Chapter 15
Understanding Hybrid-Identity Organizations: The Case of Publicly Listed Family Businesses

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15.1 Introduction

Family businesses are characterized by the combination of two institutions – the family and the business – that are traditionally assumed to be based on different identities (Tagiuri and Davis 1996; Ward 1987). Based on this fundamental feature of family businesses, we develop the idea of the family business as a hybrid-identity organization (Arregle et al. 2007; Foreman and Whetten 2002). Borys and Jemison (1989) define hybrids as "…organizational arrangements that use resources and/or governance structures from more than one existing organization" (p. 235), and Albert and Whetten (1985) define hybrid-identity organizations as "…an organization whose identity is composed of two or more types that would not normally be expected to go together" (p. 95).

In this chapter, we argue that publicly listed family firms on the stock exchange represent an extra interesting case in point to better understand hybrid-identity organizations. Recent research on corporate governance (e.g., La Porta et al. 1999; Anderson and Reeb 2003, 2004; Morck 2005; Villalonga and Amit 2006) has uncovered the importance of family control on stock exchanges around the world. We assume that there are tensions arising as a result of the simultaneous presence of the "family" and the "market" or the "private" and the "public" in publicly listed family firms that foment the hybrid nature of these types of organizations. The public nature of a firm means, for instance, that there are legitimate claims from non-

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family minority owners, analysts, monitoring agencies, codes of conduct committees, and business press journalists following the development of the firm and the shares to give and receive information. Completely private family firms do not have to respond to this to the same extent. Thus, publicly listed family firms posit unique challenges for leading and governing both the firm and the family, and can thus be seen as a particularly interesting type of hybrid organization.

Drawing on the hybrid-identity lens our study is based on in-depth case research into one Swedish publicly listed family firm called Niul. The empirical material is gathered through interviews with board members, owners, chief executive officers (CEOs), and other stakeholders. The main focus of the empirical fieldwork and qualitative analysis was on some of the main strategic and governance changes that have occurred in the recent history of Niul.

15.2 The Case: Niul

The Lindskog family is the main owner in the publicly listed company Niul. They control the firm through ownership held by private individuals and two major foundations. Today the Lindskog family is a fairly large family with several branches. Niul has its origins in the trading company Lindskog & Berg founded in 1866 as the first wholesale company in Sweden for iron and iron products. It was registered by the former master smith at the Grastorp Ironworks, Julius Lindskog. The current name of the firm was introduced in the 1930s as a combination of the two main owners NIls and ULf Lindskog when they formed a holding structure. Lindskog & Haak continued as a daughter company within the group until 1979 when it was sold. Niul was floated on the stock market in 1954.

In 1995 the Niul board decided that the firm should be a "pure-play investment company without wholly owned subsidiaries." As a result, two of the main holdings Modin and Nordic Hotels were listed in spring 1996 and two other significant holdings a couple of years later. In January 1999, the board and a new management – the CEO Jim Svenson – presented a new strategy where the idea of a pure portfolio management company was abandoned. Instead the idea would be that Niul will be a listed private equity company with the mission to create:

> The highest possible return over time through professional, active and responsible exercise of its ownership role in unlisted, medium-sized to large Nordic companies. Added value is to be created in connection with acquisition, development and divestment of companies (http://www.Niul.se).

In 2009, the family controlled Niul through direct individual ownership and through the Lindskog Foundations. Two family members from the fifth generation serve on the board; Tom Lindskog and Mats Lindskog. Mats Lindskog was a CEO for Dahl for 14 years. Niul bought Dahl in the 1970s and sold it in 2004. There are a nonfamily CEO, Jim Svenson, since 1999 and a nonfamily chairman, Max Bergman, board member since 1994 and chairman since 1998. There are no other family members working in the company. The majority of board members are nonfamily.

The main reason to take Niul public in the 1950s was to ease tax pressures, and to facilitate for future generational successions within the family. The listing gave the family liquid assets. Being public also creates flexibility for the owners which can be practical, especially for larger families even if the firm does not need the access to capital that the market offers. Family members who wanted to leave the ownership have been paid market price for their stocks; this decreased the tensions within the family, according to one family member. The ability to create incentive programs for management and staff was also considered important, especially in the kind of industry where Niul is active. Further, the public nature gives a good measure on how the firm performs.

During the first years as a listed company, the demands on the firm from the market and minority owners were much lower than they are today. In general, Bengt Lindskog – one of two strong family members in the second generation – never perceived problems with being a listed family control, as long as information is direct, straight, and honest and the firm performs well. He says: “Those who don’t like us can sell their shares, that is why the stock exchange exists. Sometimes we forget that it’s actually possible to sell shares.”

In the late 1990s, Niul faced some difficult times. Tensions and divergences of how Niul should be directed led to a change in CEO and chairman. The CEO Niclas Nilsson left, in particular, because of some actions taken by the chairman Karl Lindskog that were not appreciated by some family members, board members, and minority owners. One interviewee explains: “Karl was right in his analysis, but the way he acted was not acceptable.”

