An older member can be assumed to have more years as a member, comparing a younger member. That must not always be the case, but it is a possible explanation.

The membership is more similar in response options regarding if there is a successor or not. The same applies if the member lives permanently on the estate or not. The interpretation is that the membership of Södra is more homogenous in opinion, regardless if they are permanently living on the estate or not. A possible explanation is that a forest owner is equally interested in the conditions of forestry, independently if they live on the forest estate or not. Both alternatives require investments in managing the forest to gain yield and long-term planning. Therefore, the forest owner desires the same return regardless.

Another thinkable explanation is that Swedish forestry is characterised by family forestry. Therefore, it might be assumed that the ownership of forest is associated with sentimental values and traditions. If the forest estate is inherited for generations, the owner might value the estate in the same way, whether they live nearby or not. The same reasoning might be applied if the member has a family member or relative successor. Both these aspects can be related to the fact that forestry is a long-term production, and the owner has invested

resources into it, and therefore have a positive attitude for improving the conditions of forestry. This equates the members with a successor and those who have not, concerning incentives to appreciate the lobbying activities of Södra.

7 Conclusions

This chapter presents the conclusions of the study. The chapter describes possible explanations to members' attitude towards investment in lobbying.

The aim of the study is to explore the members' incentives and disincentives to accept the forestry cooperative Södra using its collective funds for lobbying activities. Lobbying is used to improve the forestry conditions for Swedish forest owners. This study contains an empirical investigation of the members' attitudes to Södra's lobbying activities. Their appreciation of the collective benefits of the cooperative as well as their view of the collective and individual action is observed.

The result can be summarised into following conclusions.

- Most members believe that there are individual benefits from allowing Södra to conduct lobbying activities. Besides, the members believe that Södra manages their interests in a satisfying way, which can be interpreted that the members' personal interests are catered for within the collective action. The fulfilment of the members' interests constitutes an incentive to accept that collective funds are invested in lobbying.
- The members consider that it is better to act on the market as a cooperative than as individual forest owners. The members prefer that Södra use collective power to influence the forestry policy.
- Social interaction within Södra and the membership creates a positive attitude for lobbying activities. This is so because members trust Södra to make investments with collective funds on their behalf. It might be possible that social interactions within the membership decrease the self-interests and facilitates collective action. Therefore, social interactions can increase acceptance of lobbying investments.
- Many members are satisfied with Södra's communication about the collective objectives with the lobbying investments. However, the members would be more positive to the investments if Södra communicated even better. Therefore, communication can affect the willingness to support lobbying.
- It seems as free riding is not a disincentive for support of investments in lobbying. The fact that non-member forest owners do not contribute to the financing of lobbying does not affect the members' attitude towards lobbying. This may be explained by a sense of community within various forestry organisations, as well as the financial structure of Södra, which implies that members receive dividends even if some of the profit is used for investment in lobbying.
- The members of Södra do not consider the membership horizon as an obstacle to long-term investments in lobbying. This could probably be related to the fact that forestry is a long-term production, and the members realise that investments in their forest could benefit future forest owners.

- The members believe that it is difficult to determine which lobbying issues that affect them directly. The overall opinion is that Södra should invest in lobbying, even if the investment is risky. Uncertainty, therefore, does not decrease the incentives to accept collective investments. The attitude to uncertain investments might be affected by the financial structure, since the members receive dividends, even if some profit is used for collective investments.

In general, members' of Södra have a positive attitude towards the co-operative using collective funds for financing lobbying activities. Indications from this study are that the members think that there is a need for influencing the development of the forestry industry. The findings are valuable for Södra since it means that the members appreciate the investments in lobbying activities. In addition, the study provides awareness that the large group of members is not always cohesive, especially when it comes to age and years of membership. The proof of the members' acceptance and the positive attitude might be useful as marketing to attract new members or maintain current ones, but also improve Södra's position in the forestry industry and collaboration with other actors.

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Personal messages

Tibblin, G. Officer of Member Relations at *Södra*. Telephone 18-01-2018 and 30 -01-2018.

Appendix 1 Cover letter

English version

Dear member of Södra,

Södra collaborates with two agronomist students at Swedish University of Agricultural Sciences who write an exam thesis concerning lobbying and the business policy activities of Södra.

Below, you can find a link to the survey, made by students and we kindly ask you to fill in and send it back. The questionnaire is self-instructing and takes about ten minutes to fill in.

I hope you will take this opportunity to fill out the questionnaire and by that, support the students in their final thesis and at the same time provide valuable insight to the business policy activities of Södra.

[Click here to participate in the study](#)

Regards,

Gustav Tibblin, Officer of Member Relations

Swedish version

Bästa Södramedlem,

Södra samarbetar med två agronomstudenter på Sveriges Lantbruksuniversitet som håller på med ett examensarbete om näringspolitik och Södras näringspolitiska arbete.

Nedan finner ni en länk till en enkät som studenterna tagit fram och som vi vill be er att fylla i och skicka in. Enkäten är självinstruerande och tar ca 10 minuter att fylla i.

Jag hoppas ni har möjlighet att fylla i enkäten och på så vis både stötta studenterna i deras examensarbete och samtidigt ge värdefulla inspel till Södras näringspolitiska arbete.

[Klicka här för att komma till enkäten](#)

Med vänlig hälsning,

Gustav Tibblin, Medlemschef

Appendix 2 Cover letter

English version

Dear member of Södra,

We collaborate with Södra in our exam thesis about the business policy activities of Södra. You have been randomly selected by the members of Södra, to participate in our survey and we truly hope that you have the possibility to help us by answering some short questions. The survey regards your membership, and you will answer from your perspective as a member. The participation is of course voluntary.

The purpose of Södra's business policy activities is to take charge of the members economic interests by defending the property right and the possibility of forest owners to freely manage their forest under reasonable conditions. Södra uses the collective funds of the cooperative to finance the business policy activities, and we are therefore interested in your opinion as a member regarding this investment.

The creators of this survey are Matilda Helgeson and Ellinor Svensson, and we study to become agronomists at SLU, The Swedish University of Agricultural Sciences. This survey is a part of our exam thesis, and it is performed in collaboration with Södra. By answering the survey, you will contribute to the development of Södra's business policy activities.

You will answer some questions and take a stand to several statements. Your answers are completely anonymous. The survey is expected to take about ten minutes. The survey will be open during nine days from when you receive this mail.

Thanks in advance for your participation!

Should there occur any questions, please contact us,

Matilda Helgesson, 070- 210 59 98 mahn0015@stud.slu.se

Ellinor Svensson, 073- 097 42 43 elsn0002@stud.slu.se

Jerker Nilsson, professor and supervisor, 070- 728 85 16 jerker.nilsson@slu.se

Swedish version

Hej,

Vi arbetar tillsammans med Södra med ett examensarbete om Södras näringspolitiska arbete. Du har blivit slumpvis utvald bland Södras medlemmar för att delta i vår undersökning och vi hoppas verkligen att du har möjlighet att hjälpa oss genom att svara på några korta frågor. Undersökningen avser ditt medlemskap och du svarar utifrån ditt perspektiv som medlem. Deltagandet är naturligtvis frivilligt.

Södras syfte med det näringspolitiska arbetet är att tillvarata medlemmarnas ekonomiska intressen genom att försvara äganderätten och skogsägarnas möjlighet att fritt bruka sin skog under rimliga villkor. Södra använder föreningens medel för att finansiera det näringspolitiska arbetet och därför är vi intresserade av att veta vad du som medlem anser om denna investering.

Vi som gör denna undersökning heter Matilda Helgesson och Ellinor Svensson. Vi studerar till ekonom-agronomer vid SLU, Sveriges lantbruksuniversitet. Studien är en del i vårt examensarbete och görs i samarbete med Södra. Genom att svara på enkäten bidrar du till att Södra kan utveckla sitt näringspolitiska arbete.

Du kommer att få svara på en del frågor samt ta ställning till ett antal påståenden. Dina svar är helt anonyma. Undersökningen förväntas ta max 10 min. Enkäten är öppen att besvara under nio dagar från det att detta mail skickas.

Stort tack på förhand för ditt deltagande!

