



Balancing profit and purpose: How impact investors in Africa navigate competing logics

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Abstract

This study investigated how impact investors that operate with an Africa mandate can practically navigate the competing logics of profit maximisation and social development. The researcher draws primarily on hybridity theory to help explain why these tensions exist and how hybrid firms, such as impact investors, can easily manage these tensions so as to avoid mission drift and retain mission alignment.

The researcher employed a qualitative research design, where 12 semi-structured interviews were conducted with senior practitioners in the field and other stakeholders who are closely related to the field. The findings were then analysed using Atlas.ti, with data saturation being reached after nine of twelve interviews.

The findings show that Impact investors in Africa manage the tension between the logics of profit and development by incorporating a sequenced design process to assess the various impact and profitability metrics. This is achieved by combining an impact-first pre-screening with a commercial viability assessment, and it is this commercial viability assessment that acts as a signal of impact durability. Furthermore, impact investors institutionalise hybridity through these design choices, which then embed both logics into everyday decisions.

Keywords

Impact investing, hybrid organisations, tensions, logics.

Plagiarism Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Matthew James Pratt

Date

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Chapter 1: Introduction to the Research Problem

1.1 Introduction

The researcher seeks to understand how impact investors that operate with an Africa mandate can practically navigate the competing logics of profit maximisation and social development.

The main role of organisations is to generate maximum shareholder value (Jensen, 2010) and this has been a reality for over 200 years however, there has been a growing interest in impact investing and in hybrid organisations as these organisations pursue more than one primary objective, such as financial return and social impact (Besharov & Smith, 2014). Impact investing which is sometimes referred to as social investing, is investing that produces positive social impact while simultaneously generating profits (Agrawal & Hockerts, 2021).

Impact investment firms are hybrid firms (Quinn et al., 2017) as they combine the profit logic along with the development logic, which is different from that of traditional investing (Mogapi et al., 2019) where the focus is on profit maximisation. Noting that the profit and development logic are both core logics of impact investors, Brandstetter & Lehner (2015) indicate that these logics contradict one another. This is because the development logic is typically aligned with creating a measurable impact (Brandstetter & Lehner, 2015) while the profit logic is geared towards profit maximisation (King & Gish, 2015). In addition to the competing forces of the profit and development logic, King & Gish (2015) also highlighted that the simultaneous management of these core objectives increases the complexity of risk and return for the impact investor. This indicates that impact investors face a trade-off when assessing investment opportunities, as research shows that the profit logic often dominates the development logic in decision making (King & Gish, 2015). Thus, when a particular logic dominates the other, the impact investor is at risk of losing its hybrid identity, and this is known as mission drift (Battilana & Dorado, 2010). Mogapi et al. (2019) highlight that as a result of the competing logics, mission drift becomes apparent in some impact firms as they are pulled towards the profit logic which creates a risk for the firm in achieving their dual objective.

Noting the combination of the two logics increases the complexity of risk and return for impact investors (King & Gish, 2015), it is important to ensure that the requisite knowledge is developed to assist impact investors on their journey. This is important, as impact investors are a key component in scaling investment across the continent

in a sustainable manner, especially given that Africa faces significant funding gaps (Hand et al., 2024), and its limited share of global impact investing Assets Under Management (“AUM”) compared to developed markets (CFA Institute, 2024).

While hybridity theory provides a framework to better understand how hybrid firms attempt to manage the combination of multiple logics, it remains unclear whether impact investors are able to sustain this balance over the long term without drifting towards a particular logic. Strategies such as selective coupling and forming a hybrid identity have been proposed to manage these tensions better (Battilana & Dorado, 2010; Besharov & Smith, 2014) however, there is limited evidence on how these strategies are practically implemented in the African context. Furthermore, it is also not known under what conditions trade-offs between the profit and development logics would occur, as organisations in Africa operate in diverse cultural, structural, and market environments (George et al., 2016).

Impact investing is a relatively new field with the classification being created in 2007 at a conference held by the Rockefeller Foundation (Höchstädter & Scheck, 2015). With impact investing bringing about a new field of hybrid organisations, Mogapi et al. (2019) highlights that there is limited research on the sustainability of these firms in the long term. Therefore, it is important that additional research is conducted to further understand under what conditions impact investors are able to succeed in their mission of delivering profit along with development in Africa. Furthermore, it is well documented in recent literature that tensions exist between the profit and development logics (Bianchi et al., 2023; Brown et al., 2025; Mogapi et al., 2019). Mogapi et al. (2019) provide evidence that some impact investors in South Africa are able to maintain their hybridity, while others acknowledge that trade-offs do occur. Therefore, this highlights that there is a challenge that managers at impact investors face, and this needs to be better understood. Finally, Agrawal & Hockerts (2021) also call for additional research to be conducted on internal firm practices at impact investors and how these processes are conducted, as it is these internal processes where the logics of profit and development converge.

