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Sweden: Kinnarps case study report

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About

Case study name:

[The greening of industries in the EU](#)

Country:

Sweden

Organisation Size:

500+

Sectors:

Furniture

Kinnarps is a Swedish furniture manufacturer which has adopted the practice of sustainable sourcing of wood. The practice has not had a significant impact on employment numbers, but has transformed more than 500 existing jobs mainly through provision of additional training because of new skill needs for purchasers, sales persons and blue-collar workers. The company is notable for its extensive and unique collaboration with the Swedish Forest Stewardship Council (FSC) board in anticipating and managing the green change and its impact on employees. The case study was carried out in October–December 2011.

Introduction

The estimated value of Swedish furniture production in 2010 reached over €2.4 billion, that is, 0.9% of national gross domestic product (GDP). Production grew steadily between 1998 and 2008, but declined with the beginning of the economic and financial crisis. Office furniture has been identified as the most successful product group in the sector.

One of the leading Swedish companies in production of office furniture is [Kinnarps](#), established in 1942 in the town of Kinnarp, which is also home to the company's largest production facility (there are five others in Sweden and two in Germany). The group employs about 2,700 people.

Contrary to many competitors mainly working on furniture assembly, Kinnarps has control over the full production chain, starting with the purchase of raw materials and workspace design services offered to clients, and finishing with logistics. This allows Kinnarps to apply different green business practices compared with competing furniture producers such as fuel efficiency measures in logistics or sourcing of sustainable raw materials.

This case study focuses on the sourcing of sustainable wood certified under either the Swedish Forest Stewardship Council ([FSC](#)) or the Programme for the Endorsement of Forest Certification ([PEFC](#)), a practice reportedly having the largest impact on the number and quality of jobs in the company.

Drivers and motivations

The furniture industry depends on the availability of materials. The changing climate may both increase and decrease the availability of wood, and the companies need to observe this process closely.

The key motivation for Kinnarps to implement the practice of sourcing sustainable wood was exploration of business opportunities. In 1998, when the practice started, there was little customer demand for sustainable products and the initiative was mostly driven by the company itself. The demand increased over time and currently the pressure from customers is the main driver for sustainable sourcing of wood. For example, certain public sector clients are showing a preference for sustainable products and it is estimated that, in 4–5 cases, the company won the public procurement procedures primarily because of FSC certification.

The minimisation of business risks was also important – certification means better continuity of supply from the same source and avoidance of illegal logging or other illegal activities in the supply chain.

To a minor extent, regulations such as the Timber Regulation (Regulation (EU) No 995/2010) also play a role in motivating the company to

implement this practice. The recent economic and financial crisis had an overall negative effect on worldwide demand for furniture but had no specific influence on the motivation to implement the practice at Kinnarps.

Green business practices

The practice of sourcing sustainable wood could in no way directly influence energy efficiency or energy saving in the company. However, this practice is beneficial in reducing the company's impact on climate change in other indirect ways.

Of the wood material procured by Kinnarps, 20% is FSC certified and 45% is PEFC certified. The remaining wood goes through company's internal sustainability control system. The certification implies that certain social and environmental principles are met in the logging activities. In terms of climate change, the certification usually means that the suppliers maintain the ecological functions of forests and contribute to their restoration and conservation. The principles followed by FSC- and PEFC-certified suppliers are defined in more detail on the [FSC](#) and [PEFC](#) websites.

Deforestation is responsible for an estimated 6–17% of human-made carbon dioxide (CO₂) emissions. In addition to foregone absorption, this includes the release of CO₂ from carbon stores in the soil.

The practice sourcing sustainable wood was first proposed to Kinnarps by its Director for Quality and Environment in 1998. To be able to produce products with the certification labels, the company needed to implement certain requirements. The main steps taken in this regard were:

- changing of the material procurement procedures to include FSC- and PEFC-certified materials, as well as certified non-wood materials (for example, eco-labelled textile products), searching for suppliers providing the certified materials (there are fewer of such suppliers in the market) and propositions for the existing suppliers to certify their products;
- introduction and management of FSC and PEFC chain of custody certificates, which affected all the production stages (processing, transformation, manufacturing and distribution) as well as the work of the quality, environment and purchasing departments as the certified material had to be tracked and kept physically separate from non-certified material;
- creation of wood accounts tracing purchases and sales of wood and following the paths of certified materials in the production process;
- calculation and reporting of the share of certified wood used in end products manufactured by Kinnarps;
- introduction of annual FSC and PEFC audits performed by independent certification agencies.