Skulle det uppstå frågor är du varmt välkommen att kontakta oss,

Matilda Helgesson, 070- 210 59 98 mahn0015@stud.slu.se

Ellinor Svensson, 073- 097 42 43 elsn0002@stud.slu.se

Jerker Nilsson, professor och handledare, 070- 728 85 16 jerker.nilsson@slu.se

Appendix 3 Questionnaire

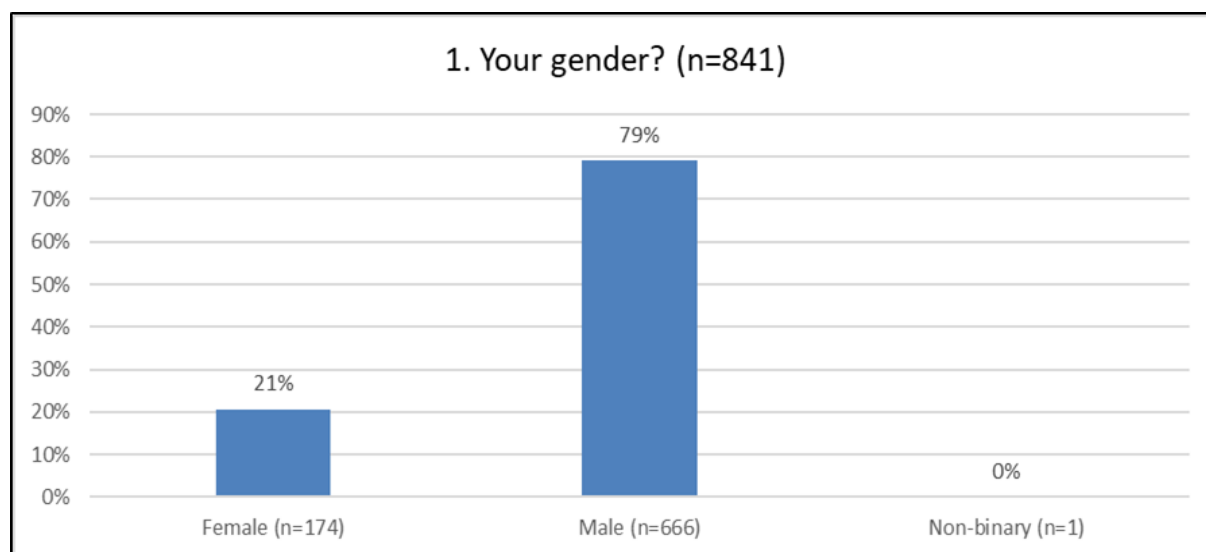


Figure A1. Gender

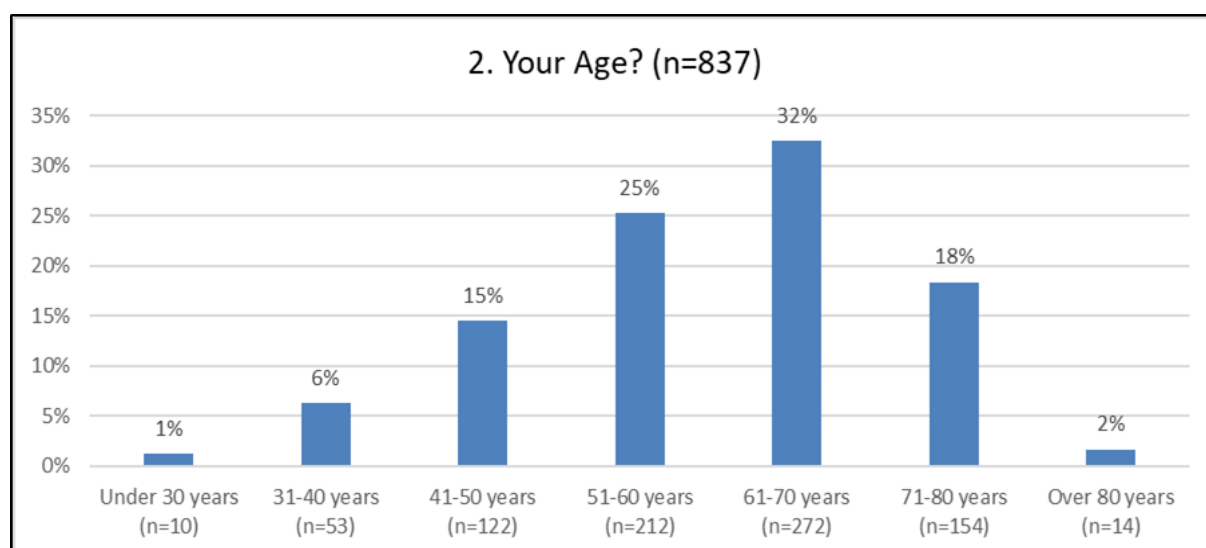


Figure A2. Age

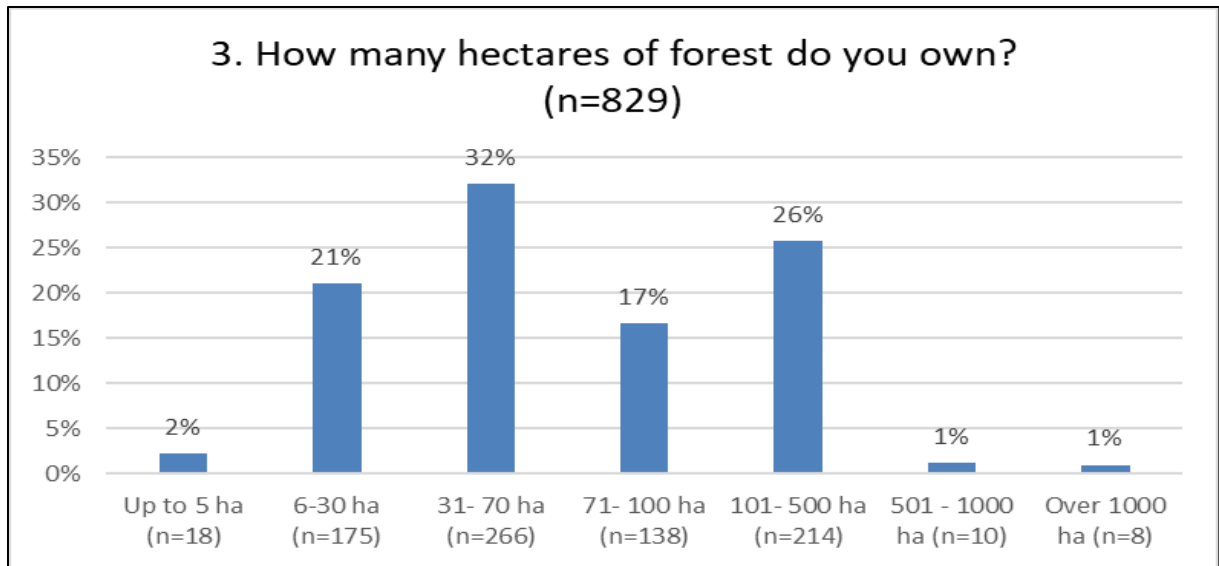


Figure A3. Hectares

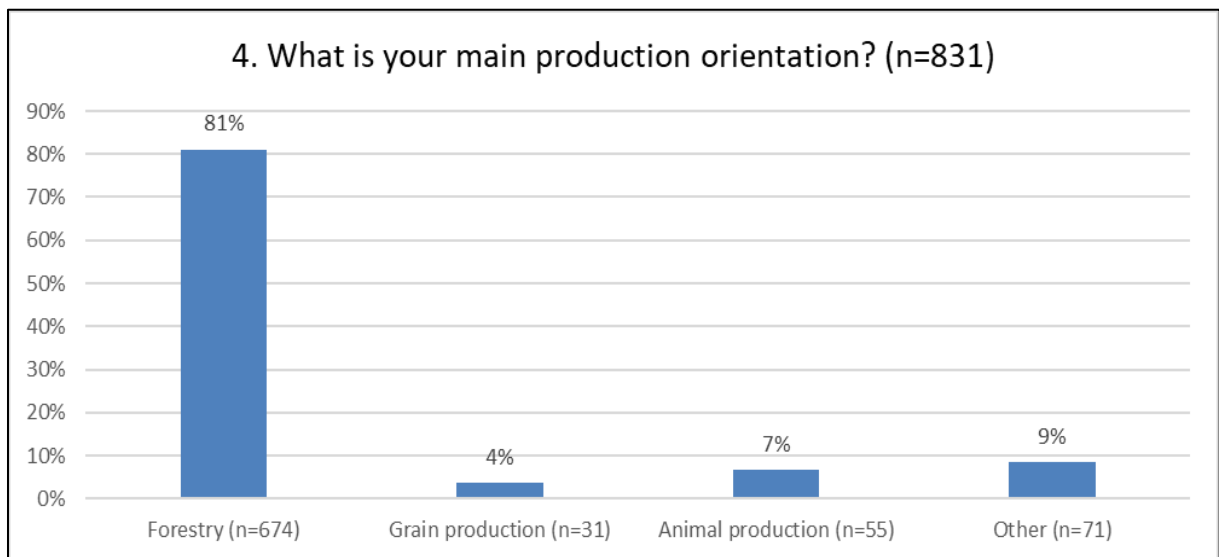


Figure A4. Production orientation

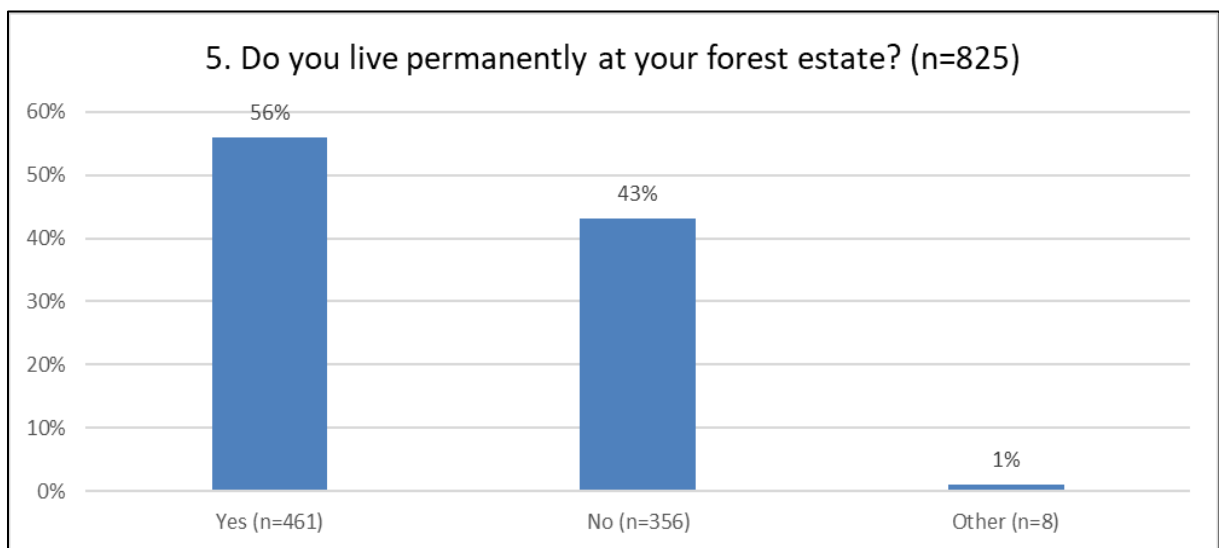


Figure A5. Living permanently at the estate