1.2 Purpose Statement

The researcher intends to explore how impact investors operating in Africa navigate and balance the competing logics of profit and development at the firm level. As these firms are hybrid organisations the inherent complexities of operating as a hybrid requires them to integrate profit objectives with developmental objectives which ultimately causes tensions within the firm. This research will leverage on hybridity theory to better understand how impact investors manage these tensions and in particular how they make decisions when faced with competing logics. Furthermore, by gaining a better understanding of how impact investors practically manage the competing logics, managers will be able to develop effective management practices to manage the logics and thus attract capital to address the significant funding gap towards meeting the UN SDG's (Hand et al., 2024).

1.3 Research Objectives

Hybrid institutions, and in particular impact investors operating with an African investment mandate, face continual tensions between the profit and development logic. If the tensions created by these logics are left unmanaged, then impact investors may find themselves experiencing mission drift. This mission drift could result in impact investors experiencing poor fund performance and a lack of investor confidence as required return and impact metrics are not met. Therefore, this could result in many investors not being willing to provide capital or follow on into future impact funds, and thus, the ability to reduce the financing gap is reduced. As a result, it is thus important to better understand how impact firms operating with an African investment mandate practically manage their daily routines, deal screenings, and decisions made to sustain hybridity in day-to-day investing and portfolio management.

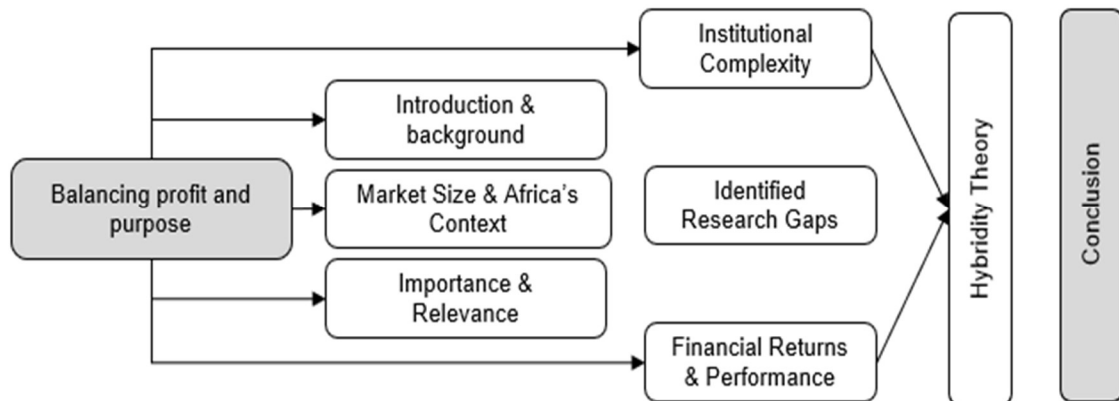
From a theoretical point, together institutional theory and hybridity theory clearly explain why the logics of profit and development cause tensions to occur. However, the literature surveyed on how African impact investors manage the logics is very limited. Therefore, this research seeks to bridge that gap and gain a clearer understanding of how these logics are effectively balanced in African impact investors. The study will therefore seek to do this by gaining perspective from participants who work for these firms and provide a better understanding of how mission drift is avoided.

This research is presented as follows: Literature review outlining impact investing, institutional theory and hybridity theory (Chapter 2), the research questions (Chapter 3), the research methodology employed by the researcher (Chapter 4), a presentation of the findings (Chapter 5), a discussion of the findings (Chapter 6), and finally the conclusion (Chapter 7).

Chapter 2: Literature Review

The aim of this literature review is to better understand and explore how existing literature on the topic makes sense of and explains the tensions that exist in impact investment firms that operate in Africa and how management teams navigate them. The review draws on rated journal articles and the theoretical framework of hybridity to help explain the duality of such organisations.

2.1 Conceptual Map of the Literature Review:



2.2 Introduction and Background

The notion of impact investing is relatively new, with the term having been created in 2007 at a conference held by the Rockefeller Foundation (Agrawal & Hockerts, 2021; Cojoianu et al., 2022; Höchstädter & Scheck, 2015; Mogapi et al., 2019). Impact investing describes investments which are made that have a dual intention of generating financial returns while also generating positive social or environmental outcomes. This aligns with the definition provided by Agrawal & Hockerts (2021) who note that the concept of impact investing has evolved since 2007 and is now understood as an investment strategy that produces positive social impact while simultaneously generating profits.

