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PROFIT-MAKING FOR MUTUAL BENEFIT: THE CASE OF FOLKSAM 1945–2015

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Förord

Den här studien har genomförts inom ramen för ett forskningsprogram om syfte, styrning och reglering av olika bolagsformer (STORM) som inrättades vid Stockholms Universitet 2016. Det övergripande syftet med programmet är att belysa hur olika associationsformer (t ex företaget och föreningen) påverkar den verksamhet som bedrivs. Programmet undersöker också vilka konsekvenser nya regelverk får för olika typer av organisationer. Det privata aktiebolaget är idag norm i nationella och internationella regelverk, och i allmänhet också när verksamheter granskas eller förväntningar sätts hos kunderna. Ensidigheten beror delvis på bristande kunskaper om mindre kända associationsformer hos både lagstiftare och allmänhet. STORM vill initiera både forskning och diskussion om olika typer av bolagsformer. Trots att lagstiftningen förändrats fortlever associationsformer som inte liknar de privatägda aktiebolagen inom vissa branscher.

Programmet STORM har möjliggjorts tack vare ett samarbete mellan Stockholms universitet och Folksam. Viss forskning inom programmet finansieras också av Myndigheten för ungdoms- och civilsamhällesfrågor och Handelsbankens forskningsstiftelser. Utöver forskning kring ömsesidiga bolag, den del av programmet som Folksam stödjer ekonomiskt, undersöks även statliga bolag, kommunala bolag, ekonomiska föreningar samt ideella och kooperativa bolag. Bolagsformerna jämförs även med aktiebolag och offentliga organisationer.

Författarna riktar ett varmt tack till Folksam som inte bara finansierat studien och ställt upp på intervjuer utan också varit hjälpsamma i att praktiskt underlätta vårt omfattande empiriska arbete i det egna företagsarkivet. Studiens har genomförts helt enligt gängse vetenskapliga normer för oberoende grundforskning, d v s författarna har självständigt tagit ansvar för såväl forskningsfråga design och genomförande som analys och resultat.

Sammanfattning

Den här uppsatsen handlar om organisatoriska förutsättningar och mekanismer för långsiktigt rättfärdigande och överlevnad hos så kallade konstitutionella hybrider. Konstitutionella hybrider är organisationer vars verksamhet inte bara kännetecknas av olika institutionella logiker (t ex en marknadslogik och en civilsamhällelig logik) utan som också förenar idealtypiska strukturella drag från olika associationsformer (t ex företaget och föreningen).

Inom organisationsforskningen har det efterfrågats fler studier som relaterar makro- meso- och mikroanalyser av hybridorganisationer. Vi har hörsammat detta och bidrar här genom att tillämpa Boltanski och Thévenots teori om rättfärdigande i en longitudinell fallstudie av det svenska, ömsesidigt ägda försäkringsbolaget Folksam. Sjuttioårsperioden 1945–2015 står i fokus. I uppsatsen beskriver vi hur Folksam över tid funnit olika sätt att rättfärdiga sitt uppdrag att generera ekonomiska överskott för ömsesidig nytta. Under perioden 1945–1985 – med en stark välfärdsstat, strikt reglerad marknad och ett i stort sett obrutet socialdemokratiskt regeringsinnehav – var det genererandet av ekonomiskt överskott, vinster, som Folksam i sina verksamhetsberättelser lade sig vinn om att rättfärdiga. I takt med den tilltagande marknadsiseringen från slutet av 1980-talet och framåt har Folksam istället sett sig manat att i ökande grad rättfärdiga den demokratiska principen om ömsesidig nytta.

Sammanfattningsvis visar studien att konstitutionella hybrider som Folksam har en strategisk fördel genom sitt ”Janusansikte” och den flexibilitet det innebär att kunna ”vända än den ena än den andra sidan till” och rättfärdiga den del av hybriditeten som för tillfället är mest ifrågasatt av samtiden. Denna flexibilitet ger möjligheter att undvika så kallad isomorfism (tryck från omvärlden om att anpassa sin struktur efter den rådande normen, t ex att byta form från ömsesidigt ägt bolag till privatägt aktiebolag) och underlättar hybridens överlevnad på lång sikt.

Abstract

The contribution of this paper centers on organizational conditions and mechanisms for long-term justification and survival of constitutional hybrids—organizations that not only integrate various institutional logics, but also integrate structural elements, ideal-typical of different types of organizations and societal spheres. Responding to calls for studies that relate macro-, meso- and micro-level analyses, we draw on Boltanski and Thévenot’s theory of justification and a 70-year mixed-method case study of the mutually owned Swedish insurance firm, *Folksam*. We describe how this mutually owned enterprise went from justifying its profit making during the social-democratic regime to justifying its principle of mutual benefit in the decades following a market turn in the 1980s. Our multi-level, longitudinal analysis suggests that constitutional hybrids like *Folksam* may survive and avoid isomorphism by making flexible use of their two-sided “Janus face” of civic and market logics of justification.

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Introduction

In recent decades, the concept of organizational hybridity has been embraced by many scholars across various disciplines and empirical fields as a way of making sense of organizational conditions and legitimacy-seeking responses to institutional demands and complexity (e.g. Brandsen et al., 2005; Billis, 2010; Battilana and Dorado, 2010; Pache and Santos 2010; Battilana and Lee 2014 Pache and Santos, 2013; Ebrahim et al. 2014; Denis et al. 2015). Although the conceptual vagueness of organizational hybridity has no doubt contributed to its popularity, there has been an unfortunate overuse of the concept, which risks a diminishing of its analytical value. In light of this development, we introduce a conceptual distinction between the more commonly studied *hybridity of logics* in organizations and what we refer to here as *constitutional hybridity*. The concept of constitutional hybridity has been used in political science to define nations that borrow features from various systems of government.¹ In this paper we use the concept to define hybrid organizations with an organizational form and ownership that call for the integration not only of different institutional logics, but also of structural elements typically found in different societal spheres. Examples of such constitutional hybrid organizations include enterprises fully owned by the public, enterprises fully owned by civil society organizations, cooperatives, and other mutually owned enterprises (mutuals).

The purpose of this paper is to contribute to institutional theory and the understanding of constitutional hybrids. Responding to recent calls for studies that relate macro-, meso- and micro-level analyses of hybrid organizations (Denis et al., 2015), we draw on a 70-year mixed-method case study of the mutually owned Swedish insurance firm, *Folksam*, and contextualize it on two levels: the Swedish insurance field and the economy at large. This approach allows us to theorize on the way constitutional hybrids relate and respond to institutional change. Schneiberg (2007) suggests that constitutional hybrids—in this case cooperatives and mutuals in the US context—can contribute to creating and developing an “alternative path” in the economy from which they may influence the “dominant path” of impersonal markets and for-profit corporations (Schneiberg, 2007, p. 47). Looking more closely at the Swedish context and the longitudinal micro-level case of *Folksam*, we find that this mutual insurance firm has managed to stay on the dominant path of the Swedish economy, even through the 1980s, when this path made a market turn off its beaten civic tracks of social welfare capitalism. Key to this achievement, we suggest, has been the capacity of this constitutional hybrid to adjust its self-presentation and the justification of its dual mission following this critical juncture in the 1980s economy. We describe how *Folksam* went from justifying its profit making during the social-democratic regime to justifying its principle of mutual benefit in the decades following the market turn. Based on this multi-level analysis, we suggest that constitutional hybrids may survive and avoid isomorphism in their fields of operation by making flexible use of its two-sided “Janus face” of civic and market logics of justification.