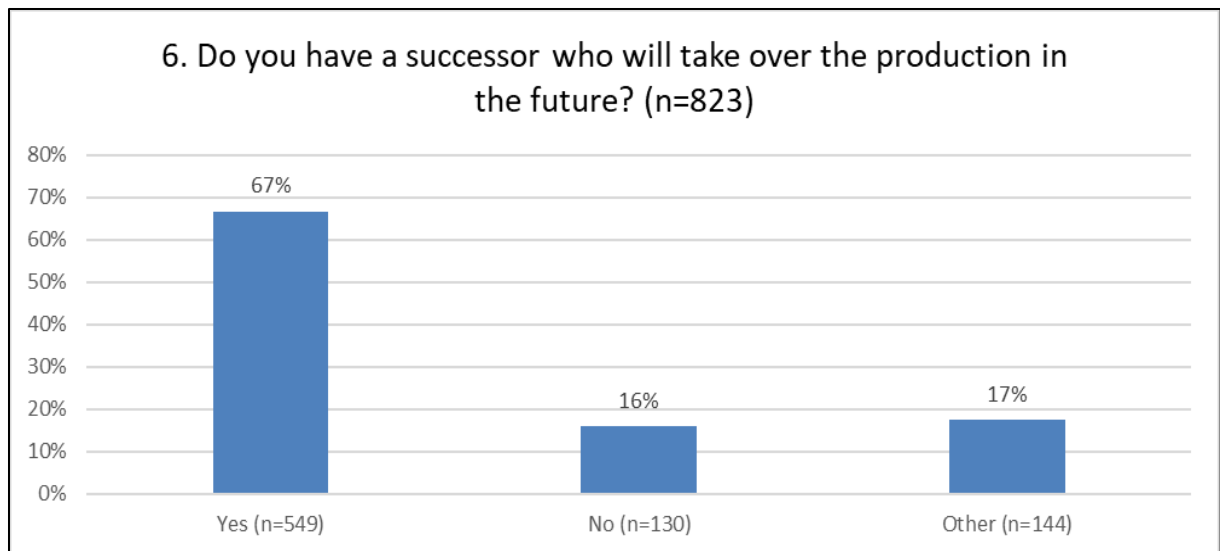


Figure A6. If there is a successor or not

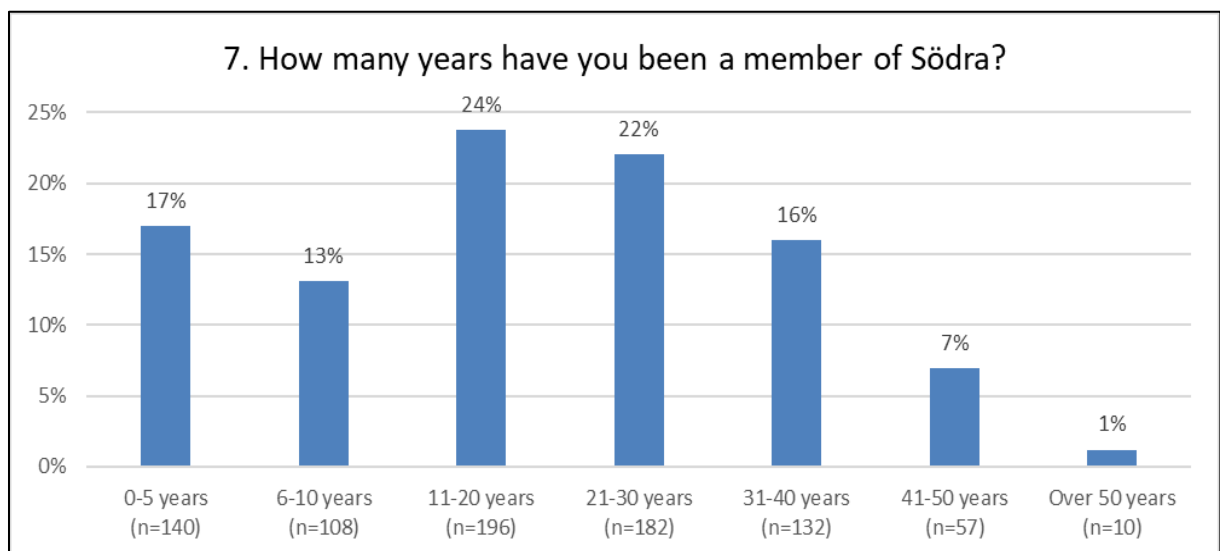


Figure A7. Years of membership

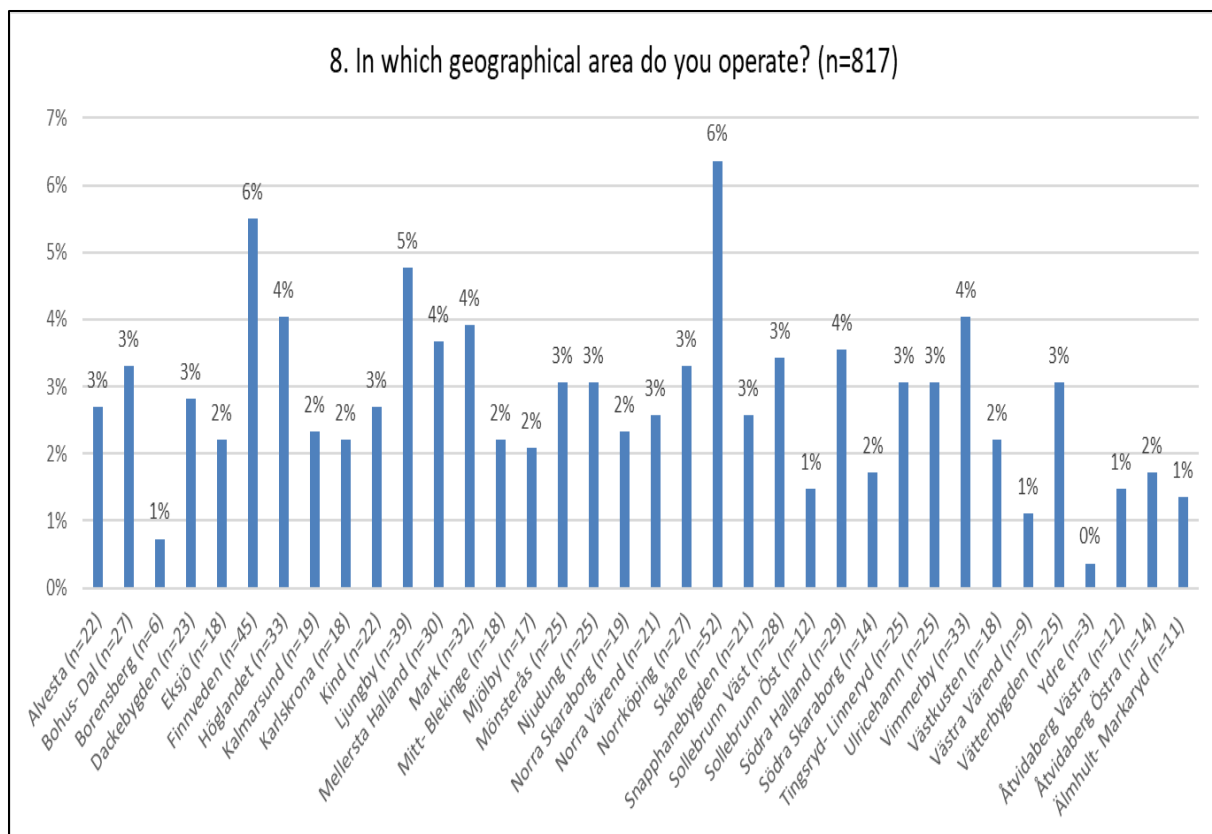


Figure A8. Geographical area

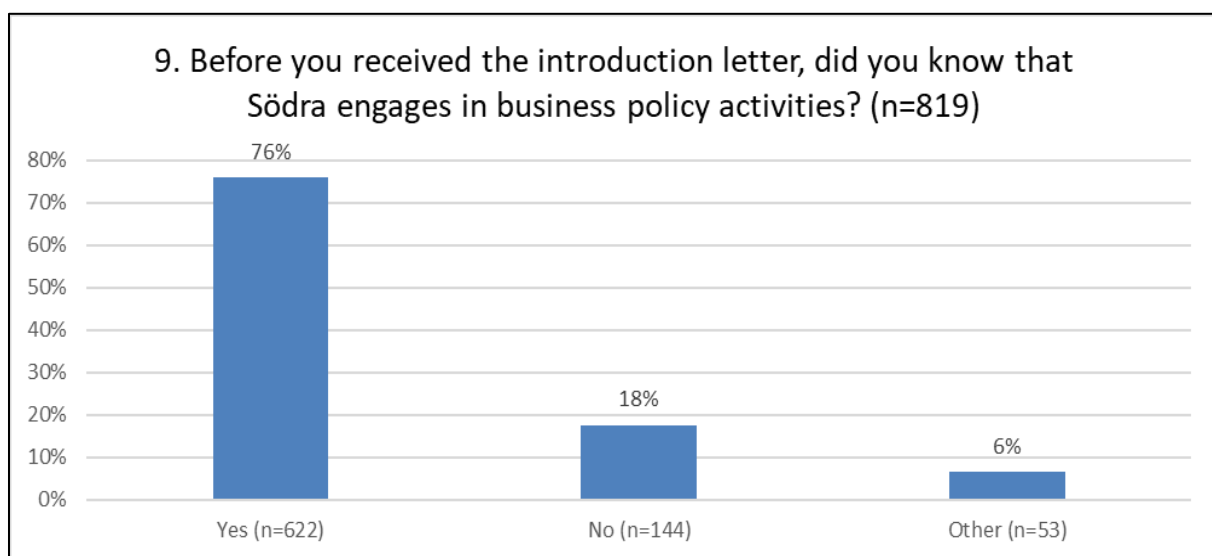


Figure A9. Before you received the introduction letter, did you know that Södra engages in business policy activities?

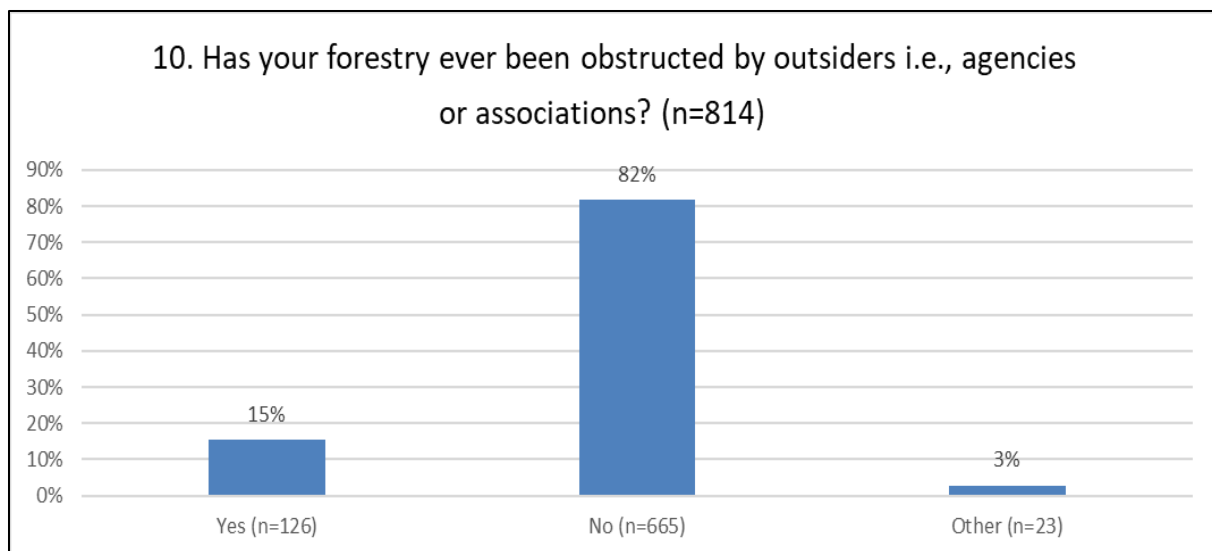


Figure A10. Has your forestry ever been obstructed by outsiders i.e., agencies or associations?

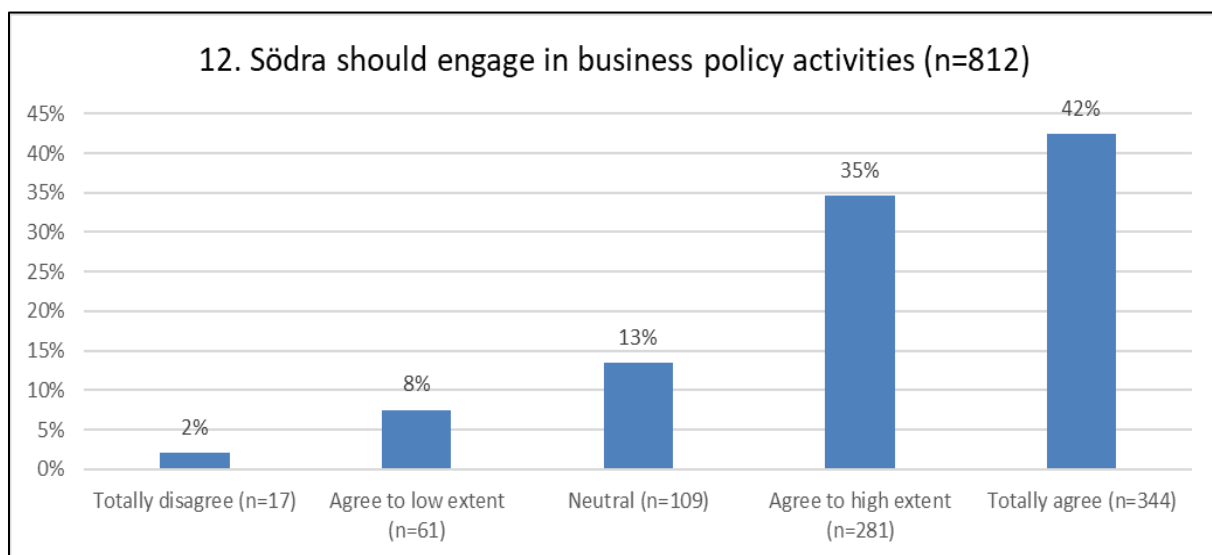


Figure A12. Södra should engage in business policy activities.

