

# THE IMPACT OF DECISION-MAKING PROCESSES BY FOREST OWNERS ON SERVICE CREATION



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**Prosperous forest**  
Diversification through Inclusion and Specialisation

## **THE GUIDEBOOKS IN THIS SERIES:**

All guidebooks are produced as a joint effort of the Prosperous Forest – partnership. The main authors of each guidebook are listed below:

### **WHAT IS A SERVICE?**

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### **RELATIONSHIP AND TRUST**

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### **FOREST OWNERS' DECISION-MAKING**

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### **INCLUSIVE SERVICE DEVELOPMENT**

(Only in Swedish and Finnish)

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### **SERVICE DESIGN**

(Only in Swedish and Finnish)

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**Forest owners are humans and thus the principles of human decision-making also apply to forest owners.**

## Background

Socio-demographic changes in rural areas are also changing who becomes a forest owner. The number of farmer forest owners is decreasing, a large number of forest owners no longer live in close proximity to their forests, and they are not as financially dependent on their forests as previously. Absent forest owners know less about their forests than previous generations of owners and/or they do not spend as much time in their forests. Consequently, the values and motives for owning forest are changing. In addition to economic benefits, forests are an important recreational resource and can be a link to a family's heritage. All of this can be seen in the decisions made by forest owners and necessitates changes to services targeted at forest owners.

When thinking about the decision-making process of forest owners, there are two basic principles to keep in mind.

- I) Firstly, forest owners are people and the principles of human decision making also apply to them. Both practice and research have shown that private forest owners do not necessarily make decisions based on rational aspects, which might have been previously assumed in the industry. For instance, financial reasoning is just one dimension influencing decisions, and different emotions also play a big role. This needs to be understood by those providing consultancy services.
- II) Secondly, forest owners and their decisions are not external to the rest of the society and the changes occurring around them. General trends, like urbanisation, climate change and public debate about different topics, also impact how forest owners make decisions.

## What is a decision-making process and why it is important to understand?

A decision is normally described as a choice between at least two alternative actions. It can be made consciously or unconsciously. A conscious decision means that the person making the decision deliberately and cognitively considers alternative actions and the potential consequences of these alternatives. When making an unconscious decision, individuals do not necessarily consider the reasons why they are making the decision; rather the decision is a reactive response to the particular situation.



It is important to understand the significant role of unconscious decision making as it can explain the reasons for what is known as “irrational decisions”. And when these reasons are understood in detail, they may not seem as irrational anymore. This understanding also gives us tools to anticipate potential decisions by forest owners and what influences these decisions.

A decision, for example to buy a forest advisory services, is not simply a single moment when making the purchasing decision. Instead, it can be seen as a process that includes several phases before the decision to make a purchase and even after the purchase. It is worthwhile for service providers to consider also these other phases when developing their service portfolio.



## Some facts about human decision making

From psychology and consumer behavior there can be found insights to the decision making that also the forest advisor companies should consider when developing their products. Following of them have been presented. However, there are much more to learn!

To keep in mind:

- a. **The decision is a process** → decision making also includes a choice between two or more actions. This includes the evaluation of the potential outcome of the decision beforehand and after the decision is made.
- b. **Decisions can be conscious or unconscious.** When making a conscious decision, the decision maker cognitively considers the decision and its potential consequences. However, many decisions are unconscious. In this case, the decision is an automatic reaction to the decision-making situation and for example, can be influenced by emotions, attitudes and even the physical condition of the decision maker.

- c. **Heuristics or “rule of thumb” strategies** in decision making. One example of issues impacting unconscious decision making are heuristics or using rule of thumb strategies to make decisions. This means that the decisions are made quickly and automatically based on previous experience of the decision maker. Decisions using rules of thumb may not necessarily lead to the most optimal outcome, but they make the decision making easier and the decision maker does not have to spend as much time or effort on making the decision. One rule of thumb is, for example, the *affect heuristic*, where decision making is influenced by irrelevant emotional factors, like being sad about bad weather that day. Similarly, with the *availability heuristic*, decisions are based on the alternative that can be accessed most easily.
- d. **Cognitive biases.** These refer to humans having systematic tendencies to weight their observations, interpretations and information in a certain way compared to objective evaluation of the decision outcome. These include, for example, over optimism and confirmation bias. Over optimism means that a decision-maker tends to overestimate their own skills, knowledge and capabilities. Confirmation bias, in turn, reflects back on a situation when they prefer information or even only accept the information that supports their own previous opinions or beliefs and they do not even consider other alternatives.

**So, what can these mean for the forest owners’ decision making?**

For example:

**Unconscious decision making and heuristics** → In stressful situations and when in a hurry, people typically choose the decision/behaviour most familiar to them. For example, passive forest owners choose to do nothing. The question for the consulting company is how to create a good “decision-making environment” in which forest owners truly focus on evaluating the different alternatives of their decisions?

**Behaviour is always context dependent** and several kinds of psychological and physical factors impact it. → Different psychological and physical conditions can impact a forest owner differently at different times. This can result in the same consultation process leading to different outcomes for the same forest owner. How can the forest consultancy company prepare for this?