The paper is organized as follows. Section 2 provides the theoretical framework for the research. The research methodology is presented in Section 3. Section 4 displays an analysis of the data, and the discussion in Section 5 presents the findings, conclusions, and some ideas for further research.

¹ An example is Ghana’s 1992 constitution, a hybrid arrangement that combines some features of the US presidential system and British Westminster systems of government (Van Gyampo and Graham, 2014).

Theoretical framework

Because constitutional hybrids operate at the intersection of societal spheres and must balance between different institutional logics and their underlying values, we find it fruitful to depart from neo-institutional theories in our analysis (DiMaggio and Powell 1983, Thornton and Ocasio 2008). Connecting different levels of analysis is crucial in order to theorize about constitutional hybrids and how they relate and respond to institutional change. In our opinion, the concept of justification and the adjacent framework on compromises among the different *worlds of worth* elaborated upon by Boltanski and Thévenot in their seminal work, *On Justification* (2006 [1991]), is a relevant complement to a more traditional institutional analysis of hybrid organizations. In particular, the notion of critical moments, calling for justification at the micro level of an organization is a valuable addition to the macro- and meso- conceptualization of critical junctures in the field or wider economy typically referred to in institutional analyses (e.g., Djelic and Quack, 2007).

Boltanski and Thévenot's social theory is based on the central idea that society should be analyzed not in terms of social groups, but in terms of actors orienting their actions in relation to certain values and norms. (See also Swedberg, 2004; Lahire, 2010.) These values help actors (whether persons or juridical persons— i.e. organizations) to order and rank other actors and objects according to their perceived worth. The authors depart from the assumption that modern societies comprise multiple orders or worlds of worth and that they focus on six of them: the inspiration, the renown, the civic, the market, the industrial, and the domestic world (Boltanski and Thévenot, 2006 [1991]). Two of these conceptual worlds—the civic world and the market world—are those most relevant to our case and research question and are introduced in greater detail in Table 1.

According to Boltanski and Thévenot's (2006 [1991]) social theory, a distinctive feature of the *civic world* is that persons belonging to a collective are considered the most worthy. This is because people's worth is measured in terms of participation in the "public space" and of engagement in activities that strive to "unify" people, to "break down their isolation" or to "to express, in a unitary concept, the problems common to all." These activities are considered worthy because they "free people from the oppression of selfish interests" (p.186). According to Boltanski and Thévenot, the labor movement is one of the main advocates of this view, as it ensures "the unity of workers." Because the civic world is continuously threatened by the risk of a "collapse into the particular," however, this world is characterized by continuous efforts of collective mobilization. Furthermore, the civic world can exist only in the context of a state and achieves its ultimate form in democracies in which the representation of all citizens is guaranteed (p. 192).

A central feature of the *market world* is that all actions are "motivated by the desires of individuals" to target and own goods and objects (Boltanski and Thévenot 2006 [1991]). Worthy objects are goods that have a strong position in a market, whereas worthy persons are wealthy individuals living the high life. Central concepts in this world are profit, benefit, payback, and result of transactions, always expressed in monetary terms: "Money is the measure of all things and thus constitutes the form of evidence." In the market world, individuals compete with each other over goods through an evaluation based on prices "which express the importance of converging desires" (p. 202).

Boltanski and Thévenot contend that there are *critical moments* in the social life of all actors. During these moments, actors belonging to different worlds find themselves in situations of disagreement in which they attempt to *justify* their actions by referring to different regimes of justification (where each world of worth has its own justification). Actors justify in order to

coordinate their actions and in the hope of reaching a compromise and getting along. The regimes of justification are also called regimes of justice (Boltanski and Thévenot, 1999, p. 361), possibly because during a dispute actors refer to their own sense of justice (i.e. of what is right or wrong) and of what is morally acceptable. In this paper, following Boltanski and Thévenot, we reserve the concept of critical moments for local shifts on the organizational level. The concept of critical juncture, more common to institutional theory, is used for societal regime shifts on the meso and macro levels that require reconsideration and compromise and may or may not coincide with and give rise to local critical moments that require justification at an organizational level (e.g. Djelic & Quack, 2007; Schneiberg, 2007).

Research design

To situate the reader about the critical junctures that motivate our choice of four cross sections, we begin this part of the paper with a brief historical background that highlights key social, political and economic changes in the Swedish societal development 1930–2015.

The Swedish institutional context: a single but winding path

Swedish socio-economic development took a sharp turn in the 1980s. Our analysis of the way the mutual insurance firm, *Folksam*, has interpreted and justified its constitutional hybridity is concentrated on this critical juncture. Our choice is driven by the theoretical assumption that in critical junctures at the national level, actors face higher societal expectations, calling on them to justify their actions in relation to different worlds of worth (Boltanski & Thévenot, 2006 [1991]). Our analysis therefore centers on a theoretically motivated selection of cross-sections in time (see Table 1) that concentrate on the years of the large societal shift from a civic world (1930–1980) to a market world (1980–ongoing—the left column in Table 1). Along with this large shift (the years 1980–1988 are highlighted in our study), we focus also on the years of moderate shifts within the two main socio-economic eras (1945–1950 in the first civic era and 1997–2003 in the second market era). In addition, we have added a fourth cross-section covering the second phase of the second era (2008–2015), to enable a closer look at our own time.

TABLE 1. TWO SOCIO-ECONOMIC ERAS IN SWEDEN 1930–2015, WITH CHARACTERIZATION OF THE INSURANCE INDUSTRY’S INSTITUTIONAL DEVELOPMENT 1927–2015

Society	Characteristics of the Swedish insurance industry	Key legislation
Social-democratically influenced welfare capitalism: 1930–1980 (CIVIC)	Increased state governance: 1927–1947 ----- Strict regulation: 1948–1983	Contract act: 1927 ----- Insurance act: 1948, 1982
Neoliberally influenced welfare capitalism: 1980–2015 (MARKET)	De-regulation and re-regulation: 1984–1999 ----- Increased self-regulation <i>and</i> government regulation: 2000–ongoing (2017 at the time of this writing)	Contract Act: 2005, 2011 ----- Insurance Act: 2010.

Adapted from: Esping Andersen, 1990; Larsson et al. 2005: 262; Gustavsson, 2014: 107. (Critical juncture in the 1980s, indicated by filled black line)

Over the past 90 years, as seen in the middle and right-hand columns of Table 1, the Swedish insurance industry has undergone socio-economic changes affected by the two regimes discussed here. The first phase of the civic era is characterized by gradually increasing state governance (1927–1947), the second phase of this era—coinciding with the golden era of Scandinavian welfare capitalism (cf. Esping-Andersen, 1990)—by strict regulation (1948–1983). At a societal level, institutionalized discourses focused on the key values of democracy and citizens’ participation during this period (cf. Gustavsson 2014).

The first phase of the market era is characterized by an opposite trend—decreasing government regulation (1984–1999). The changes were affected by the fact that the internationalization of the Swedish insurance industry had accelerated during the 1970s and 1980s and that a more market-oriented Swedish social democracy had returned to power in 1982. Later, in 1995, Sweden became a member of the European Union. The Swedish development thus follows an international pattern: the 30 golden years of economic growth and the welfare state efforts after the war (cf., for instance, *Trente Glorieuses* in France), followed by a period of economic crisis and free-market reforms in the years around 1980 (Piketty, 2014). During this period, societal discourses focused on the key values of an expanding market economy and on mutuals, who were increasingly seen as an odd species (cf. Larsson & Lönnborg, 2007, p. 97). Some mutuals were hence *demutualized*. The main path of the Swedish socio-economic development had taken a sharp turn.