To be able to use FSC-certification labels, Kinnarps need to manufacture products which include 70% or more FSC-certified materials. The PEFC-certified products manufactured by Kinnarps, meanwhile, must report clearly the share of PEFC-certified wood used in the product to the customers. The wooden products manufacturing sector is unique in this regard; for instance, there are no such specific requirements for eco-labelling in the textiles sector.

Anticipation and management of the impact of green change on quantity and quality of jobs

Impact on quantity of jobs

The implementation of green business practice did not create any demand for additional jobs, but rather transformed the existing jobs by creating changes in the role description and responsibilities and thus the competence requirements for some employees. This is in line with the Swedish FSC board representative's opinion that certification should not create a demand for new employment in the company.

It is estimated that 531 (or 19.6%) of all company employees come in contact with FSC/procurement of sustainable wood regularly and have had their jobs transformed by this issue at least to a certain extent. Six people are working with FSC/procurement of sustainable wood on a weekly basis; keeping track of what materials go in and out, and following certification requirements. Approximately 25 people have slightly less frequent regular contact with the issue. Another 500 or so employees, mostly those working in sales, have to deal with these requirements incidentally.

There were no jobs eliminated or substituted due to the green business practice, since the practice is not about using less material but about using the 'right' materials.

It is estimated that, in the next few years, the number of jobs directly involved with the green practice will remain the same but that broader competence regarding sustainability will be required in other key jobs such as engineering positions, accountancy, sales and design. It is unlikely that any jobs will be eliminated or substituted.

Impact on quality of jobs

Skills development

The introduction of sustainable sourcing of wood at Kinnarps had a significant impact on the skills needed to perform various types of jobs in the company (see table below).

Impact on skills development

Type of job	Impact of the practice on skills needed
Top management position	Impact on making the new strategic decisions and steering the company, taking into account the new business processes

Purchasing department (purchasing director, purchasing administrator and purchasers)	Substantial knowledge about FSC and PEFC certification needed to be able to soundly and appropriately communicate with the potential suppliers of certified wood Purchasing administrator needed new skills for different management of invoices and their inclusion in the process of keeping track of purchased materials
Environmental manager	New responsibilities, such as educating personnel in sales department, as well as providing information to customers about the matter Making sure certification requirements are followed and assistance in meeting the auditing requirements
Sales department	New issues in marketing and new skills needed in providing support about Kinnarps' certified production for customers
Blue-collar workers on production lines, storage, etc.	Following certification requirements in storage of materials (e.g. keeping certified wood separately) and production process (e.g. calculating share of sustainable wood in certain products) to maintain the FSC certification for the final product

Source: Kinnarps

The company works with external partners in providing training to manage its skill needs. Such services are usually used for training of trainers (for example, on development of the standards). The training of trainers makes up about 5% of all the training needed in the company. Seminars are usually seen as the easiest way to update the high level skills in the company.

The remaining 95% (the less advanced and medium-level training) is provided internally – most importantly through simple internal transfer of knowledge from personnel with high skills levels to those less skilled.

Potential employees are trained in collaboration with a local vocational education and training (VET) school through a specific division of the company, called the Kinnarps Academy. The students at the Academy spend two days per week in the school and three days in the Academy, where they are provided with all the practical aspects of their training. Sixteen students each year are accepted on the three-year course. The teachers are employed by Kinnarps, but the municipality compensates Kinnarps financially for the training provided to the students. The students learn all the skills needed for industrial production of wooden products, so that they are able to work on the production lines for the start of their career. The number of students actually employed depends on the workforce demand. The Academy also provides training on sustainability issues, primarily about the way Kinnarps manages environmental issues and green practices.