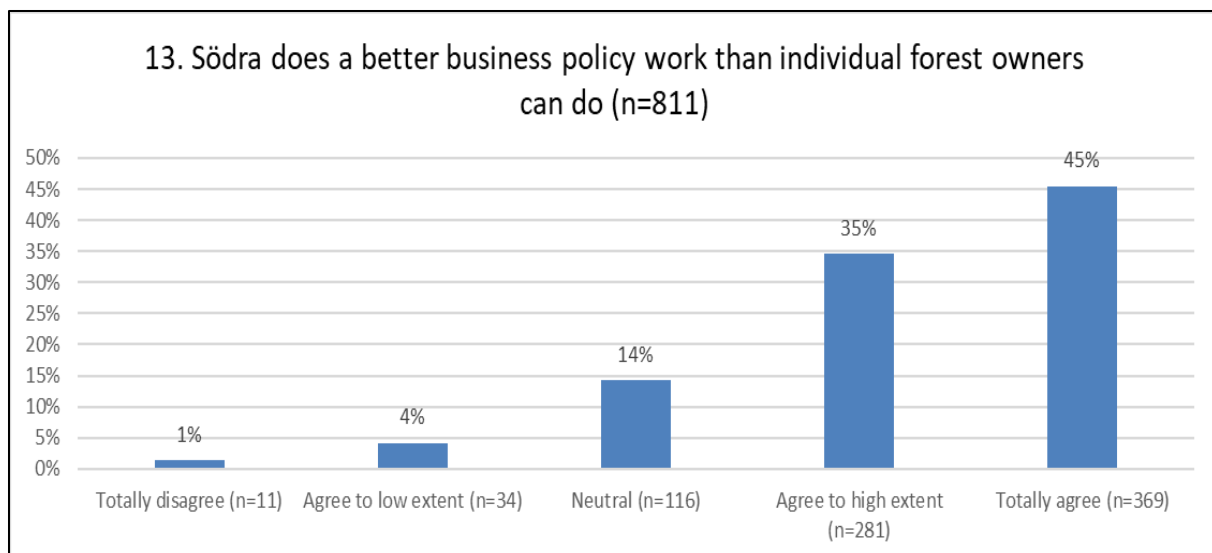


Figure A13. Södra does a better business policy work than individual forest owners can do.

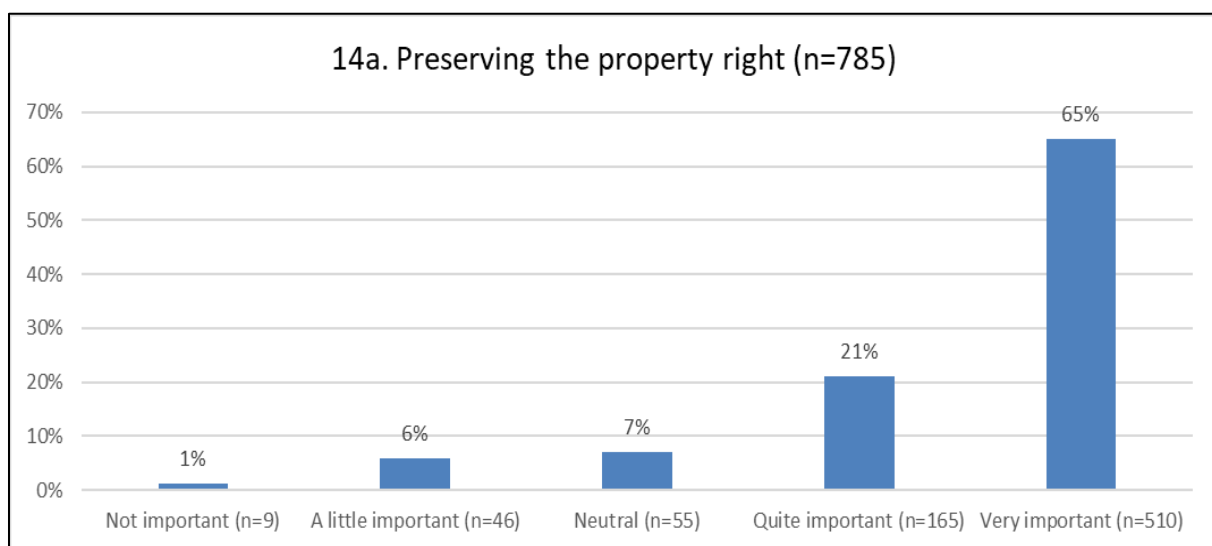


Figure A14a. How important are the different business policy issues to you?

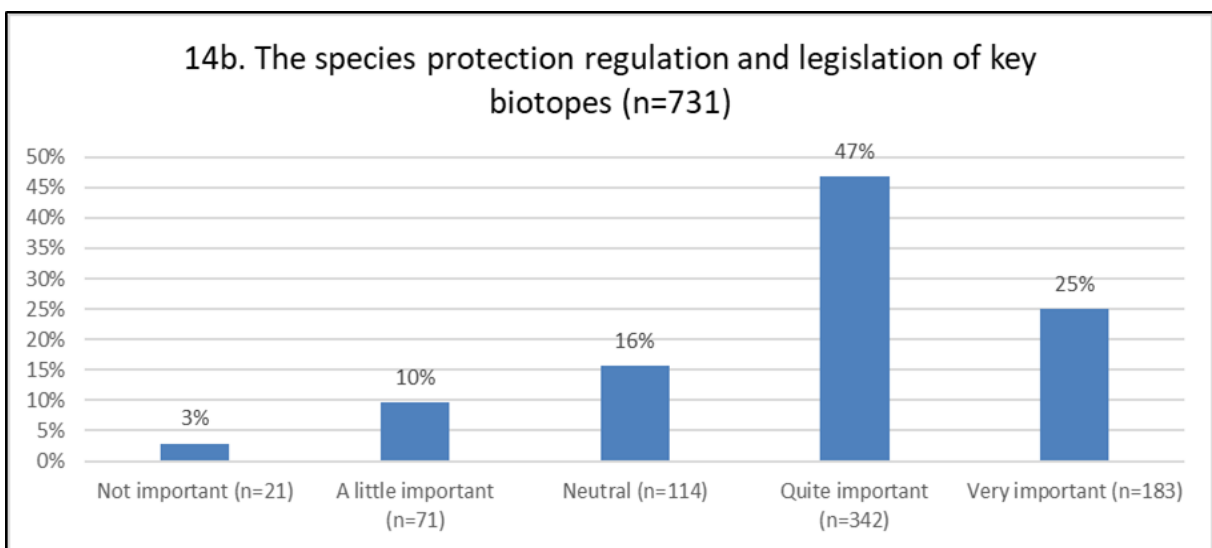


Figure A14b. How important are the different business policy issues to you?

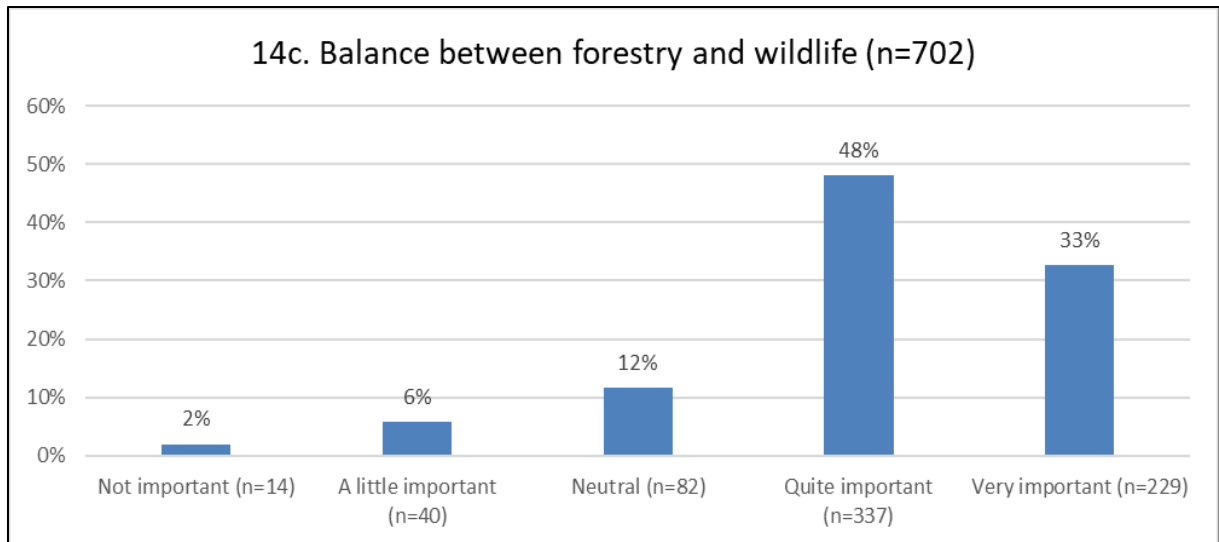


Figure A14c. How important are the different business policy issues to you?