We notice smaller shifts within this new market regime. During the second phase (beginning in 2000), new laws were introduced in parallel with increased self-regulation, a softer attempt by companies for handling growing discontent for various reasons: from deregulation and globalization to excessive executive salaries and a narrow recruitment pool for corporate boards. (See SOU 2004: 47.) Integrity, fairness, and transparency are the key values emphasized in public discourses. During this unstable period, many insurers began to search for organizational solutions that could prevent and respond to recurring financial crises (Gustavsson, 2014).

Case selection, sources and methods

Our interest in the Swedish mutual, *Folksam*, stems mainly from its constitutional hybridity, but also, in part, from its struggles to be perceived as legitimate in recent decades of increasing demutualization (AMICE, 2015). Although the aim of this paper is not to compare mutuals with other organizational forms, two fundamental and related structural differences between mutuals and limited companies have been considered and have inspired the research design. First, by law, mutuals are governed according to democratic principles. This means that customers have only one vote regardless of their level of engagement in the mutual. In limited firms, on the other hand, owners with more shares have more votes. Second, as the mutual has no shareholders, its profits—or rather, its surplus—must be used exclusively for the mutual benefit of its customers (AMICE, 2015). For mutuals, however, profits may represent a sore spot because it is in the interest of the constitutional hybrid to blend ideal-typical features of different organizational forms and relate to different institutional logics. According to market logic, profitmaking is a core purpose and a ground for valuation and evaluation; according to civic logic, on the other hand, profitmaking is not encouraged in its own right but must serve some “higher purpose.” Although civic organizations must also capitalize their operations, there is a latent civic skepticism toward capitalism. This potential conflict makes it necessary for the mutual to establish a balance between profit maximization (a typical interest of corporate owners), and mutual benefit (a typical interest of civic members) that is legitimate to both its customers and the wider range of stakeholders (Spear, 2004).

From its beginnings in the early 1900s, *Folksam* had a mission to combine the best possible insurance coverage with “the support to the cooperative movement’s development and cultural and other efforts that serve the interest of the broad masses” (*Folksam*, 2008, p. 18). With one foot in the civic world, as a central part of the Swedish cooperative movement and labor movement at large and the other foot in the market world, as a mutual insurer, *Folksam* is certainly a relevant case of a constitutional hybrid. In terms of data sources, we gained access to a large and well-preserved archive at *Folksam*, offering us a rare opportunity to follow the corporate self-presentation performed by the same actor through 70 years. We have analyzed a rich source of material: annual reports, minutes from board and shareholder meetings, anniversary publications, reports by special commissions related to the handling of profits, customer brochures, press releases, official reports of the Swedish government, and previous studies on Swedish mutual insurance and related societal discourses. For our purposes, this type of material—in which the organization can be assumed to present the best possible image of itself—is relevant to our research question. Annual reports, the main source material in this paper, can be seen as window-dressing that shows the most legitimate side of the mutual (Meyer and Rowan, 1977).

In terms of methods, we have combined a quantitative and a qualitative approach, along with an historical and a contemporary analysis. (1) We started with a quantitative longitudinal analysis of *Folksam*’s annual profits and losses, reported in the 1945–2015 annual reports. In terms of the terminology used in these reports, *Folksam*’s records show synonymous use of the terms ‘financial results’ and ‘profits and losses’ and synonymous use of the terms ‘surplus’ and ‘net results’, during the entire period of our *Folksam* study. No matter the terms used, we have chosen their financial results as an indicator of market activity. (2) As an indicator of the mutual’s civic engagement, we chose the membership, the recruitment of policyholders from different social movement organizations. (3) We then expanded this analysis with a qualitative in-depth analysis of how *Folksam* has handled and justified its dual mission during critical junctures: the smaller shifts *within* the civic regime (1945–1950), the market regime (1997–2003), and, above all, at the big regime shift 1980–1988. In our coding, we followed Boltanski and Thévenot’s distinction between civic and market logics of worth. To complement this analysis, Cowan and Rizzo’s (1995) three dimensions of profit justification concerning the *amount*, the *generation*, and the *destination* of profits offered valuable input. (4) In addition, to shed light on recent developments (2008–2015), a few orienting interviews were conducted with key informants at *Folksam* as a complement to the analysis of the *Folksam* Annual Reports (*FAR*). All original reports were in Swedish and have been translated by the authors. In order to be faithful to the meaning and language nuances of the self-presentations, it was only at a late stage—post analysis—that we translated the extracted quotes from Swedish into English.

Case analysis

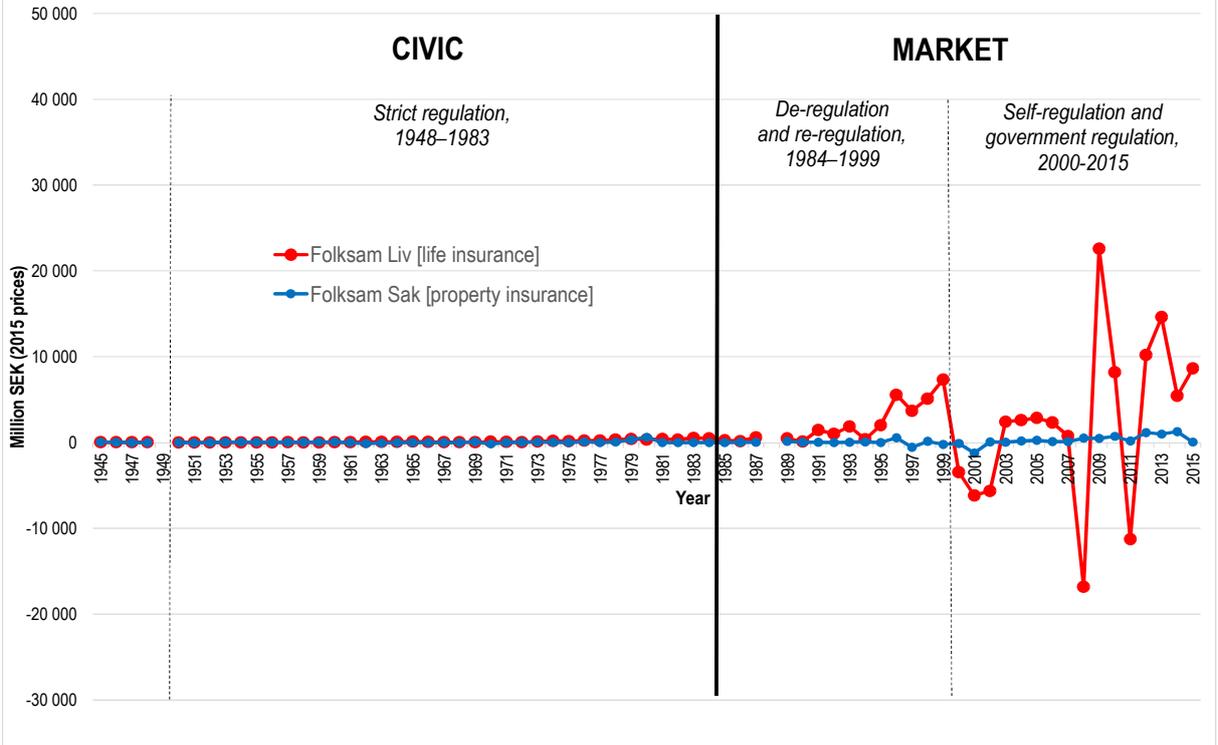
The case study comprises two parts. In the first—quantitative—part, a background study, we evaluate whether the outlined model with larger and smaller critical breakpoints (on the macro and meso level) is applicable to the *Folksam* case (the micro level). In the second—qualitative—part, the main study, we address the question of how *Folksam* has communicated and justified its constitutional hybridity during times of larger and smaller external shocks.