Some interviewees argue that the reason why problems emerged between the chairman Karl Lindskog and the CEO Niclas Nilsson had to do with more than personal tensions. Rather, the root of the problem was related to the circumstances of doing business through a listed investment company. In Sweden market actors have for 50–60 years talked about investment company discounts. This basically means that the value of the shares within the investment company’s portfolio is lower than these shares individually in the market. This is thus a problem for companies who invest completely, or partly, in other listed companies that individuals can invest directly in. At the same time, the beneficial tax situation for investment companies created opportunities. Nilsson’s solution to the problem was positive for minor shareholders, but perhaps less so for the majority family owners who wanted the firm to stay under the family’s control.

A cornerstone in Nilsson’s strategy was to show that the family did not have vested interests and that their agenda directed the development of the company and its investments. Therefore, the idea guiding Janson was to create an automatic redemption program that meant that as soon as the discount was above a certain level, 10% of the firm’s shares were redeemed automatically. This program led some actors on the financial market to profit on the shares through arbitrage between a basic portfolio and Niul’s portfolio, and thus speculate on the discount. However, the big event was when it came to public knowledge that the chairman, Karl Lindskog (Bengt’s brother), who had participated in approving the new strategy of Niul implemented by Nilsson started to buy large amounts of shares in Niul. The reason was that he wanted to influence the share price so it would not fall under the level where the firm's redemption program would be activated.

Lindskog had thus re-evaluated his position on Niul's strategy, most probably because he was afraid that the redemption program would eventually lead to the family losing Niul and eventually disappearing. Realizing that Lindskog had purchased the shares to affect their price, Nilsson decided to resign from his position as CEO and Lindskog resigned as chairman shortly after. One newspaper argued (DN260798): "Lindskog went too far. He should have realized the loss of trust in Niul his actions would cause. The whole market thought that the chairperson and the CEO were in agreement."

A family member says that Karl Lindskog saved Niul as a family-controlled business through his actions. If he had not acted, Niul would have disappeared and been lost for the family. The strategy implemented by Nilsson meant that if the firm did not manage to reach a certain performance level, its shares would be distributed to all shareholders. However, the family was not interested in this as they wanted to keep control of Niul. The problem was that the information about what he did was not appropriately distributed to all actors on the market. A family member adds:

> In terms of the core of the issue, he was right. Because of earlier disagreements within the family and the fact that the board did not work as professionally as it does today, there was an unequal power balance in the firm. The CEO had managed to secure too much power and he outmaneuvered people who didn't agree with him. Eventually my father thought that enough was enough, but perhaps he acted too fast and without considering all the consequences of his actions. I think this is the event that changed Niul from being a smaller, old family governed business to a very professionally governed business where the family still controls.

After Karl Lindskog's actions, several actors lost confidence in Niul as a publicly listed company and so its reputation had to be rebuilt. As a result both the CEO Nilsson and the chairman Lindskog were forced to leave the firm and a new board was formed where nonfamily members took a much stronger position. In the following section, we present the theoretical framework we use to interpret Niul as a hybrid-identity organization.

15.3 Organizational Identity and Hybrid Identity

Research shows that family-controlled firms are still important on stock exchanges around the globe. As we know that most firms are family firms, we do not know a lot about differences between family firms. This is often summarized under the term of heterogeneity of the population of family firms (Melin and Nordqvist 2007; Sharma and Nordqvist 2007). Therefore, we look into what makes family-controlled firms listed on the stock market different. We suggest that this is due to their hybrid identity which influences the self-understanding of the business and steers their governance. We empirically illustrate this with the presented case. Recently, Zellweger et al. (2010) suggested that organizational identity could be a source of familiness in family-controlled firms leading to potential competitive advantages. Organizational identity focuses on the organization as such which allows the problem to be overcome over the different spheres or systems.

Albert and Whetten (1985) in their seminal work conceptualized an organization's identity as what is claimed to be central, enduring, and distinctive. Moreover, they suggest that not every organization has a single and unanimously shared identity but rather a dual or multiple identity. A special case of that is a so-called hybrid identity which consists of parts that would not normally be expected to go together. They refer to a more utilitarian value system like a business and a normative value system, like a university.

Furthermore, Albert and Whetten (1985) suggest that utilitarian organizations are typically managed by information whereas normative organizations are managed more by ideology (p. 107). This idea has been developed and many empirical examples of such hybrid identities have been found in the literature. Albert and Whetten (1985) have suggested that organizations will change their identity throughout their life cycle. They have suggested that a normative identity may change to a more utilitarian identity, e.g., a church due to increasing size and time will become more like a business. One of the reasons for this is that founders may leave the organization or the success of the organization leads to challenges which can only be overcome by implementing rules and routines of a formal organization. The listing of a business on the stock market introduces a more utilitarian element to the company. As suggested by Albert and Whetten (1985), it is easier to add another identity to an organization than to delete an existing one.