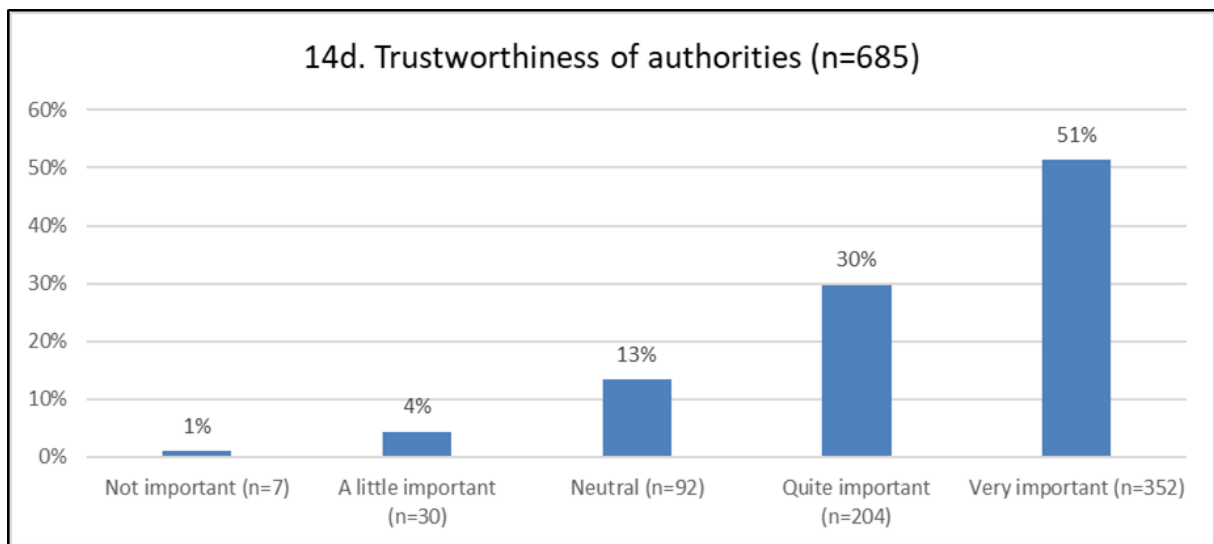


Figure A14d. How important are the different business policy issues to you?

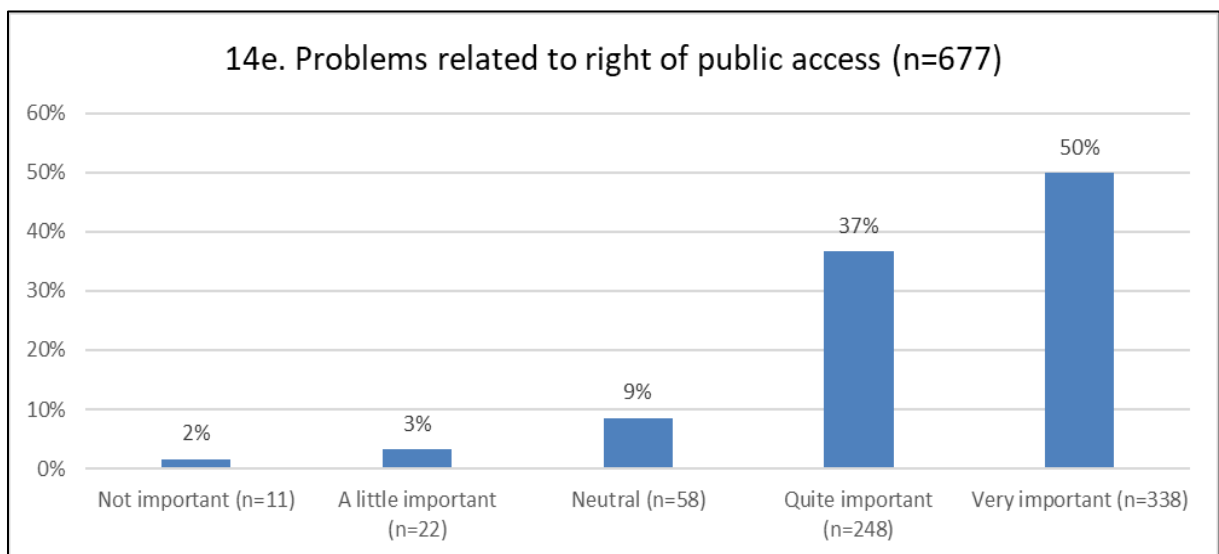


Figure A14e. How important are the different business policy issues to you?

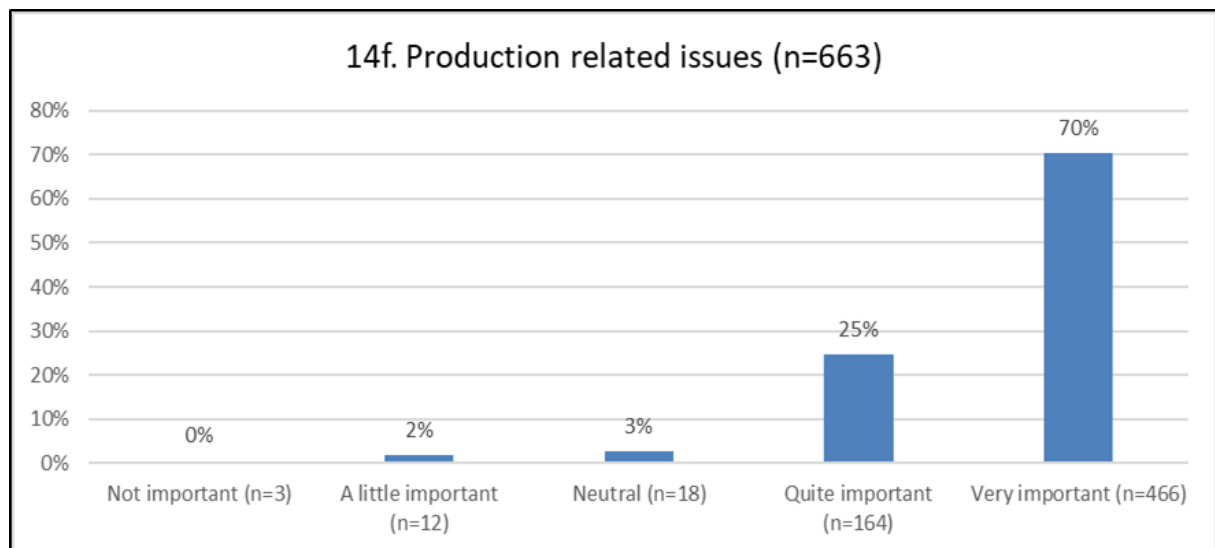


Figure A14f. How important are the different business policy issues to you?

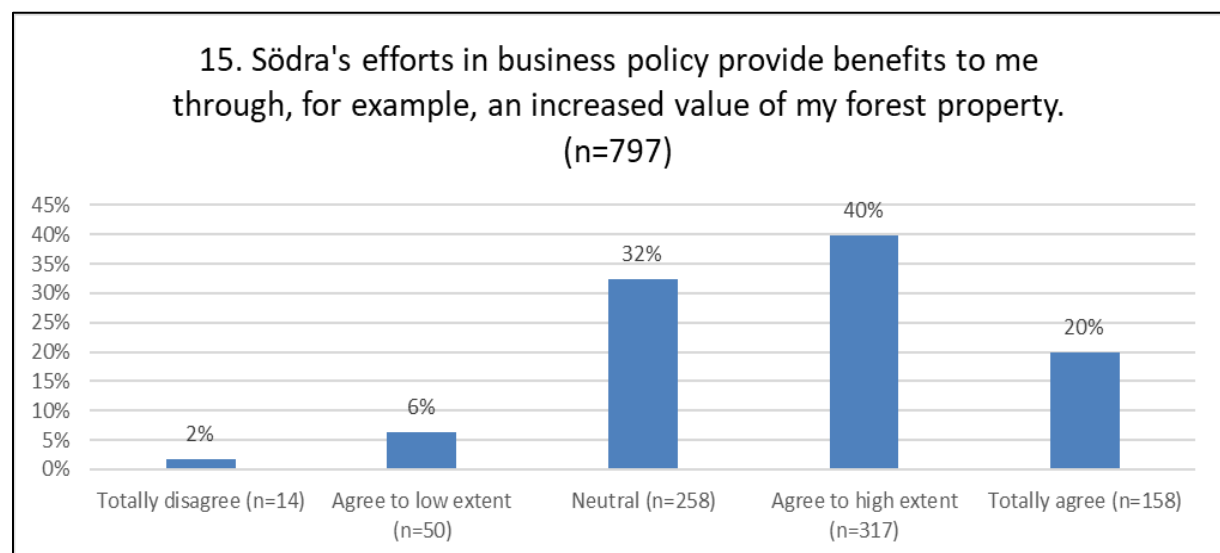


Figure A15. Södra's efforts in business policy provide benefits to me through, for example, an increased value of my forest property.

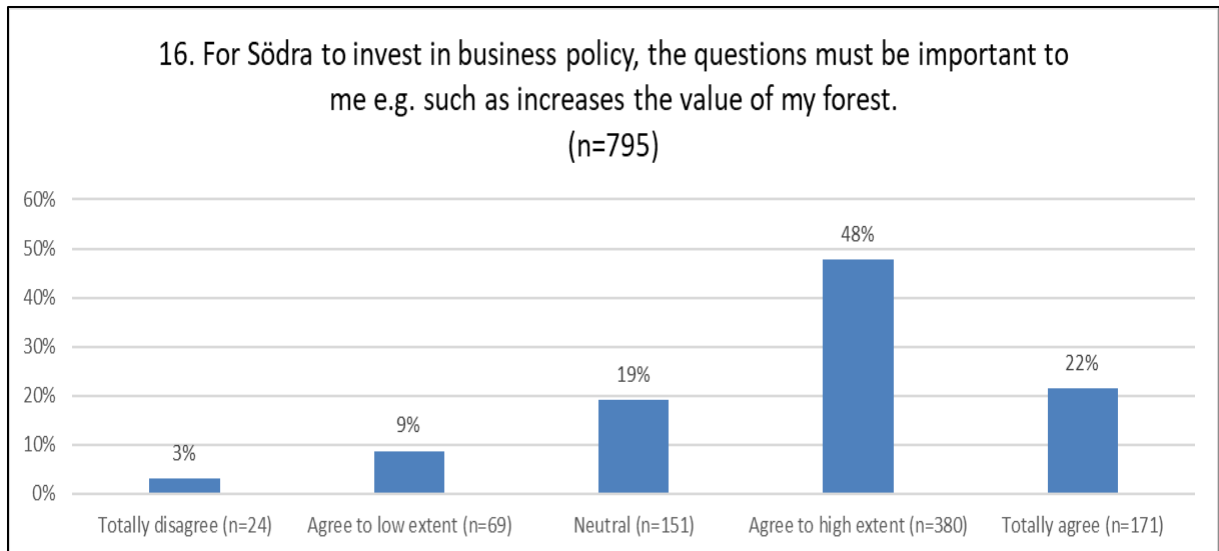


Figure A16. For Södra to invest in business policy, the questions must be important to me, e.g., such as increases the value of my forest.