Part 1. Indicators of overall market and civic activity 1945–2015

The micro-level case of *Folksam* must be related to the macro-sociological picture we presented above. We cannot simply assume an explanatory connection between the Swedish institutional context (see Table 1 that covers 1930–2015) and the specific path of *Folksam*.

Did the indicators of market activity—*Folksam*’s reported profit—and civic activity—the composition of their policyholders in terms of their organizational affiliation—change in connection with the main critical juncture and smaller moderate junctures?

FIGURE 1. *FOLKSAM*’S REPORTED NET RESULTS FOR LIFE AND PROPERTY INSURANCE, 1945–2015 (2015 PRICES), WITH TWO GENERAL REGIMES OF THE SWEDISH NATIONAL ECONOMY [CIVIC AND MARKET] AND DIFFERENT PHASES OF THE INSURANCE INDUSTRY’S INSTITUTIONAL DEVELOPMENT MARKED



Source: *Folksam Annual Reports (FAR)* 1945–2015. Periodization after Larsson et al. 2005: 262 and Gustavsson 2014:107.

If *Folksam*’s development coincides with the changes in the surrounding economy, we expect the mutual to report a lower profit during 1948–1983 (the civic era) and higher thereafter (in the market era). Figure 1 confirms that picture. *Folksam*’s reported net results have actually related remarkably well to overall socio-political trends and economic cycles. (The curves in Figure 1 change direction roughly along with the regime shifts.) During the long period of strict regulation, the era of social-democratically welfare capitalism (see table 1) *Folksam* reported relatively modest net results (the flatter curve with smaller dots and the more volatile curve with larger dots follows the X-axis, 1948–1983). After the critical juncture in the 1980s, during the market era with de- and re-regulations, *Folksam* started to report large but irregular net results from life insurance (the volatile curve with larger dots in Figure 1 oscillates wildly between low levels and peak levels, especially during the second phase of the second regime, 2000–2015). Thus, when it comes to our indicator on market activity the theoretically expected critical junctures at the national and industry levels gain empirical support on the micro-level in *Folksam*’s case. This finding makes it reasonable to proceed with cross-sectional analyses around the above mentioned years, the main critical juncture in the 1980s as well as the smaller critical moments within the civic and the market regime.

We particularly ask ourselves how a constitutional hybrid responds to a changing environment. Large financial results may have been compatible with dominant ideals in the market era 1985–2015, but were they seen as inconsistent with the ideals of the civic movement and the principle of mutual benefit? Were perhaps the historical roots in the labor movement the main legitimacy problem during this period in *Folksam's* self-representations? Were the reported financial results *too* modest during the civic era 1945–1985 to enable the movement to capitalize its operations or was market activity not an issue in *Folksam's* self-representations during the civic era?

TABLE 2. POLICYHOLDERS WHO JOINED FOLKSAM THROUGH THEIR MEMBERSHIP IN SOCIAL MOVEMENT ORGANIZATIONS IN 1945–1950 AND 2008–2015

Cross section	Collectively recruited customers
1945–1950	100%
1980–1988	decreasing numbers
1997–2003	decreasing numbers
2016	approximately 50%

Source: *Folksam* (2008), *Folksam* Annual Reports (*FAR*) and interview with key staff at *Folksam* 2016.

In the case of our second indicator of the mutual’s civic engagement we expect a reverse pattern: the proportion of policyholders recruited from the Swedish workers movement organizations may be expected to begin declining after the system change in the early 1980s. Although we lack systematic historical data about *Folksam's* customers, we can conclude that the micro and macro levels are linked here as well. We know that all customers were collectively recruited at the beginning of the period (100 percent during 1945–1950, according to Table 2). That is to say, *Folksam* appears to be strikingly in harmony with its contemporary—civic—world, which considered persons belonging to a collective as the most worthy. Today, approximately 50 percent of *Folksam's* customers are recruited from social movement organizations. The major breakpoint was, once again, in the 1980s, when *Folksam* began to search for customers among ordinary—individual—consumers in the market (*Folksam*, 2008; interview 2016). Was it necessary for the hybrid to justify its changing composition of policyholders? Or could the question be passed over in silence? In part 2, a closer look at the self-presentations in *Folksam* Annual Reports (*FAR*) allows us to further explore and respond to the questions raised in the first, quantitative part of the case analysis.

Part 2. Justifying constitutional hybridity—Self-presentations in Folksam Annual Reports

The holistic time (1945–1950)

The 1940s were the years of *Folksam's* economic expansion, when it reached national popularity with its low prices, achieved through a specific sales strategy. *Folksam* offered insurance to established collectives, such as the National Association of Housewives and the Communist Parliamentary Group (*FAR*, 1946), and treated these organizations as liaisons or, in fact, buyers.

Both property insurance and life insurance did better than expected and generated profits. During these years, the insurance sector was under political scrutiny, and the Swedish Parliament conducted several investigations. *Folksam* was criticized for failing to provide stronger interest protection to policyholders, to which *Folksam* replied by referring to what

Boltanski and Thévenot call a civic world's logic of justification. *Folksam* argued that the company is democratically anchored through an "intimate contact" with the workers movement, described as a "popular movement in which all social groups and political, religious and other views are represented" (*FAR* 1946, p. 17). In its self-representation, *Folksam* emphasized the higher values of democracy and made "itself the *expression* of a *general will* and the embodiment of a *general interest*" [italics in the original]. (Boltanski and Thévenot, 2006 [1991], p. 187).

During what we call *the holistic time* (1940s–1950s), insurance may be described as *a collective product in a collective time*. The logic used by *Folksam* overlapped with that used by the state and society in general. First, insurance is a product that becomes accessible to all groups in society and that symbolically embodies the egalitarian principles promoted by the Swedish welfare state. Second, the principle of mutuality makes insurance a product of the people for the people. Third, *Folksam*'s strategy of affiliating large collectives as customers made possible the equation "policyholders = members of collectives". Fourth, the civic values of the Swedish society corresponded to the values pursued by mutuals. It seems reasonable, therefore, to believe that in such a holistic time, neither the product nor the profits derived from its sales required much justification, as there were no real tensions and contestations. In the civic world, "the worthy beings are the masses and the collectives that assemble and organize them" (Boltanski and Thévenot, 2006 [1991], p. 185, 186).

During the 1940s, *Folksam* acknowledged its large financial results by conforming to the rhetoric of the time. Sweden was experiencing a phase of economic expansion following World War II, and *Folksam* depicted its large profit as a sign of wealth not only for the company but—and this is crucial—for the country at large. The company justified its growing net profit by describing it as "the nation's profit." A large profit is also seen as a sign of growing general confidence in the "cooperative insurance movement" (*FAR*, 1948, p. 1).

Folksam represents itself as a company the ultimate goal of which is the welfare of its members rather than profit maximization. It is thus merely the legal form of the company, as based on the mutuality or reciprocity principle that provides a basis for justification (Polanyi, 2001 [1944]; Thompson, 1971; Scott 1977). An example is seen in an advertisement from 1947 (Inside cover of *FAR* 1947):

Question: Who owns the shares of Folksam?

Answer: No one.

Question: Why are there no shareholders in Folksam?

Answer: Because Folksam is a mutual company and here there are no shareholders!