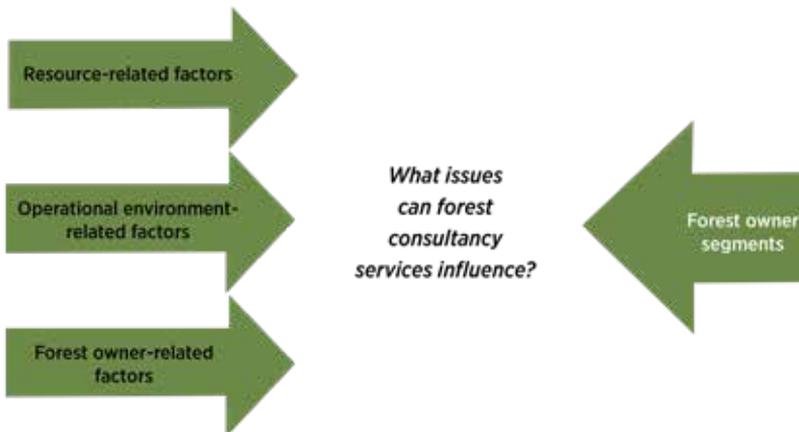
**Providing the service should include the decision-making process, not just the buying moment** → The provided service should better cover the different phases of the decision-making process. This requires developing the product to include a broader approach.



## Where can consulting services or decision-making support make a difference?

Even though several issues impact decision making at a personal level, the forest holding and the socio-political environment also provide a framework for decision making. They often limit what kind of decisions can be made in the first place. A forest-based consultancy should consider which issues their services can impact.

The ability to influence resource-based aspects with new forest-based services is limited. Current services already aim at linking larger areas for joint management or harvesting activities and forming larger conservation areas by bringing together land from several forest owners. Similarly, the ability of consultancy services to address tax system or land parcelling regulations (operational environment) is fairly limited. Service providers can naturally help forest owners to cope with current regulations but cannot really change them. Similarly, service provision cannot influence the forest owner's personal characteristics. However, services can be modified to better match these characteristics. At this point, we still must consider which forest owner segment is targeted by the services since influencing factors have different impacts on different types of forest owners.



## Good decision support – whose objectives are you focusing on and what is at “the core” of owning forest?

When developing consultancy services for forest owners, one should also honestly consider whose objectives you are trying to fulfil with the services being provided. There are often national or regional expectations for how forests should be used. Are these in line with the forest owner’s own objectives? And what impact do the forest consultant’s values have? Are these services truly developed to fulfil the personal objectives of the forest owners or do they instead support the objectives defined by society for the use of the forest resources?

To capture the objectives of forest owners, it is important to understand how they perceive themselves as owners. Owning forest often influences the owner’s identity, depending on whether they see themselves as a forest/property owner or do the forests produce to the owner’s identity by providing them a link to the line of generations, the family or the childhood village. Forest owning can also lead to other identity traits. Social norms define the understanding of what is a good forest owner and, through the socialisation process, current owners learn from previous owners or generations what this involves. However, new forest owners may want to build a different kind of forest owner-identity, for example, as a nature conservationist. It is not easy to influence values and attitudes contributing to one’s identity. Threats to this identity also often generate negative feelings and distrust towards the other party. Advice and services should be formulated to minimise the number of threats to an owner’s personal values and aspects influencing their identity and be separate from any opinions held by the consultant. This can also impact what arguments are used to market the use of the forest-based consulting services.

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How the forest owners perceive themselves as forest owners.



## Forest owner as a consumer?

Consumer research differentiates consumer experiences that the products provide for their buyers. Consuming is seen as a holistic experience and includes aspects like financial benefits, solving problems for the consumer, providing convenience and/or experiences for the consumer, or empowering the consumer. Current forest services often focus on financial benefits, solving problems and providing services that are convenient for the forest owner to buy. Providing experiences to the forest owner or empowering the forest owner may play a smaller role. What benefits other than a managed forest can consulting services offer to

forest owners? One way is to make the forest owners feel empowered. This can be done, for example, by integrate them more closely into forest management planning processes in order to make them feel that they “own” their forest management plan. They need to have “a stronger voice” and involvement. At the moment, forest management plans are designed based on the owner’s objectives but are made otherwise quite separately from the owner by a professional alone. Similarly, forest owners could be involved at a more strategic level, such as formulating a forest ownership plan. This kind of conscious planning process could help define how forest owners perceive themselves as forest owners and clearly communicate their ownership objectives to potential consultants.

### ***Focus more on the owner than the actual forest resource!***

#### **Inclusive decision making and service**

Making decisions is a context dependent exercise rather than a rational one. This means that cultural norms, in a sense, dictate what kind of decisions are perceived as wise or even possible. This has implications both for forest owners and for their advisors: Being a forest owner is shaped by social norms. Research has found that gender and age, together with experience of manual work in forests, are strong markers for what constitutes the norms for a “real” forest owner. Exploring other ways of being a forest owner can be emotionally difficult when consultants have different opinions about forest ownership objectives than one’s own. Having a norm critical or inclusive perspective with consulting services for forest owners can help move beyond national or regional expectations on the use of forest resources and instead ask whose objectives the provided services are intended to fulfil.



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