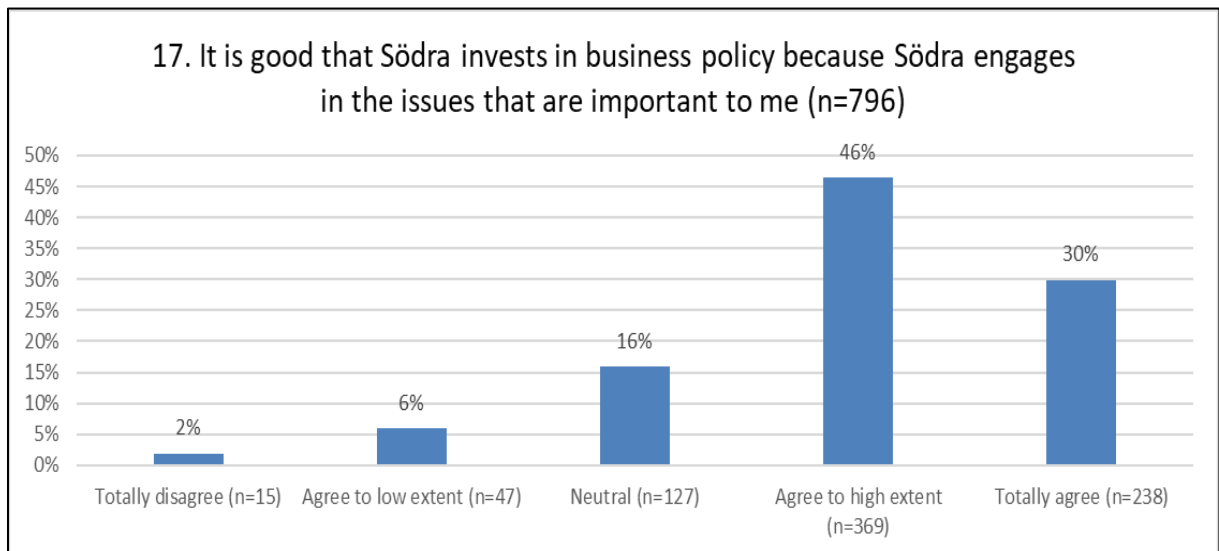


Figure A17. It is good that Södra invests in business policy because Södra engages in the issues that are important to me.

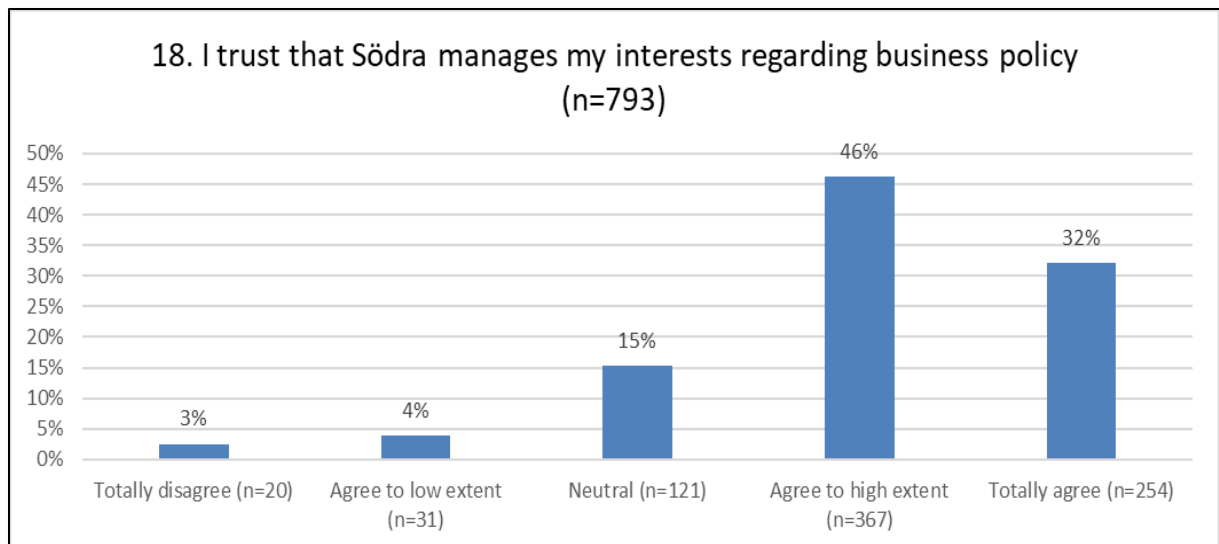


Figure A18. I trust that Södra manages my interests regarding business policy.

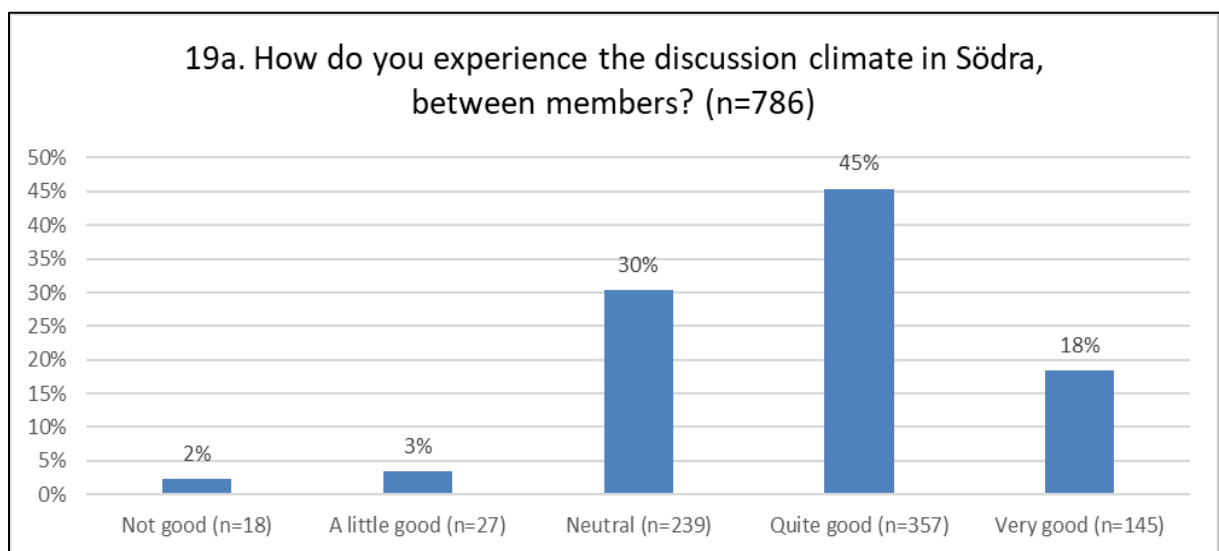


Figure A19a. How do you experience the discussion climate in Södra?

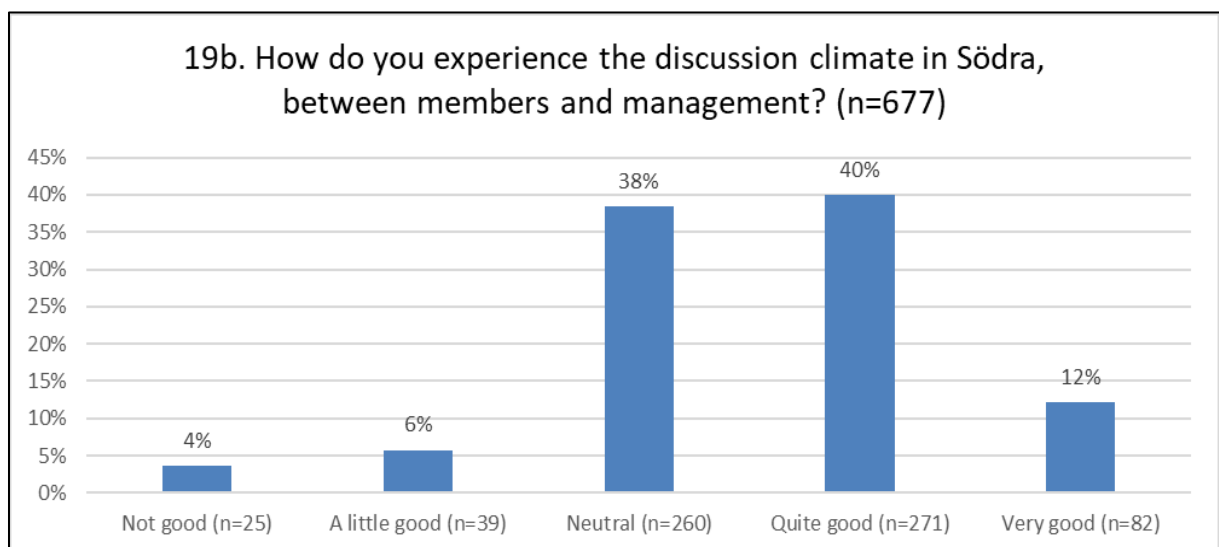


Figure A19b. How do you experience the discussion climate in Södra?

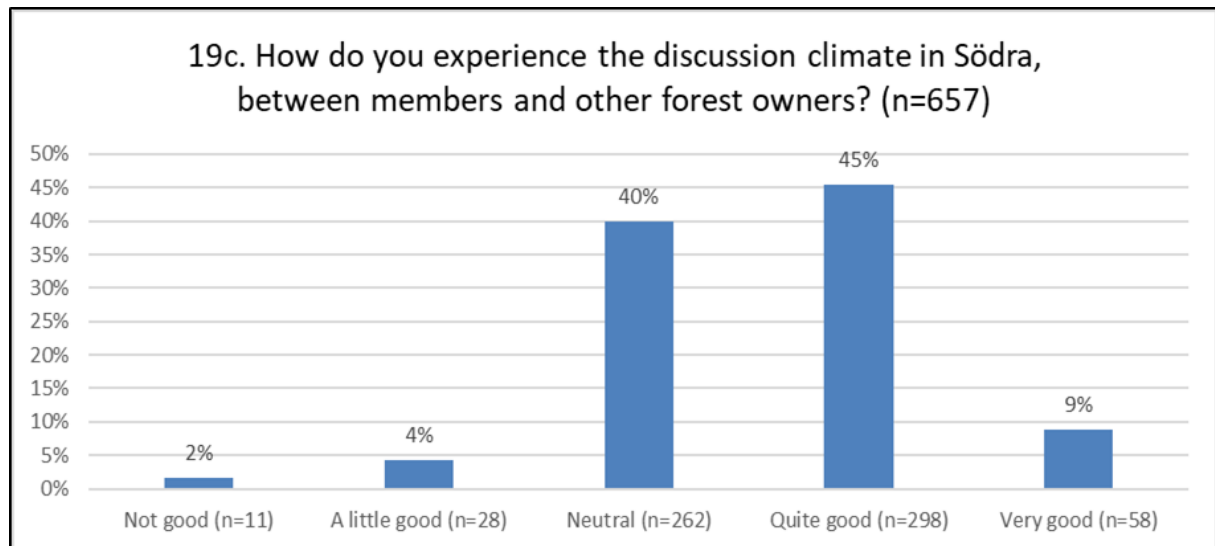


Figure A19c. How do you experience the discussion climate in Södra?