The annual reports emphasize that *Folksam* is not owned by individuals whose ownership is undemocratically distributed, but that its owners constitute a collective in which the democratic principle of one vote one person is guaranteed (Boltanski and Thévenot, 2006 [1991]). *Folksam* also attests to the social goodness of its operations by portraying customers/members as rational, hard-working, and socially conscious family men and women who are engaged in social movements. (*FAR*, 1948, p. 17)

In the annual reports for the 1940s, it is made clear that profits are not used for the company's own interests. Rather, they are reinvested in order to benefit the movement. This reinvestment is not pursued through a direct redistribution to the beneficiaries. Rather it is performed through savings, by returning it to policyholders in the form of improved or additional "socio-political products," or through premium reductions or unchanged premium levels: "A general premium reduction during the past year has taken place, and it is considered that through fire

insurance expenses alone, the Swedish people have saved approximately [SEK] 15 million a year” (FAR, 1946, p. 1)

One key element detected in the annual reports is the company’s seeming aversion toward distributing premium returns. This may reflect a lack of trust in policyholders as individuals capable of making wise use of premium returns. To save is strongly emphasized, in line with the paternalistic spirit and socio-political pathos that are consistent with Protestant values (Weber, 2010 [1905]):

At the end of 1947, the Swedish Social Democratic Youth League, which counts over 100,000 members, decided as a positive contribution to the social movements’ saving campaign, to call all its members and other young people to issue life insurance with Folksam. (FAR, 1947, p. 2)

Savings are encouraged, but under the benevolent supervision of the company. One illuminating example was provided in January 1948, when the state introduced Child Support, and *Folksam* rapidly created and launched a new insurance product that was able to handle the Child Support on behalf of the families receiving it (FAR, 1947, p. 2):

True to its traditions, Folksam decided in late 1947 to create a new form of insurance – child benefit insurance – as a complement to the social progress in this area. In the design of this new policy people are first of all sought to address the need for security and to ensure the child’s education.

Besides the goals of saving and reducing the premium, *Folksam* also pursues its goal of investing its profits in socially responsible projects like those targeting the construction of new and modern public housing:

It is easy to see that a very significant part of the capital managed by the Folksam companies has been invested in gilt-edged government bonds and thus, can in fact be disposed of by the state. [...] Folksam has constantly tried to find an expression of social responsibility through financial support activities in public housing services. (FAR, 1946, p. 18)

In summary, we conclude that *Folksam*’s self-perception was of a key actor of the civic world of the 1940s, serving the needs of the Swedish people in general and of the labor movement in particular. In rare critical moments, however, during times of criticism from supervising authorities or the state, *Folksam* justified its profit-making side by referring to its legal organizational form and the notion of its embedded mission to achieve the mutual (and not individual) benefit of its members.

The 1980s—The time of differentiation

The 1980s was a time when the self-presentations in the annual reports of *Folksam* were increasingly influenced by differentiation amongst its policyholders. In comparing the annual reports of the 1980s to those of the 1940s, we found several differences, the most striking of which concerns the self-presentation of the appropriate destination of surplus (Cowan and Rizzo, 1995). The emphasis on the mutual benefit of the nation and the workers movement, fundamental to the collectivist civic self-presentations of the 1940s, are barely visible in reports from the 1980s, which focused almost exclusively on the mutual benefit of individual policyholders or sub-collectives within the larger policyholder collective.

In the 1940s, mutual benefits for *future* generations of the nation were emphasized, at least indirectly; the 1980s represented a narrower timespan, wherein the mutual benefit of the *current* policyholder collective was clearly underlined. In addition, the 1940s self-presentation of both financial results and the role of mutual insurance in society were presented in outspoken ideological language that rested on a solid civic fundament of what

could be classified as holistic socialist arguments about the values of equality and solidarity within the nation and over time.

With the international conservative revolution of the 1980s, however, the influence of neoliberalism and the general shift to the right influenced social democratic Sweden as well, visible not least in the language of public debate (Boréus, 1994). In the *Folksam* reports, this institutional transition toward increasing individualism is seen as the mutual insurer engages in internal categorization and starts to visualize differences between sub-collectives within the greater policyholder collective. Here a typical quote from the introductory “word of the CEO: “During 1984, parts of the insurance operations have not had the sound finances needed. There are areas where ends have not met” (*FAR* 1984, p. 2).

Although different product lines had existed in the 1940s as well, the earlier practice had been to differentiate only between policyholders of life and property insurance—a distinction going back to the 1910 merger that created *Folksam*: between the mutual life insurer, *Folket* (the People) and the mutual property insurer *Samarbete* (Collaboration).

When flipping through the pages of the annual reports of the 1940s and 1980s, it is also striking how the tone and language of the presentation changes. The missionary political storytelling of the 1940s has given way to professional corporate language, characterized by such words as “market share,” “competition,” “sales results” and “key performance indicators.” In the 1980s, results are also visualized as facts and quantitative figures, rather than ideological statements. In a neutral, pedagogical tone, results are presented per product category and product categories are compared. The annual result of the car insurance policyholder collective, for example, is presented and later compared to those of, say, home and life insurance (*FAR*, 1983, p.1). According to the economic repertoire of the 1980s, the interpretation of “mutual benefit” as a financial benefit for some but not *all Folksam* policyholders (*FAR* 1980, p. 4). The civic logic centered on the idea of the collective as the highest worth in society and the unification of all workers as a key value were now clearly threatened by the risk of a collapse into the particular (Boltanski and Thévenot, 2006 [1991]). Further illustrations of this shift are the differences that are also articulated among policyholders in a single business line (type of insurance product)—when results of policyholders of “home insurance” are differentiated in a way that makes visible any differences between the sub-category “homes in urban areas” and “homes in rural areas” of Sweden. Or as in the following quote, when different risk levels of insurance holders of the new business-line company insurance are discussed and used to justify that only some of the policyholders of company insurance are granted a premium return:

In contrast to the development in recent years, the business-line company insurance shows a loss. This business line is very heterogeneous, however, with a mix of small business risks and large industrial risks. The result of KF's industrial risks, OK, Co-op, and other [Swedish cooperatives] has been favorable for many years. For this reason, more than SEK 7 million have been set aside in premium returns to a number of policyholders with whom there is a long-standing partnership, and whose insurances showed a good result. (*FAR*, 1981, p. 8–9)

This collapse into the particular, as Boltanski and Thévenot call it, became even more evident as *Folksam* started to categorize its policyholders according to the size or extent of their engagement, as when the mutual starts to propagate the idea of “premium customers” (in Swedish *helt kunder*, literally *whole customers*), those who decide to buy all their the insurance at *Folksam*, as opposed to the ordinary or “half customers” who do not. On the cover of the 1981 annual report, this market message is summarized as: “*Premium customer! Collected insurance coverage gives all the benefits!*” This differentiation also opens up for the idea that there is an individual choice involved that may affect the benefits received (and that those

benefits should therefore be individual rather than mutual benefits). This is another striking difference between the more paternalistic tone of the 1940s and the customer-oriented tone of the 1980s, when benefits for the individual consumer as part of a mutual are emphasized: “*The service will be adapted to the market and will be tailored to each particular customer category.*” (FAR 1983, p. 15)

During the 1980s, results, however complex, were presented with the selfish interests of the “clever consumer” in mind—a policyholder who is able to choose and may threaten to or actually decide to exit. When *Folksam* decided to diversify its strategy, there was also a change in the discourse on personhood, as greater emphasis was placed on policyholders as customers and fewer references were made to their status as members or owners. As another typical illustration of the shift toward the market world, in the CEO’s opening section of the annual report for 1984, the word “competition” (virtually nonexistent in the reports of the 1940s) is used 6 times in 2 pages. In the 1980s, *Folksam* was criticized for its traditional collective sales strategy (selling insurance to individuals as members of such organizations as a union or cooperative association), a typical critique from representatives of the market world to those of the civic world (Boltanski and Thévenot, 2006 [1991]). *Folksam* reacted by attempting to differentiate its sales strategy and by spending more resources on direct sales to individuals and private companies. Following this strategic shift, results were made available and comparable in these three lines of operation as well—by responding to the institutional pressure not by defiance or open resistance, but rather by adopting greater market logic (DiMaggio and Powell 1983).