In addition, Albert and Adams (2002) coined the term "sustainable hybrids." In those cases seemingly conflicting identities can become counterbalancing over time. Albert and Adams suggests three aspects that characterize such hybrids, e.g., the multiple identities are perceived to be inviolate, incompatible, and indispensable (Albert and Adams 2002, p. 35). Inviolate means that nothing about the underlying identities can be compromised, incompatible means that conflict is inevitable and indispensible means that none of the multiple identities can be eliminated (Ibid). Typically, those multiple identities can exist because the identities are not permanently aligned. Albert and Adams (2002) argue that the different facets of identity sustain the hybrid due to its functions and virtues. Thus the hybrid identity can be sustainable over time. This is an important aspect as it somehow contradicts multiple and hybrid identities as the main source of conflict (Glynn 2000; Golden-Biddle and Rao 1997; Pratt and Rafaeli 1997). Moreover, Pratt and Foreman (2000) have argued that multiple identities can be managed which may help to overcome or even avoid conflicts.

15.4 Family Firms as Hybrid-Identity Organizations

Shepherd and Haynie (2009) introduced the concept of a meta-identity which is typical for family businesses (Shepherd and Haynie 2009). Drawing on social identity theory and identity control theory, they argue that the family business meta-identity “represents a higher-level identity that serves to inform ‘who we are as a family’ and ‘who we are as a business’ in a way that represents the intersections of these sometimes competing identities, thus defining ‘who we are as a family business’” (Shepherd and Haynie 2009). Following their main argument, there are potential conflicts arising between the family identity and the business identity which will lead the family business to formulate a meta-identity which combines those two identities and allows for conflict resolution.

Moreover, Shepherd and Haynie (2009) suggest that such a meta-identity can be a capability of the family business. Shepherd and Haynie’s (2009) theoretical model still remains to be tested empirically. Moreover, they do not touch on the link to the organization’s identity. The meta-identity prescribes a hierarchy where the meta-identity controls the lower level identities of the family and the business. Taking a family business as an organization the concept of organizational identity and more specifically hybrid identity seems more suitable.

Following Albert and Adams (2002), hybrid organizational identities can also be sustainable over time and the source for competitive advantages. As mentioned above, an organization can have multiple identities and, unlike humans, the organization will not automatically be schizophrenic. Already Gioia (1998) noted that multiple identities on the organizational level could be the difference between individuals and organizations which could entail complicated and multifaceted identities referring to different domains without causing the problems they would for an individual.

More recently, Zellweger et al. (2010) introduced organizational identity as a complementing dimension of familiness. Following Sundaramurthy and Kreiner (2008), a family identity is unique and will therefore be a potential strength of a family firm. However, as Zellweger et al. (2010) correctly point out a family firm identity does not necessarily distinguish it from another family firm also emphasizing its family identity. As Blombäck (2010) has suggested, being a family firm can be seen as a secondary brand association. This implies a need for a family firm to be something more than just a family firm. In other words, a family business is not only a family business but a family business in the publishing industry or a family business in the beverage industry.[1]

The idea of hybrids has not only developed in the identity literature. For instance, Borys and Jemison (1989) define hybrids as “…organizational arrangements that use resources and/or governance structures from more than one existing organization” (p. 235). The authors had joint ventures and the like in mind. However, it also fits the logic of family firms, since the family and the firm can be viewed as different organizations, or institutions that in the dominant economic logics are held separate. An indication for this is the discussion on family vs. business first which exactly describes the seeming incompatibility of the underlying logic of family and business.

[1] Spendrups a Swedish beverage company can be seen as an example: http://www.spendrups.se/lib/SubPage.aspx?id=334.

According to Ward (1987), because family and business do not go together one has to come first. Following the idea that there are hybrid arrangements found in family firms, this must have implications for the governance of those firms. Moreover, Golden-Biddle and Rao (1997) have found that a hybrid organizational identity for instance, shapes the roles of the board members.

Literature indicates that the foundation of a company is critical to the formation of its identity (Albert and Whetten 1985) as well as its overall value system (Kimberly and Bouchikhi 1995; Schein 2004). Thus it is relevant if the firm is founded as a family business. Also Arregle et al. (2007) suggest that in a family firm the family has an influence on the organization's identity by transmitting values norms, and narratives. They further suggest that this is due to their long-lasting positions within the business. Following Scott and Lane (2000) an organization's identity is based on what managers and stakeholders believe to be central, enduring, and distinctive about the organization. In line with Arregle et al. (2007) it can be assumed that the most important and influential stakeholder in a family business is the family who may also be the owner and manager of the firm. In the following, we show how our case is a hybrid-identity organization and how it deals with this.

15.5 Discussion

The Niul brand as a family business is today embodied by two major physical family owners in the cousins Tom Lindskog (Eric's son) and Mats Lindskog (Karl's son) in addition to the two family foundations, which represent a somewhat more anonymous ownership. A family member explains:

> We're a kind of hybrid and we have to accept this. Our strength is that we're seen as a family business even if we work with private equity where other family businesses often become our targets for investment. We can say that we have similar way of thinking as them. Being a family business means safety for them. We actively use this as a positive side of us. We know when we can emphasize that we have strong family influence, and when it should be downplayed.

This points toward what Albert and Adams (2002) have coined "sustainable hybrids" because awareness of the duality or hybrid character is necessary and a condition to make it work. Another family member explains that there are psychological reasons why it makes sense to communicate that Niul is a family business. It has a connotation of entrepreneurship rather than finance, which dominates most other private equity firms:

> It's all about how people behave and how the creative processes works. People like to identify with other people, rather than with companies. Well, the Lindskog people are good, they think. There is value in the brand thanks to a personification that we shall not underestimate. It's all about branding. Niul may have a good brand as owners, and in the end this means that the Lindskog family has a brand as good owners. Our CEO uses this very cleverly. It can build trust.