Kinnarps also benefits from the national FSC board and FSC internationally in preparing the company for changing skill needs, as they provide support to companies willing to be certified in preparation for the changes which certification requires. Over time, however, the green practice has become a natural part of the company's everyday work and the development of green skills is not in any way different from the development of all other types of skills.

Other dimensions of job quality

There were no reported impacts from the implementation of the green business practice on career and employment security. There were also only minor concerns about health and safety, as well as the reconciliation of working and non-working life, as auditing procedures related to certification may be stressful or require overtime work from employees. However, this is only a very occasional activity, rather than everyday work. The estimated overtime could be up to five additional working hours in total during each of the most intense periods. As pointed out by company representatives, the stress usually arises in situations where the employees are not sure what to do or not experienced, so training is crucial in this context. The nature of the additional work also helps to diminish the amount of stress, as the certificates have very clear guidelines on the things to be done.

Collaborative approaches in anticipation and management of quality and quantity of employment

The methods used for anticipation of quality and quantity of employment are usually qualitative –educated guesses are made during internal management meetings by looking at the customer requirements, steps taken by competitors and arising requirements. Kinnarps also uses collaborative approaches to anticipate the impact of green change on both the quantity and quality of jobs.

To obtain the best employees available, the company collaborates with recruitment experts. The most important collaboration in this regard is the company's involvement with the Swedish FSC board. Since the introduction of the sourcing of sustainable wood, Kinnarps has been a member of this board. Currently, the Kinnarps quality and environmental director is its chairman and the sustainability manager is the vice-chairman of its marketing committee. Kinnarps is unique among Swedish furniture companies in this regard, as all the other members of the FSC board (having a voting right) are forest industry companies or non-governmental organisations (NGOs). Such collaboration significantly helps to anticipate the changing certification standards and to prepare to meet the arising skills requirements or other effects on jobs.

Kinnarps is also member of branch networks and has partnerships with the International Union for Conservation of Nature (IUCN) and WWF through its Global Forest & Trade Network (GFTN).

The company works closely with customers, designers, architects and competitors on the question of sustainable wood to raise awareness about it and its importance.

Potential role of public authorities

Representatives of the company do not foresee the public authorities playing any more significant role in helping to anticipate/manage the rising impacts of sustainable sourcing of wood on the quality of jobs in the company. The company believes that the best way for public authorities to contribute to the development of skills and working conditions related to the sustainable sourcing of wood is through raising public awareness regarding biodiversity and sustainable wood. Through this, both future employees and customers would be able to have a better basic understanding of the issue. Public authorities could assist in providing guidance and information to the public in general, as well as stricter requirements for sustainable procurement from the public sector clients. More public involvement in preventing illegal logging and ensuring biodiversity would ease the work of obtaining sustainable wood.

Conclusions and recommendations

The key lesson learned which Kinnarps representatives believe would be useful in adopting similar practices in other companies is to

implement the practice incrementally in small steps. Limiting the efforts to a small scale at first (for example, starting the implementation of the practice for one or two types of products) and evaluating them before moving on to apply the practice full-scale is important.

Intensive and extensive communication of the decision to implement such a green change to the company's employees is essential. Educating the people involved is also considered to be vital both to implementing the practice smoothly and avoiding any negative effects on the employees and their working conditions. For example, a good knowledge about what needs to be done helps avoid stressful situations.

In applying FSC or other certification in a furniture company, the collaboration with certification decision-makers could significantly help the company to foresee the forthcoming changes. Continuous work with both suppliers and customers regarding the issue is also required. Therefore the purchasers of materials as well as sales persons will be among the most affected types of employees. Companies implementing such practice should not expect large changes in jobs created or discontinued, but jobs transformed.

The involvement of public actors in helping to anticipate or manage the impact on the quantity or quality of jobs rising from implementation of the sustainable sourcing of wood could be better, particularly in raising public awareness about the practice, providing guidance and information to the public in general and probably also in strengthening sustainability requirements for public procurements.

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