The commercialization and marketization was also evident in the way *Folksam* became more ambivalent or nuanced when describing its relationship to the Swedish state. What in the 1940s was portrayed as an almost seamless relationship of close cooperation and a similar agenda is described in more distant and conflictual terms in the 1980s reports. This is particularly evident in the way *Folksam* commented on the formally regulated national investment policy, for instance. In the 1940s, the policy was described as a welcome and necessary initiative; in the 1980s, *Folksam* argued according to a market logic of worth (Boltanski and Thévenot, 2006 [1991]) that the national investment policy gives *Folksam*’s policyholders a lower return on investment than would have been “reasonable” from a “market point of reference” (FAR 1981, p. 10):

During the 1980s, on behalf of the Swedish Riksbank, the government issued an Act on [political] credit policy funds with regulation of public investment ratios and interest rates for insurance companies. Through such legislation, society can control the insurance companies’ investments in priority areas—financing of state and residential construction—at the same time as it decides the interest rates. The Riksbank’s application of the law in 1981 meant that 75% of recently made investments in life insurance and 64% of property insurance would take the form of government and mortgage bonds. In addition, it was established that 50% and 40% respectively of net investments would take the form of mortgage bonds. The interest rate on these securities was clearly below the level that, from a market point of reference, would have been reasonable. (FAR 1981, p. 10)

In summary, many internal differentiations were introduced in the 1980s. Following shifts in the macro-institutional environment, local re-regulation (the new investment policies, for example) and new accounting standards, the previously strong holistic self-perception of the mutual insurer, *Folksam*, was undermined. When surplus or losses of various sub-collectives (management and staff, for example) are visualized, they not only enable consumers to compare and evaluate (an argument that clearly inspired much de- and re-regulation at the time); the fragmented representations of the mutual insurer’s performance and results also

contributed to making *Folksam* vulnerable to potential and existing conflicts of interest within its policyholder collective.

This transformation brought a change of mindset, in which the previously endorsed values of equality and solidarity with the wider movement, and even the wellbeing of the (present and future) nation were challenged by such liberal values as individual freedom and justice. The emphasis of these liberal values, in turn, likely contributed to *Folksam*'s opening itself up for a more proportional distribution of surplus. Thus the distribution of surplus in the 1980s was typically justified retrospectively in line with “payment by results”—an idea whereby the *destination* of surplus should preferably be connected to the *generation* of surplus. In short, if the results of a certain business/product line/sub-collective (say that of car insurance in urban areas) had not generated a surplus, there would be no solidarity distribution of surplus from any other product line/sub-collective in *Folksam*, as seen in the following quote:

In the insurance business, it is mainly car insurance that contributed to the favorable overall result. A decision was therefore taken to allocate SEK 45 million of the surplus for premium returns to traffic insurance policyholders with private cars. It has also been economically justified to provide a premium return to the property insurance policyholders. (*FAR* 1980 p. 26)

In summary, the 1980s brought both direct and indirect critiques of the mutual insurer's civic roots and means of operations. The mutual adapted to these institutional shifts by distancing itself from the state and adopting a professional corporate language that reflected a logic of justification of the market world, which became increasingly prioritized, at least in the official reports analyzed. The civil foundation was therefore threatened by a collapse into the particular, represented by the very selfish interests from which the civil interpretation of mutuality tried to free people (Boltanski and Thévenot, 2006 [1991]). All in all, during this period, *Folksam* concentrated its self-presentation by claiming to be a proper corporation, embracing economic values and pursuing financial results.

The years around the turn of the century 2000—The time of self-regulation

The late 1990s and the early 2000s are years of financial instability, a time at which *Folksam* revisited its organizational form and tried to revitalize its civic roots. From 1995 onwards, *Folksam* introduced a series of self-imposed—self-regulatory—measures that restricted its money-making. Its emphasis is increasingly centered on market-based morality, whereby ethics tend to be commoditized and equated with a demanded customer benefit (Shamir, 2008; Alexius and Grossi, 2017). Moreover, when the regime shift was consolidated in the 1990s, it became increasingly problematic for *Folksam* to emphasize its cooperative roots, as the term “cooperative” had an increasingly negative connotation in the neoliberal era. From 1997 onwards, *Folksam* presented itself as a mutual, never as a cooperative. The supply of possible and workable forms of organization had decreased over time. In the middle of the regulated period, in 1970, the three major insurance companies in Sweden—*Skandia*, *Trygg-Hansa* and *Folksam*—were presented in the same way (Redemo, 1970): “Interestingly, they represent different types of companies. Skandia is a joint stock company, *Folksam* is cooperative and *Trygg-Hansa* is mutual” (p. 11). It was not only the degree of democratic influence—greatest in cooperatives, less in mutuals, least in joint-stock companies—that separated the different forms of organization according to this division.² Even the type of influence was distinctive: “[T]he need for an insurance company where the cooperative and trade union movement has influence is as relevant as ever!” (*FAR* 1984, p. 1), wrote *Folksam* at the beginning of the deregulation epoch. “As a cooperative company *Folksam* has a number

² *Folksam* had introduced a “parliamentary” system in which the trade union and cooperative organizations had the power to nominate members. (See Larsson and Lönnborg 2007, p. 95.)

of features that make us unique in the Swedish insurance industry” (*FAR* 1987, p. 2). Ten years later, however, *Folksam* ceased to call itself a cooperative mutual company. (The last time was in the *FAR* 1997, p. 3.) As *Folksam* chose not to differentiate itself organizationally, an increasing emphasis on ethical-moral issues was seen in the self-presentations (e.g., *FAR* 1998, p. 6). The issue of environmental responsibility was raised early. *Folksam* was the first insurance company in Sweden, and among the 19 first companies in the world to sign the United Nations environmental commitment to insurance companies in 1995 (*FAR* 2003, p. 6). The ethical concept of the mutual included everything from a responsible attitude toward customers to a staff policy that highlighted gender issues (*FAR* 1997, p. 2). An increased self-regulation using codes of conducts and other standards characterized the period: [We] choose to invest in quality assurance of gender equality and gender equality work. The method we work for is called EQ2000 and aims to make equality a natural part of our daily work (*FAR* 1998, p. 8). Because unrestrained business activity was not acceptable for *Folksam*, the company introduced ethical rules for capital investments: “This means that investments do not occur in companies affiliated or associated with violence, drugs, prostitution, criminal activity or companies who otherwise deemed unethical, for example by using child labour or having poor working conditions” (*FAR* 1999, p. 25).

Two years later, work on what was called socially responsible capital investments was intensified. Then human rights and environmental issues also were included in the self-imposed rules: “As the first Swedish asset manager [kapitalförvaltare], *Folksam* has introduced human rights and environmental considerations as investment criteria for all capital investments” (*FAR* 2001, p. 3).