He adds, however, that it is important to make sure that the company is not perceived as too much of a family business:

> As a listed company there are more eyes on you. As a board member you don't just represent yourself, but all the shareholders. The markets today are effective and transparent, which means that the ownership and board work in public family businesses have professionalized. An individually strong person who takes all decisions by himself, like in the old patriarchic system would be an enormous disadvantage today. Decision-making cannot occur that way. Today people are working together and value is formed in creative processes, although some old patriarchs may still be out there.

Thus the family business brand is a rather secondary brand association (Blombäck 2010). As one respondent suggests "Now being a listed company causes a lot of problems for the top management team. They must write reports, and comply with codes that are absurd." Thus, being listed adds a new dimension to the organization, needing to respond to the more formal requirements of the stock market. This is something that impacts the entire organization and adds a utilitarian aspect to its identity. One respondent brings this to point when saying:

> Private family firms can be as long-term oriented as they want and the family can dominate as much as they want. They are not asked to explain what they do. A publicly listed family business has the same pressure as any public firm and they are accountable for their action. The time horizon becomes a bit different. The family cannot dominate as much.

The idea of being a family firm where the family has the final word and takes the decisions does not work any longer on the stock market. The normative character and identity of family seemingly conflicts with the rules of being a publicly listed firm. The normative leadership of a family does not seem to work with the expectations from the stock market where a different leadership is needed, based on information. These seemingly conflicting identity characteristics make identity a salient issue as Albert and Whetten (1985) suggested. Listing a company on the stock market is a change in collective status which will put identity on the agenda.

However, Niul was listed in the 1950s and during that time the motivation was tax purposes. It seems that then it did not have such a high impact on the business itself. Further, the decision to be a "pure-play investment company without wholly owned subsidiaries" was a major decision which changed the identity of Niul. The decision could only be taken with the consent of the family as the main owner and stakeholder (Bouchikhi and Kimberly 2003). Divesting Modin and Nordic Hotels was a change in the collective status as hypothesized by Albert and Whetten (1985). By 2001, the strategy to be a private equity company was realized and the remaining shareholdings of listed companies were sold by 2002 and 2004, respectively.

Albert and Whetten (1985) argue that the transformation from a single identity to a hybrid identity might take time. The seemingly conflicting identities could exist unnoticed and only become apparent in certain events. A reason for this could be the organizational structure that separates the seeming conflicting parts.

The appointment of the new CEO – Jim Svenson – led to a new strategy and marked the beginning of a new era. The triggering event was the automatic redemption program with which the old CEO Janson intended to overcome the discount and to show that the family did not have a special role. Yet, the chairman of the board and family member thwarted this plan and did not let it be executed to avoid the family losing control. He adds:

> Because of earlier disagreements within the family and the fact that the board did not work as professionally as it does today, there was an unequal power balance in the firm. The CEO had managed to secure too much power and he outmaneuvered people who didn't agree with him. Eventually my father thought that enough was enough, but perhaps he acted too fast and without considering all the consequences of his actions.

So the conflict became apparent and was solved by the retreatment of the chairman of the board. It also showed the hybrid character of being a family and listed business. The respondent who is also a family member addresses this directly: "I think this is the event that changed Niul from being a smaller, old family governed business to a very professionally governed business where the family still controls."

Thus, the conflict also required the parties involved, and especially the family, to accept the hybrid identity of the organization and the fact that they are no longer solely in charge and can do as they please. This is underlined by one other board member:

> Niul is both a family business and a non-family business. To just say it's a family business is misleading. We're very careful to follow all the rules and codes at the stock exchange, we act as a public company and the board is not dominated by the family.

This comment illustrates very well the complexity of being a hybrid-identity organization. It requires both sides to compromise. The family can no longer decide everything as the others need to listen to the family. A nonfamily board member says:

> It's a mix, because without a doubt there is a family that has significant influence and that can decide in difficult situations. Their influence is exercised carefully today, but everybody in the board understands that they need to listen if for instance Mats says something. At the same time, the board is competent and the members are not afraid of saying what they think. It's a very lively debate in the board. The family has decided to work through a strong chairperson and board. The family is wise, they're not afraid of listening to others.

This is also what Albert and Whetten (1985) mention that hybrid-identity organizations need to find a way to deal with the duality and set the priorities which will be potentially conflicting between the normative and utilitarian identity. This is similar to what Glynn (2000) found in her study. She suggests that different stakeholders may question the resource allocation based on the organization's identity. The board of directors is a suitable arena. In the Niul case, the CEO can be seen as representing the utilitarian identity of the stock market as he is not a member of the owning family. However, the family as the incorporation of the normative identity is represented in the board as well with the two Lindskog cousins. Thus, the question is whether it is a holographic or ideographic identity. Statements from several respondents indicate that it is rather a holographic multiple identity. A family member explains:

> Family ownership is positive as long as the family stays together and the ownership is unified and clear. We have a group of owners, which actually is large enough to make decisions. As manager you always have someone to ask for advice. This is a main difference compared to institutional owners. The owner is clear, identifiable and personified by one or more people. A difference between family owners is the extent to which you just take financial or operative responsibility.