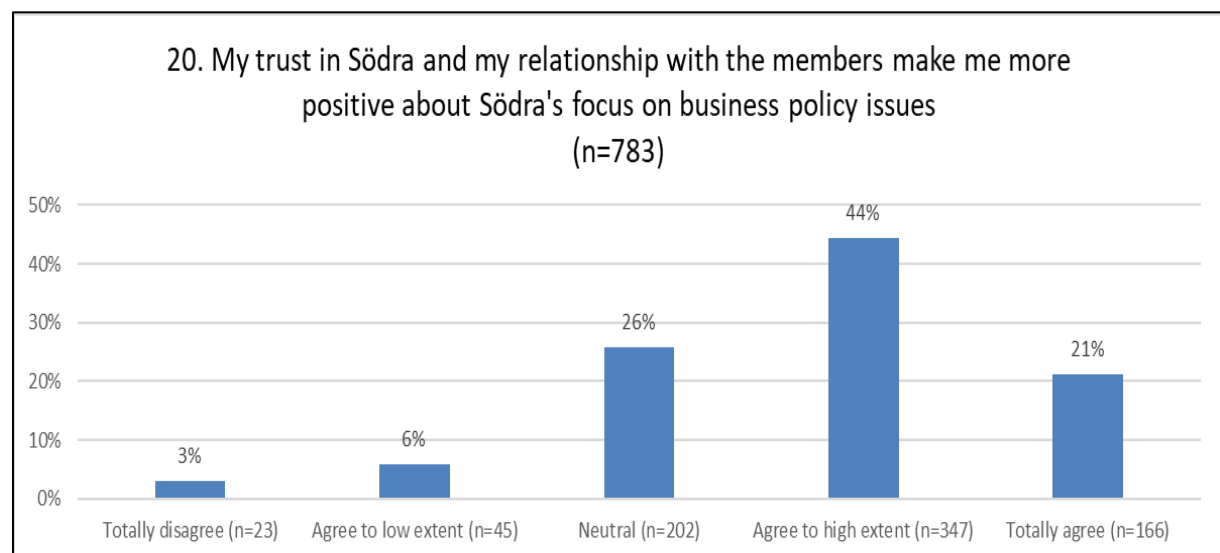


Figure A20. My trust in Södra and my relationship with the members make me more positive about Södra investing in business policy.

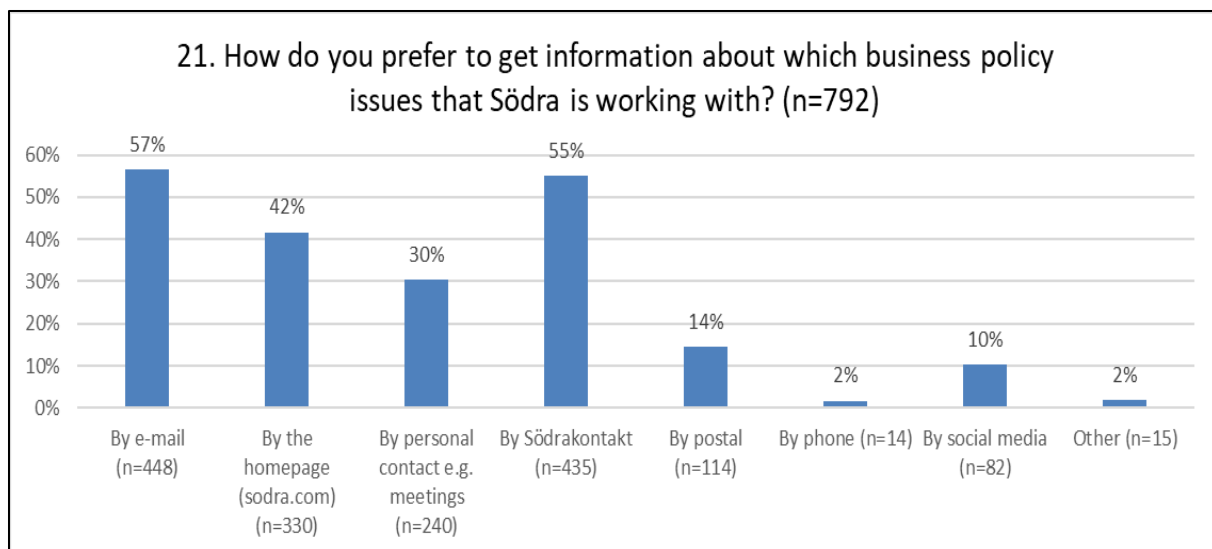


Figure A21. How do you prefer to get information about which business policy issues that Södra is working with?

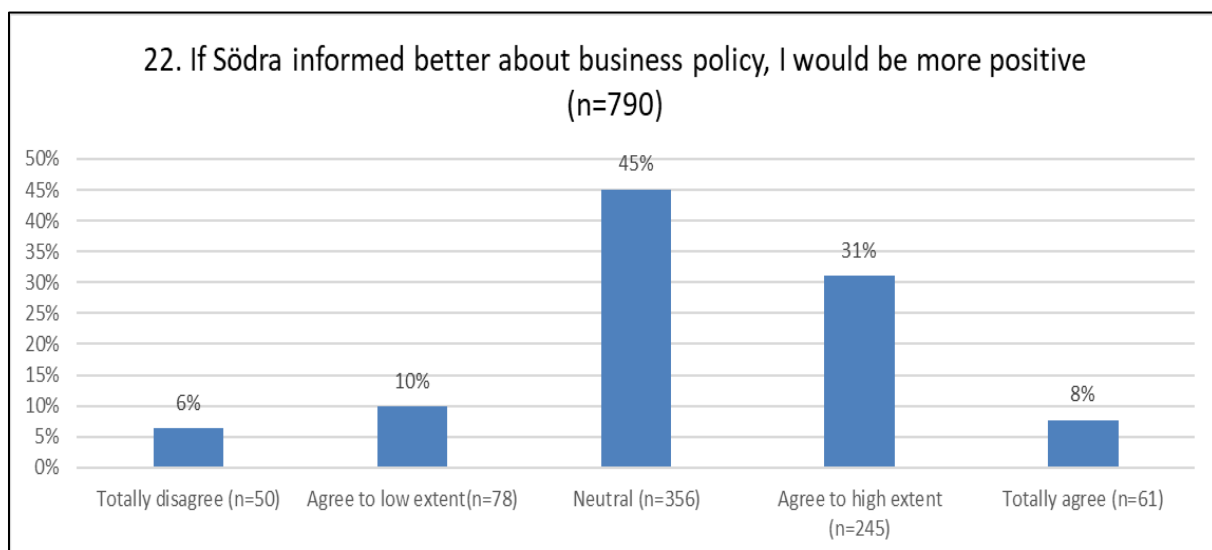


Figure A22. If Södra informed better about business policy, I would be more positive.

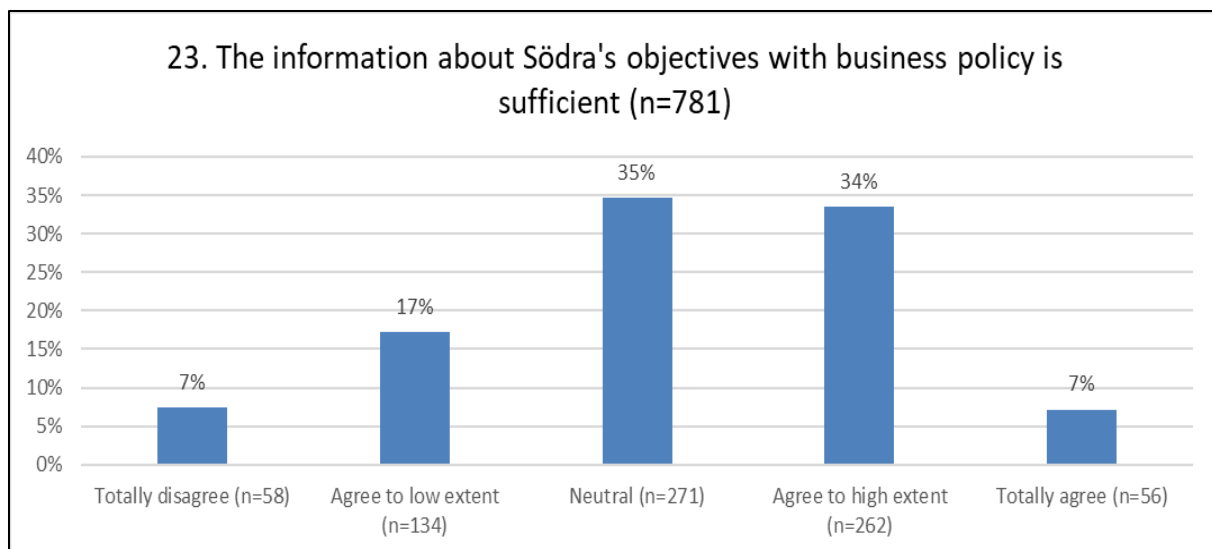


Figure A23. The information about Södra's objectives with business policy is sufficient.

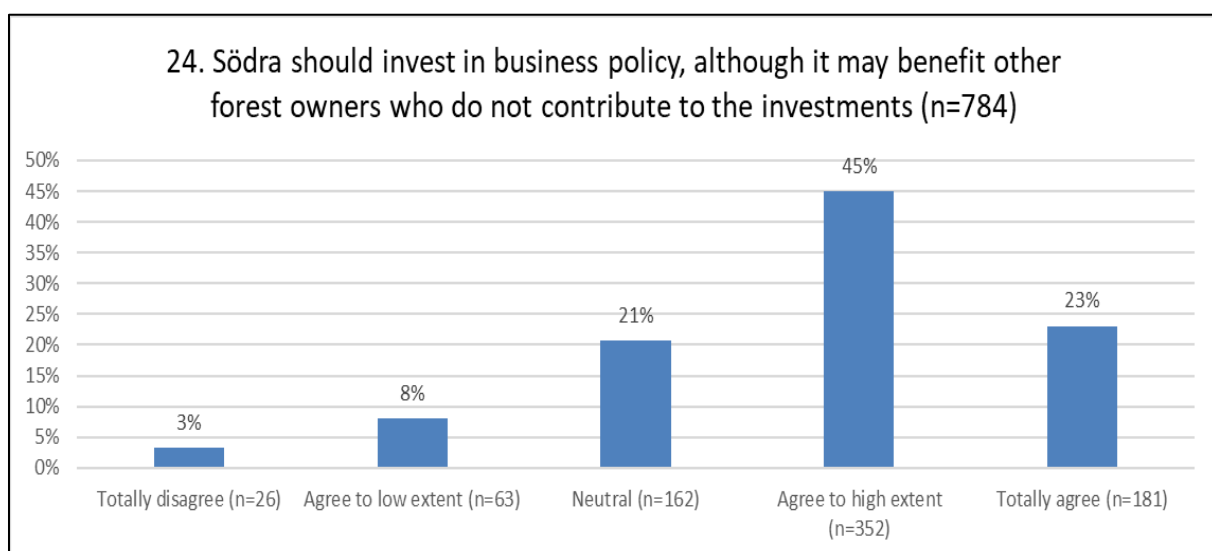


Figure A24. Södra should invest in business policy, although it may benefit other forest owners who do not contribute to the investments.