The self-regulation based on standards continued even when the state once again introduced new legislation in 2005 and 2010. (See Table 1.) *Folksam*’s repairation of damaged cars and houses become environmentally certified, for instance, according to the ISO 14001 standard. Illustrative of *Folksam*’s commitment at the turn of the century is the fact that classical social issues (whereby citizens and members are usually the main actors) were translated into market issues (whereby the customer and questions about economic gain are central issues).

Like most other organizations that currently lay claim to morality, *Folksam* acknowledges the trend of “responsibilization,” a core technique for the self-management and self-regulation of social risks such as illness, unemployment, poverty, and an unsustainable future (Rose, 1997). Responsibilization is seen when the mutual informs, coaches, develops, and offers particular market devices to help its customers make informed choices of their own. In *Folksam*, attempts at responsibilization (as in shifting responsibility onto customers) are clearly coupled with what we interpret as a kind of “re-invented paternalism,” although of a much softer version than that of the 1940s. Compared to the 1980s, policyholders are treated less as individuals capable of making complicated choices in difficult times, and more like sons and daughters to be taken by the hand:

The supply is huge, and it can be difficult to choose because the conditions vary greatly among companies and products. In order to help our customers make good choices, we invest (among other things) in expanding our business with insurance agents. (*FAR* 1998, p. 11)

Even the graphic representation and the images and pictures used in the recent annual reports are more naïve. Far from the rationalistic, technical style of circles, staples, and squares of the 1980s, the images of the 2000s represent small children and pets playing in green flowering fields, and seem to us to reflect this reinvented paternalism by which the mutual offers value in freeing its customers (and particularly the premium customers) from the heavy burden of making clever and complicated financial choices (Nyqvist 2016; Alexius and Löwenberg, 2017). However—and this is an important clarification—*Folksam* has not returned to the

nationalistic rhetoric of the 1940s and 1950s. Rather, the insurance value *to individuals* and their families has been strongly emphasized since the 1980s, whereas the more civic worth to the workers' movement and the nation are no longer expressed in the self-presentations. Although *Folksam's* historical roots in the labor and cooperative movements [*folkrörelser*] are no longer as clearly highlighted, contact with social movements is still economically important: "*Folksam will build an increasing part of the successes through collaboration with trade unions and cooperative movements and with other partners in the market*" (*FAR* 2004: 5). The democratic aspects were no longer emphasized, however, and more space was given to the other "collaborators and "partners" in the market.

Furthermore, did *Folksam's* managers feel the need to justify the economic successes and setbacks in the early 2000s; the large losses in 2001, 2008, and 2011; and the large profits in 2009 and 2013? (See Figure 1.) In fact, none of the annual reports include a qualitative analysis or longer discussion of what Cowan and Rizzo (1995) referred to as the company's "supernormal" results. Rather than motivating variations in the results, *Folksam* indirectly dismissed its responsibility when justifying the extreme results with reference to macroeconomic circumstances. In 2001, despite the financial instability and the reported breathtaking loss of SEK 6.3 billion, the CEO of *Folksam* maintained that the company's management of its customers' assets could be described as "safe and stable." Financial cycles, he emphasized, "always have their highs and lows," which is why a "pronounced long-term perspective" guides the management of *Folksa* (*FAR*, 2001, p. 6).

The "current financial crisis" and "disturbances in the stock market" were central themes in 2008 as well. There is only a low-key description of the large loss (more than SEK 15 billion, according to Figure 1), in which the loss is described as being largely a consequence of changes in accounting and reporting standards, introduced by the national financial monitoring authority [*Finansinspektionen*] (*FAR* 2008, Section of Life insurance, p. 7). Justifying one's losses and gains in this way, by providing technical accounting explanations, make sense in a market world of worth (Boltanski and Thévenot 2006 [1991]).

The 2000s—The time of trust in the brand and of continued market-based morality

The claims to a civic-based morality introduced in *Folksam's* self-presentations of the 1940s and 1950s, were being expressed in the 2000s using a market-based vocabulary whereby the good mutuality is described as a central aspect of marketing and branding—a selling point that may not be unique but that is nevertheless crucial to *Folksam's* positioning in the market. In the accounts of how *Folksam* aims for its customers to feel "secure in uncertain times," it is striking how strongly emphasized is branding. In the recent annual reports of the 2010s, figures on customer approval and trust in the brand are mentioned at the beginning of the accounts of the previous year's prime events and in the first section of the words of the CEO: "We continue to reach new top levels concerning approval in the market, i.e. present and potential customers' perception of our brand" (as in the *FAR* 2015, p. 6).

Another example concerns *Folksam's* sponsorship of sports associations and ethical/CSR-related organizations. In the latest annual report, although a popular win-win rhetoric is employed, the value of the impact on the brand is emphasized more than the actual societal impact. This is visible in the following quote, printed in bold and a larger font in the original text "We want our sponsorship to contribute to the approval of our brand." (*FAR* 2015, p. 33).

In light of the new regulation, the always-fundamental *generation* of surplus through market investments needs to be justified officially for the first time in the period we studied. In the 2000s, *Folksam* accounts for its active corporate governance role as a "responsible owner" in the markets. *Folksam* describes its engagement in the screening, rating, dialogues, and

adhering to a range of standards (such as the UN Global Compact, the UN Principles for Responsible Investments, PRI, and the Montreal Carbon Pledge). The mutual also accounts for its active part in a number of partnerships and organizations with this purpose (such as the national industry project, Sustainable value generation; the Nordic Engagement Cooperation [NEC]; and the Global Network Initiative [GNI]). The *generation* of surplus through market investment is often justified in relation to new governance policies decided by the members/customers, who more often are called “owners” now. The capital managed by *Folksam* must now meet certain criteria for what may be interpreted as “moral investment,” such as criteria that seek to protect the environment, human rights, and anti-corruption practices. In addition, the management of the capital must meet exclusive criteria *not* to invest in such “immoral investments” as tobacco and cluster ammunition. Furthermore, *Folksam*’s management manifests its moral position by acknowledging a range of such other values as gender equality and diversity in age and nationality. Another example of the continued references to market-based morality, as in self-regulation based on standards, is seen in *Folksam*’s reparation of damaged cars and houses now becoming environmentally certified, according to the ISO 14001 standard:

To become one of Folksam’s potential suppliers, a detailed environmental specification must be completed. There are specifications for building contractors, car repair shops, photo mounting facilities, remediation companies and laundries.[...] Since 2001, Folksam uses “Good Environmental Choice” – electricity for the operation of its properties, and as a further step in our work to reduce the greenhouse effect, Folksam became a climate-neutral company in 2006. This means that annually, Folksam plants as many new trees as required to neutralize its annual carbon emissions. The plants, which are grown in the Mexico and Uganda rain forests, contribute to forestation, but also to greater ecological and social diversity in farming areas. (*FAR* 2008, Section of Life insurance, p. 3)

We notice that *Folksam* does not currently justify that not all of its 4 million customers (in fact, only 2.5 million of them) receive a premium refund. The “collapse into the particular” that happened in the 1980s seems to have been accepted and institutionalized. This is also visible in one of the two core objectives of *Folksam*: to increase the number of premium customers (as they are worth more to the organization, not least in financial terms). In closing this empirical account, we must register our amazement at the fact that the myth about a consistent and stable interpretation of mutuality (with claims to morality) as imprinted in the DNA of mutuals, still lives strong in *Folksam*. This despite the substantial changes and isomorphic adaptations of the mutual to the logics and values of each time, as described in our analysis. The following quote from the CEO in the latest annual report offers an illustration of what we call the DNA myth: “That which we have done for more than a century, we will continue to do. It is as modern and successful now as it was then” (*FAR*, 2015, p. 6)