He emphasizes the importance of the family as face and representatives of the firm even though they are not the sole owners any more. As the family grows and generational shifts go along, it becomes also a question of sustained ownership. The family member continues:

> If you've had a firm for many generations the ownership becomes very scattered and if you cannot gather shares in one or two pair of hands it may become complicated. Another difference is to what extent the family is involved in historical origin of the business. We've left our core and roots. We act more as owners and we think it's exciting. A well run business can keep a family together. It gives identity.

This identity giving as mentioned by the respondent is in line with what Albert and Whetten (1985) describe for hybrid identities and especially normative identities relying on leader figures who symbolize the normative identity. Having two family members on the board means that there is a notable family influence in the board even if it is less visible than before. Furthermore, the family still has a strong impact on the selection of board members through their presence in the nomination committee. The new CEO describes how he interacts with the two family representatives in the board:

> I have contact with PO and Tom in strategic issues, but not so often in-between the board meetings. The board is the arena where the owners shall speak if they want. The strategic change I introduced was very anchored among board members and representatives from the owners, including those outside the family. I speak with the chairperson several times a week and it's very frank and open, which is natural if you have a good relationship with your chairperson.

In general, the role of the board is seen as being responsible for the strategy, including a continuous oversight of the strategy and its implementation. Evaluation and analysis of possible targets for investments is also within the realm of the board's work. The board meets often since it also serves as an investment committee. This means that the board members know each other well and that they have to spend quite a lot of time on the Niul board work. A board member explains:

> The board members do not represent specific interests. We try to form a balanced board where the people represent themselves. The family members represent the large ownership held by Lindskog at the same time as they also represent themselves. If a decision is very tricky with clear ownership dimensions, they check with the foundations.

The board work was particularly changed from the fourth to the fifth generation. Now, the board is described as very qualified and professional. The CEO says: "It's rarely expressed that it's a family business. But of course, sometimes the dimension is there." This illustrates very well the hybrid identity. It also confirms Golden-Biddle and Rao's (1997) described role as the board as an elite team that can dissolve conflicts resulting from the hybrid identity.

Some family members are active in selling and buying shares in Niul, although the foundations are fixed owners. This does not mean that there is currently a strong power concentration. The CEO explains:

> They've taken a step back. Lindskog are not as visible anymore. I invite the fourth and fifth generation of the family twice a year, to the half year report, and the annual report. The sixth

generation already owns, but they are too young. About 40–50 people are invited, and they are active as they attend these meetings. There are also about 31,000 non-family owners which makes it impossible for me to meet all of them. Tom and Mats Lindskog are cousins and the family members on the board. They belong to two different branches, but they've promised that if they disagree, they will discuss this outside the boardroom. Their disagreements should not affect the board work. So far they have managed this very well.

Although the two family members are seen as representatives for the family and the foundations, no board member has felt that they have tried to act on their ownership to drive a strategic issue in a specific direction. This illustrates that not every multiple-identities organization has to be conflict ridden. Moreover, it also indicates that the nonfamily members accept the hybrid character which indicates a holographic hybrid identity (Albert and Whetten 1985). This of course does not mean that everybody has to agree. The chairperson explains:

The mandate I serve on is for the company's best. It's been like that since Karl and Bengt asked me to join the board. This means trying to make sure that the firm develops in a positive direction for all shareholders. There are, of course, many other interests to take into account as well. We have all the smaller owners and the employees. We have a dialogue with the smaller shareholders during the Annual Meeting, and during the release of our quarterly reports. We're also active in other kind of meetings, savers' meetings etc.

A nonfamily board member with experience from other listed family firms explains that she sometimes finds herself in a situation where her view is not the same as the family's:

Quite often I feel that the family wants to push for an issue in a specific direction, but I think differently. It's more like that in another public family business in which I serve than in Niul. I must say what I think otherwise I don't deserve the remuneration I receive. I'm an advisor rather than a controller.

There are positive and negative sides of being a listed firm, but Niul has never really considered leaving the stock exchange. There have been discussions regarding the value of being a listed company in comparison with being private. The conclusion has always been that the advantages for both the family and firm are bigger than the disadvantages. Buying out the firm from the stock exchange was an alternative in 1998. They made calculations, but the option was never really seriously considered. A family member elaborates:

Family ownership is positive as long as the family stays together and the ownership is unified and clear. We have a group of owners, which is large enough to make decisions. As manager you always have someone to ask for advice. This is a main difference compared to institutional owners. The owner is clear, identifiable and personified by one or more people. A difference between family owners is the extent to which you just take financial or operative responsibility. If you've had a firm for many generations the ownership becomes very scattered and if you cannot gather shares in one or two pairs of hands it may become complicated. Another difference is to what extent the family is involved in the historical origin of the business. We've left our core and roots. We act more as owners and we think it's exciting. A well run business can keep a family together. It gives identity.