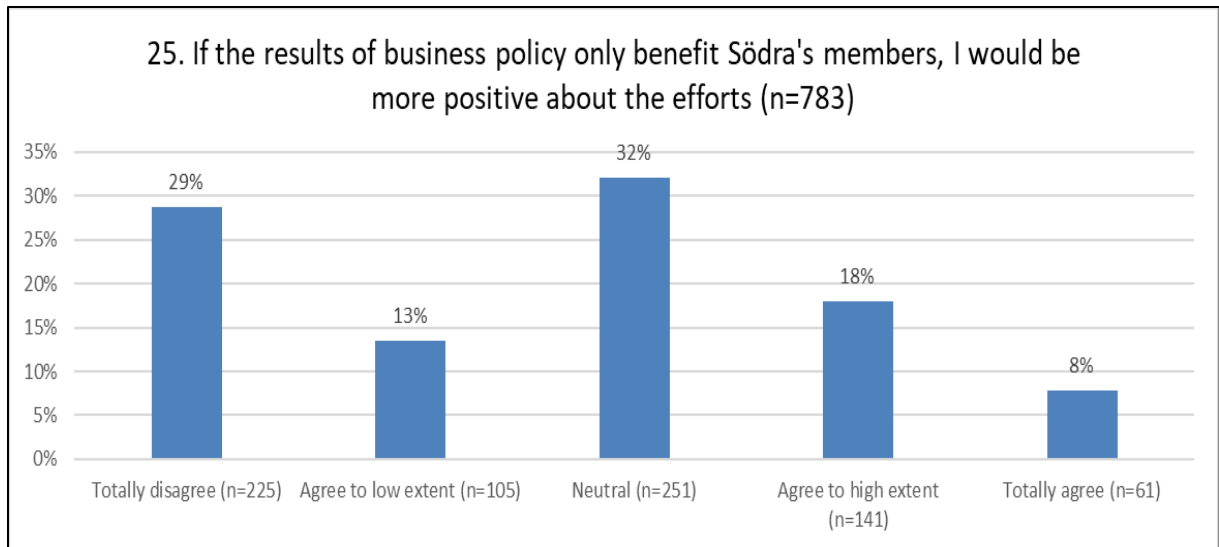


Figure A25. If the results of business policy only benefit Södra's members, I would be more positive.

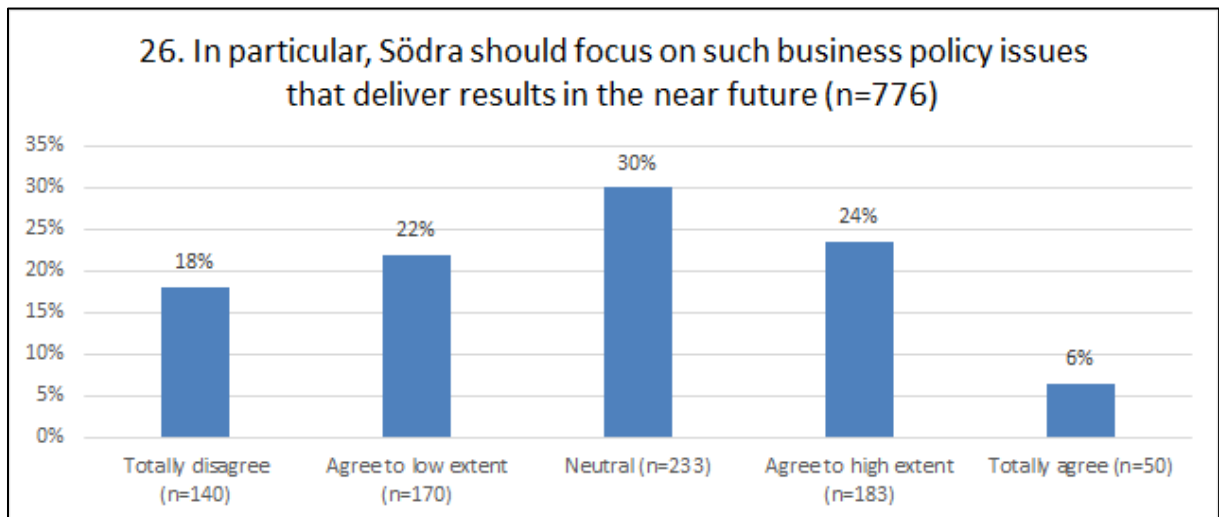


Figure A26. In particular, Södra should focus on such business policy issues that deliver results in the near future.

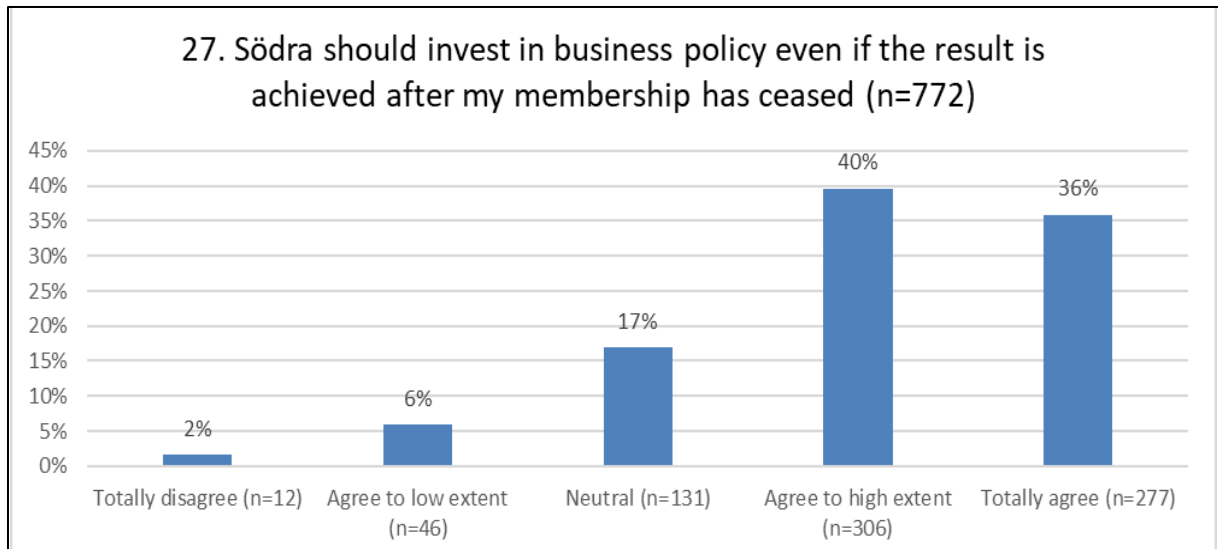


Figure A27. Södra should invest in business policy even if the result is achieved after my membership has ceased.

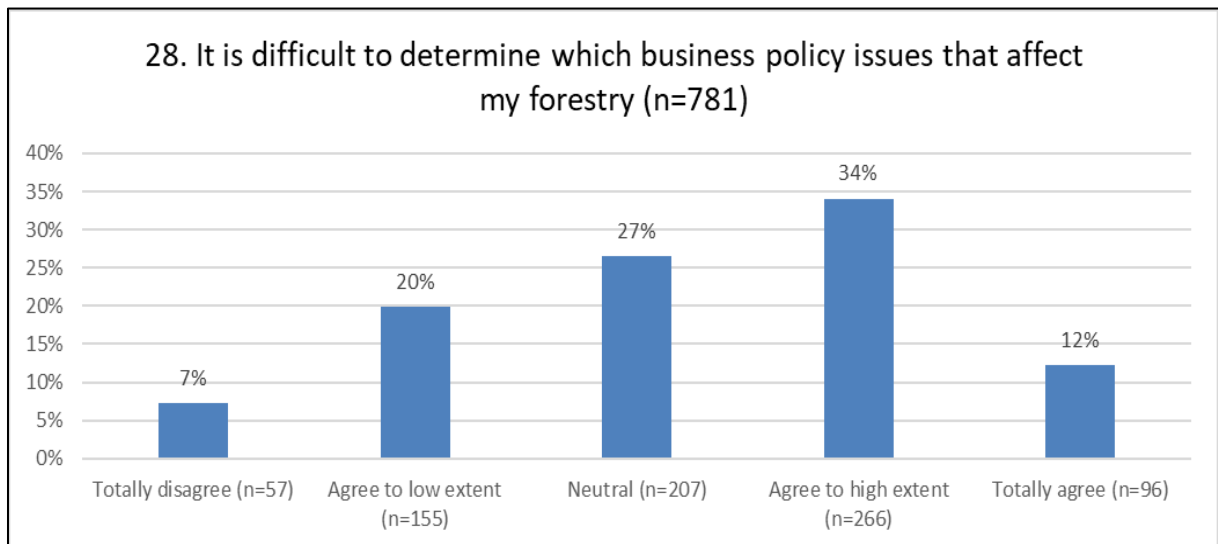


Figure A28. It is difficult to determine which business policy issues that affect my forestry.

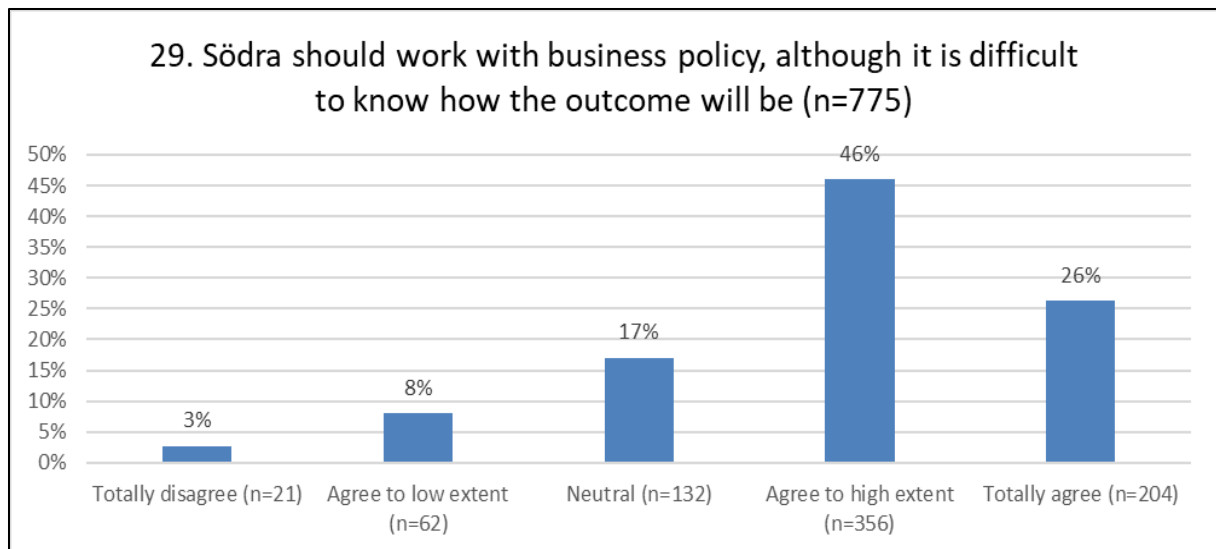


Figure A29. Södra should work with business policy, although it is difficult to know how the outcome will be.



Figure A30. Do you have any comments or anything else you would like to contribute?