Brief case summary

At the time of our first cross-section, 1945–1950, mutual benefit was interpreted by *Folksam* as the benefit of large *collectives*: the labor movement, the country, and society in general, in both present and future times. Forty years later, the situation had changed radically. In our second cross-section, 1980–1985, mutual benefit was interpreted as the benefit of the *individual* policyholder, with an emphasis on the present time more than the future. Greater emphasis was also placed on the policyholder as a customer, and few were the references to policyholders as members/owners. This latter development was a result of *Folksam*’s adaptation to the more market-oriented regime that took hold in the 1980s. In short, references to the *civic world* were toned down; references to the *market world* were increased. Overall, *Folksam* was busy mimicking private companies and introducing, among other things, a professional corporate language in its organization. In this increasingly individualistic time,

the mutual risked being perceived as deviant, and therefore had to devote more energy to justifying its actions by referring to worthy values according to a market logic. And at the beginning of the 2000s, we find that *Folksam* is revitalizing its earlier claims to morality. But now it is not about the role of a socially responsible actor in the Swedish labor movement, a moral/ideological position that was deeply rooted in the civic world. Now the emphasis is on market-based morality as in separate tools and standards for a morally superior choice of goods and services offered in a market - for example tools and standards for ethical investments (Shamir, 2008). Although we do note a change of tone in the recent self-presentations, such market-based morality is firmly situated in the market logic where *Folksam* still first and foremost performs according to a financial logic, as a seller.

Results and discussion

How organizations handle complex and potentially conflicting demands has long been a central concern for scholars of organization studies and institutional theory. Early studies in the Carnegie tradition—March and Simon (1958), March (1962), and Cyert and March (1963), for example—focused on firms and questioned the common assumption of a narrow focus on profit maximization in business. This research trajectory has been followed to this day, as seen in the scholarly preoccupation with the CSR and sustainability movements and the more recent and general discussion on hyper-organization following from expanded expectations on organizations to respond to increasingly pluralistic and complex institutional environments (Kraatz and Block, 2008; Thornton and Ocasio, 2008; Mars and Lounsbury, 2009; Bromley and Meyer, 2015).

The purpose of this paper was a contribution to institutional theory and the understanding of hybrid organizations. More specifically, the contribution centers on organizational conditions and mechanisms for long-term justification and survival of constitutional hybrids—organizations that not only integrate different institutional logics, but also structural elements ideal-typical of different types of organizations and societal spheres. A core assumption of neo-institutional theory on organizations is that of success by imitation and assimilation. Following this standard line of reasoning, those that fail to conform to institutionalized modes of organization and therefore break with the norms and expectations for organizing, will stand less of a chance to thrive and survive due to “institutional confusion” among key stakeholders (Brunsson, 1994). And above all, it is assumed that as a response they will adjust their formal structure as captured in the concept of isomorphism (Meyer and Rowan, 1977; DiMaggio and Powell, 1983).

Seen from this perspective, the hybrid organization is an odd and temporary creature in the social landscape that, due to its bridging and blending of ideal structures, is more fragile and sensitive to external pressure. In previous research on such hybrid organizations as state-owned enterprises, scholars have emphasized that in comparison to organizations that do not pick and choose from institutionalized forms of organization (in this case those of the political organization/agency and the private, limited firm), hybrid organizations face greater public scrutiny and have less authority and decision-making flexibility (Rainey and Chun, 2005; Radon and Thaler, 2009). Although this is indeed often the case, it is not a universal truth that should be “black-boxed” without further scrutiny.

In this paper, we departed from the assumption that a key aspect of hybrid legitimacy and survival is the organization’s capacity to explain and justify its exceptions to the norm(s). Thanks to a rich company archive, we were able to follow how a single mutual—the Swedish mutual insurer, *Folksam*—has justified its constitutional hybridity over 70 years, from 1945 to the present day. Putting this longitudinal micro-comparison of a single organization’s self-

presentations into a wider context also allowed for a design that responds to recent calls for more studies that connect macro-, meso-, and micro-level analyses of hybrid organizations (Denis, 2015). Connecting these different levels of analysis is crucial, in order to theorize how constitutional hybrids relate and respond to institutional change. In our opinion, the concept of justification and the adjacent framework on compromises between different “worlds of worth” elaborated by Boltanski and Thévenot (2006) is a relevant complement to an institutional analysis on hybrid organizations. In particular, the notion of “critical moments” calling for justification on the micro-level is a valuable addition to the macro- and meso-conceptualization of “critical junctures” typically referred to in institutional analyses (e.g., Djelic and Quack, 2007). When simply analyzing responses from a macro- or meso-level, the black-boxed assumption of imitation and assimilation may be too close at hand and therefore too rarely explored. This is an unfortunate situation, as it hinders the researcher’s ability to make sense of the way some constitutional hybrids, like *Folksam*, remain constitutional hybrids over extended periods, despite external pressure (particularly in recent decades, with pressure to conform by de-mutualizing into a “normal” limited enterprise). Critical moments are key to the analysis, as we may expect them to trigger a reorientation to the way the organization justifies its constitutional hybridity. Simply acknowledging the *coexistence* of logics is not sufficient (Alexius and Tamm Hallström, 2014); we must examine their re-configurations over time and the compromises achieved between the different values and their respective worlds of worth.

Making sense of what looks like a steady-state exception from the expectation of isomorphism, we have applied a multi-disciplinary design (informed by business administration, economic history, and sociology), enabling us to see that in fact *Folksam* has *not* stayed passive during these 70 years. On the contrary, a critical juncture in the early 1980s on the international level spurred a critical moment at the organizational level, at which *Folksam* also made a sharp market turn—but not by de-mutualizing, as would be expected following classic neo-institutional analysis, but by reinterpreting its form and arguments of justification. Likewise, regime shifts on the national field level spurred adjustments on the part of the mutual. Rather than contributing to the creation and development of an “alternative path” in the economy (Schneiberg, 2007, p. 47), the longitudinal micro-level case of *Folksam* teaches us about the aim and capacity of some constitutional hybrids to escape isomorphism by cleverly adjusting their self-presentations rather than their formal structure. As seen in the case of *Folksam*, flexible use of the organization’s two-sided “Janus face” of civic and market logics of justification achieved this goal. Thanks to this “Janus response”—always turning the most legitimate face to the crowd—*Folksam* managed to stay on the dominant path of the Swedish economy (or at least give that impression), even as the dominant path made a market turn off its beaten civic track of social welfare capitalism in the 1980s. The case narrative (in Part 2 of the analysis) illustrates the empirical details of how *Folksam* went from justifying its profit-making during the social-democratic regime to justifying its principle of mutual benefit in the decades following the market turn in the 1980s. All along, *Folksam* has successfully justified its constitutional hybridity by way of a harmonious rather than a conflictual mode of value configurations (Alexius and Tamm Hallström, 2014), also illustrating that the notion of win-win is all but a novel popular term.

It remains to be seen how the “reinvented paternalism” of the 2010s will be expressed by mutuals in the years to come. Will *Folksam* assume a mission to offer insurance to the uninsured (as it did at its inception in the early 1910s)? Will the mutual act as a forerunner and advocate mandatory (rather than elective) green and socially responsible investments? Will it ask its customers to have “trust in the mutual,” referring to a civic logic of worth

(Boltanski and Thévenot 2006 [1991])? Or will market-based measures prevail? Only time will tell, as the balancing act and justifications of this constitutional hybrid continues.

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