This comment illustrates what Stinchcombe (1965) has called imprinting. Likewise Schein (1983) has argued that founders have an impact on an organization's culture. Stinchcombe (1965) argued for the importance of the social structure which will be incorporated in a newly founded organization. As the period of foundation is already long gone, the entering of the stock market may be considered a second foundation as it caused a fundamental change in collective status (Albert and Whetten 1985). Therefore, the importance of founding members for the organization is equally relevant as argued by Schein (1983). Moreover, Tagiuri and Davis (1996) have argued for the importance of founders and families for the identity of the business. One family member argues that the most important negative side with being public is the focus on quarterly reports:

> How you present your result and your development is so important because it determines the share price and thus how happy the many shareholders are. Our dilemma as a family business is that every time there is discussion about a new CEO it's more difficult with many shareholders. There is uncertainty when you don't know what's happening. This is what happened to us in 1998–1999, before we had time to communicate the new strategy. In a company like this, it's not just the share price that determines how we act. This is just one parameter we consider. I think all Lindskog people think the same, that in 10, 20 or 50 years the family should still own this. Hopefully, there is a new Lindskog running this. We can resist the problems caused by a falling share price. Our principle is not to change CEO often. This is an integral part of our owner perspective.

This comment illustrates that the family is aware of the hybrid character and also underlines the advantage it gives to the firm. Due to the family control, they can escape some of the disadvantages of being listed and still focus on a more long-term orientation which is typical for family firms. The comments from nonfamily board members express very well that the family dimension is still there and is part of the understanding of the organization. Therefore, the hybrid character also remains in the fifth generation. In addition, it can be interpreted that there is a potential conflict of interest for board members. Family representatives may overemphasize the family dimension whereas nonfamily members may see this as inappropriate. The long history of the Lindskog family and Niul is, however, still present but not so much in the everyday work as a family member explains:

> The history is present mostly when we have an anniversary. For instance, when we celebrated 50 years as a public firm or the Lindskog family's 150th anniversary as a business family. This type of historical look back, but we're not sentimental. The really successful strategy which has rewarded us as a public firm is the strategy created in 1999–2000. It's not older than that.

Another board member says:

> There is a tradition and a legacy in Niul. The spirits of Karl and Bengt are there, and they will be in the future. The family and the firm have been capable of adjusting according to changing circumstances. This is a family who has managed to reinvent themselves a number of times. Niul is an old company, but if you look at where Niul is and has been you see they have an extraordinary capability to leave a business idea when it hasn't been sustainable and create something new that is profitable.

Figure 15.1 illustrates the development of Niul's identity over time. Starting as a family-controlled firm in the nineteenth century by the Lindskog family its identity was clearly linked to the family. As Albert and Whetten (1985) and Schein (1983)

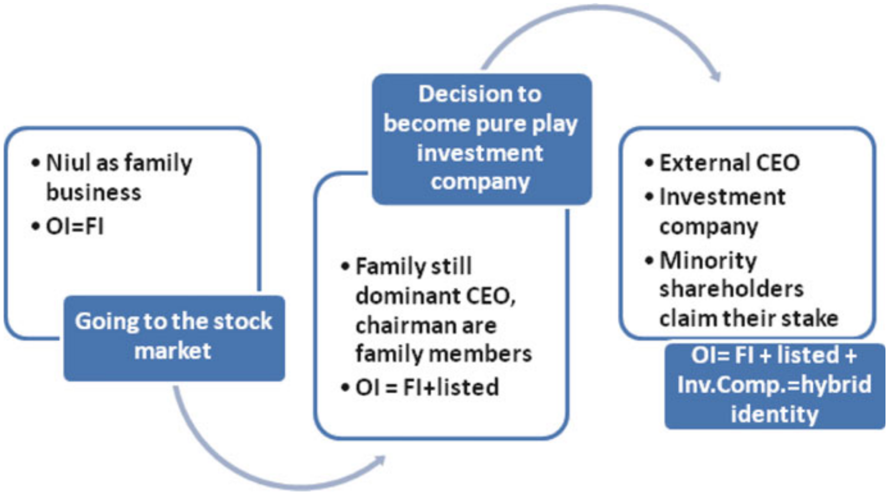

Fig. 15.1 Niul development toward a hybrid identity

have suggested, the founders do have an important impact on the business. Stinchcombe (1965) even claimed that founders imprint their personality and value system on the business. Seemingly, the influence of the founding family is also still present in Niul. Nevertheless, as suggested by some interviewees, it does not prevent Niul from changing strategic directions and going from being an investment company to a private equity company.

It is also important to notice that Niul's identity did not change immediately after entering the stock market. As the family was still prominent with a CEO and chairmen of the board, the family identity was still the most central aspect of the organizational identity. Due to the difficult situation in the beginning of the 1990s, the identity question again became salient (Albert and Whetten 1985). From the case it can be seen that the family business identity is not lost with going public. Rather the opposite, when becoming a private equity firm it helps to also be a family firm with certain clients and not just a listed firm. This duality helps to address different audiences. However, it may cause some internal conflicts.

15.6 Implications for Family Business Research

The concept of organizational identity has recently been introduced into the family business research context (Shepherd and Haynie 2009; Sundaramurthy and Kreiner 2008; Zellweger et al. 2010). Even though Tagiuri and Davis (1996) have already mentioned the influence of the family on a business identity so far, there is a lack of empirical studies that investigate the concept. Moreover, we show how the concept of a hybrid organizational identity helps to understand certain issues. As we have seen there are potential conflicts of commitment which are based on different understandings of the organizational hybrid identity. Following Golden-Biddle and Rao (1997), these internally generated identity conflicts are as important as external identity threats which may question the status of the organization. However, even though Golden-Biddle and Rao (1997) have suggested that internal conflicts can be solved by internal elite teams to restore the identity this was not an option in this case. The family, as well as nonfamily members, is aware of the hybrid identity and does not perceive it as a family firm only. Rather, being perceived as a family business helps the main business as a private equity company. In publicly listed firms, such conflicts become an external issue much quicker. In this case, this was only relevant when the external CEO introduced a redemption program which could have made the family lose control of the business. After the CEO stepped down, the chairman also had to leave but it did not mean the end of the hybrid identity and the family. Rather, it ensured the continuity of the hybrid identity of Niul.

Zellweger et al. (2010) suggested that a family firm's identity is not per se a positive thing. It might also lead to a negative influence of the family on the business. In the case of Niul, being seen as a family business is something that helps them in their core business as a private equity company. However, when the family was about to lose control of the business, by the chairman buying shares of the company, this opposed the official doctrine of the external CEO who claimed that there is no special treatment of the family.

We agree with Zellweger et al. (2010) that organizational identity is a useful framework that helps to understand the concept of familiness and the distinctive character it gives to family firms. Yet, we suggest that viewing family firms as hybrid-identity organizations will be more suitable. The hybrid character means that there is another dimension to the identity than just the family identity. More importantly, the hybrid identity of Niul does not only entail the family dimension which therefore may be a balancing aspect. Of course, the family identity gives a potential advantage due to its uniqueness (Sundaramurthy and Kreiner 2008). However, such a hybrid family business identity is possibly even more advantageous as it combines the uniqueness of the family identity with components outside the family. This also makes it potentially more viable and resistant to the dark side of family influence (Zellweger et al. 2010). Moreover, our case shows that a pure family identity is not possible and not wanted as it also has negative connotations to the public.

For the management of a firm with a hybrid identity, it is important to be aware that it can be managed (Pratt and Foreman 2000). Still, relevant stakeholders have to be considered and in a family business the family is a decisive stakeholder (Zellweger and Nason 2008). A change of identity against the will of the family seems very difficult if not impossible (Bouchikhi and Kimberly 2003). In a holographic hybrid-identity organization, the management has to be aware that the family business dimension is not only anchored in the family members but also in nonfamily members as, for instance, in our case.

Therefore, we propose to view family firms as hybrid-identity firms. Our case is a family firm that is listed. Thus, it becomes more evident that there is another logic besides the family. Yet, following Blombäck (2010) a family business can be considered as a secondary brand association. It is more likely that the hybrid identity will also entail aspects of, for instance, industry or products. Moreover, in the family business literature, the idea that family and business are separate systems is popular and viewing them as hybrid-identity organizations helps to combine the two systems into the organization. It is important to acknowledge that an organization is family controlled *and* listed on the stock exchange.

15.7 Implications for Hybrid Organizational Identity

Shepherd and Haynie (2009) have suggested a meta-identity for a family business as a combination of family identity and business identity. Our case illustrates that such a meta-identity can be a hybrid identity. If it is a holographic hybrid identity, meaning that all members share the multiple or hybrid identities, it will be easier to manage the organization and the risk which can occur in ideographic hybrids is decreased. In an ideographic hybrid identity, where there are different units that share different identities, the risk for conflict is higher.

From the empirical case, it can be seen how a hybrid character develops over time. This is in line with what Albert and Whetten (1985) suggested, namely that the process from a single to a multiple-identity organization may take time. Niul was predominantly a family firm controlled by the Lindskog family. Starting as a wholesaling company for iron and iron products in the nineteenth century, over an investment company in the 1940s it became a private equity company in the twenty-first century. It seems that Niul does not fulfill the conditions of being a sustainable hybrid as suggested by Albert and Adams (2002). Accordingly, the hybrid identity needs to be inviolate, indispensable, and incompatible. Theoretically, it is possible to change the identity by leaving the stock exchange or by some other investor taking over Niul. As mentioned this was considered but disregarded. This would cause the family identity component to become obsolete and disappear. Moreover, Niul has shown several times that it divested key elements of its portfolio and changed the key business area in its history.

The issue of change of identity has been discussed at length in the literature. Therefore, we agree with Albert and Whetten (1985) that it is easier to add another identity to an already existing one as a complement which will lead to a hybrid identity. However, Albert and Adams (2002) also emphasize that in a hybrid-identity organization, the sustainability is due to the potentially incompatible identities not being permanently aligned over time. In the history of Niul as a listed company, there was only one situation where the incompatible identities conflicted so heavily that the chairman of the board and family patriarch as well as the nonfamily CEO had to leave. After their departure, Niul could rebuild the public's trust and continue as a family-controlled public firm. In addition, being seen as a family business is considered helpful in the private equity market. The firm uses the reputation and long-term orientation of its owner family to make good deals. Thus, the hybrid identity becomes if not sustainable at least essential. As Corley et al. (2006) propose,

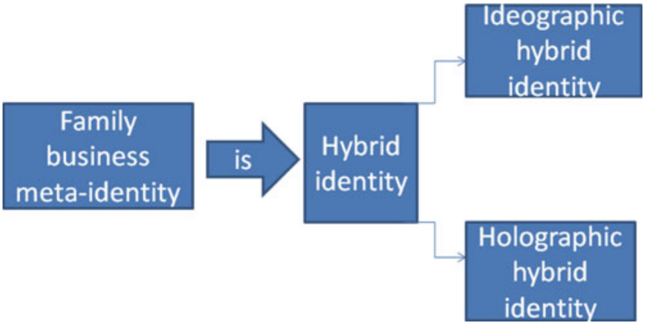

Fig. 15.2 Family business meta-identity and hybrid identity

it is possible that multiple identities do not conflict because the identities are only latently and not permanently aligned. This is also in line with Albert and Adams' (2002) suggestion for sustainable hybrid identities. The family business identity seems not to be aligned permanently in Niul as several interviewees mentioned. Moreover, it is used purposefully to attract, for instance, new objects for private equity. That it is not just a market tool can be seen by the general policy which is focused on long-term orientation and is agreed upon by family as well as nonfamily members.

A latent alignment of multiple identities will also make it more sustainable as the potentially conflicting identities will not clash at all times. The idea of Niul being a holographic hybrid-identity organization is also supported by the statements of several nonfamily members who see an advantage of being considered a family business for the private equity business. Being a private equity business and a family business gives Niul a rather unique standing. Therefore, the family identity can sustain in the business even though the family is only represented in the board with two members. The family board members are the visible and legitimate representatives of the heritage and value system of the Lindskog family.

Pratt and Foreman (2000) have suggested that multiple identities can be managed. This is something our case supports. However, as we have seen Niul has changed its identity. The family identity is the enduring part which functions as an anchor. The family identity can thus be described as something that can be combined and added on without identity conflicts necessarily occurring. The family identity is also anchored in nonfamily members.

Figure 15.2 illustrates that the family business meta-identity as suggested is a hybrid identity. It contains elements of the family and the business which are not expected to go together (Albert and Whetten 1985; Shepherd and Haynie 2009). Following Albert and Whetten (1985) a hybrid-identity organization can either be ideographic or holographic. The former means that there are different units who do not share the same identity whereas in the latter case the multiple identities are shared by all organizational members.

15.8 Concluding Remarks and Suggestions for Further Research

As suggested by Zellweger et al. (2010), having a family identity can be advantageous. We also show this empirically as an organization's identity cannot only rely on the family identity. Moreover, viewing a family firm as a hybrid identity means overcoming the limitations which occur when viewing it as two separate systems. Drawing on Shepherd and Haynie's (2009) idea of a family business meta-identity, we take an organizational identity perspective and conclude that such a meta-identity will be a hybrid identity. Hybrid identities can be of two different kinds and for a family business it appears important that the hybrid identity is also shared outside the family, i.e., that it is a holographic hybrid. As hybrid identities can be sustainable, it will help to resolve conflicts. This will be the case if the multiple identities of the hybrid are not permanently aligned.

Our study opens up further research in the area of organizational identity and family business. We encourage studies on the phenomenon of hybrid identities in different types of family businesses. Indeed, the concept of identity can be a very useful theoretical tool to better understand the heterogeneity of the family firm population. The case of the publicly listed family firm Niul served as an interesting case that allowed us to illustrate the character of the hybrid identity of family firms in particular. However, we think it is also necessary to study non-listed family firms. We suppose that the hybrid character in these family firms will be more ideographic as there is weaker external pressure on the family to deal with nonfamily-related issues and expectations. Future researchers could also look more closely into how organizational identity is formed over time in young and growing family firms. Is the family dimension of identity there from the start, or is the family dimension an identity aspect that is being included as the firm matures and perhaps more family members join the firm's operations or ownership?

Moreover, the board of directors has already been proven as a suitable arena for studying an organization's identity (Glynn 2000; Golden-Biddle and Rao 1997). It would be useful to study suggested conflicts of commitment in family board members with a holographic hybrid identity. Another interesting aspect is the impact of generational shifts on the hybrid identity of family firms.

The development of the hybrid identity over time is also interesting. Albert and Whetten (1985) suggested that it is easier to add a new identity to an already existing one. Therefore, it would be interesting to look at organizations where an identity-giving element disappears. Zellweger et al. (2010) have suggested that a family business identity can be with or without family involvement. Therefore, further research should elaborate the two different forms of a hybrid identity on the concept of familiness. Recently, Reay (2009) has suggested also considering the institutional environment of the family firm as it potentially has a high impact on the meta-identity or hybrid identity as we suggest. Finally, Zellweger et al. (Forthcoming) propose looking at and considering the role of reputation and impression management for the family firm identity. We can only agree and add that these questions can be elaborated further by considering the family business identity as a hybrid identity.

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