Agrawal & Hockerts (2021) conducted a review of the literature that relates to impact investing from 1999 through to 2018. The results from Agrawal & Hockerts (2021) study reveal that in recent years, academic scholars have continued to refine and develop the boundaries of impact investing. The creation of these boundaries has allowed impact investing to become more differentiated from adjacent fields such as socially responsible investing, philanthropy, and corporate social responsibility investing (Agrawal & Hockerts, 2021). The term impact investing can be traced to earlier notions of "blended value investing" (Bonini & Emerson, 2005), to its current form of generating positive, measurable impact alongside a financial return (GIIN,

2025). Furthermore, impact investing is characterised by three pillars, being: i.) a clear intention to create a positive outcome, ii.) a commitment to measure those outcomes, and iii.) evidence that the capital provided has provided a positive outcome (commonly referred to as additionality in practise). It is these pillars that create the boundaries between impact investing and what is commonly known as ESG investing and responsible investing.

It is important to note these distinctions for this study because it clearly positions impact investing not merely as a philanthropic and moral activity but rather as a new field of finance governed by competing logics of finance and development. Furthermore, King & Gish (2015) indicate that impact investing represents the “marketisation of social change”, where instead of relying on charity and government action, market participants are now trying to fix social problems using market logic.

Impact investing has become increasingly relevant (Hand et al., 2024) and has become an important asset class due to its ability to contribute meaningfully to a more “equitable and sustainable world” (GIIN, 2025). Research conducted by GIIN indicates that over the past decade, impact investors have consistently achieved or exceeded both their financial and impact performance objectives, supporting the legitimacy of impact investing as a credible asset class.

Prior to the global COVID-19 pandemic, it was estimated that USD 2.5 trillion was required to bridge the gap in order to achieve the United Nations (“UN”) Sustainable Development Goals (“SDGs”). However, this figure has grown substantially, as the UN now estimates that USD 4.2 trillion is required (Hand et al., 2024). Impact investors play an important role in bridging this gap as they mobilise capital that is deployed toward investments that achieve both financial returns and measurable impact (Hand et al., 2024).

2.3 Market Size and Africa’s Context

As of 2024, total impact investing Assets Under Management (“AUM”) globally has reached USD 1.571 trillion (Hand et al., 2024), comprising 1,475 organisations that reported on their AUM and head office locations. Sub-Saharan Africa accounts for 6% of these global investors (approximately 88 organisations) who collectively manage 2% of this global AUM (estimated at approximately USD 31.42 billion). However, the size of the market can differ depending on the institution that is doing the measurement and how impact investors are defined. The market size estimated

by GIIN includes pension funds, Development Finance Institutions (“DFIs”), investment managers, banks, philanthropic firms, and insurance companies.

However, this research focuses on gaining insights from impact investors that focus on investing in private assets. The Private Asset Impact Fund (“PAIF”) report compiled by Tameo Impact Fund Solutions indicates that the AUM for funds targeting frontier and emerging markets is approximately USD 103.7 billion, with sub-Saharan Africa managers accounting for USD 9.1 billion (Estoppey, 2025).

Although impact investing has historically been concentrated in North America and Western Europe (Estoppey, 2025), new research indicates that Africa is a unique testing ground for hybrid finance business models (Osembo et al., 2025). In addition, due to the diverse landscape of the African continent, funds operating here often do so under multiple and sometimes conflicting mandates (developmental and commercial), which requires ongoing “mission agility” (Osembo et al., 2025).

Osembo et al. (2025) found that smaller organisations in Africa can leverage flexibility and contextual knowledge in their favour in order to balance competing goals. This aligns with the World Bank (Aridi & Kapli, 2019) and IFC (2022) who both suggest that Africa’s evolving institutional environment offers opportunities for hybrid organisational innovation in addition to risk. Finally, Gutterman (2024) indicates that there has been a proliferation of global standards, such as the United Nations (“UN”) Principles for Responsible Investment (“PRI”) and the International Finance Corporations (“IFC”) Operating Principles for Impact Management (“OPIM”). The rise of these global standards, amongst others, has begun shaping investment practices in Africa, requiring greater disclosure, verification, and alignment with the UN’s SDGs.

In the African context, hybrid investors often face several stakeholders at once, including investors (such as DFIs), regulators, and communities, while working in resource-constrained and diverse environments. Thus, working with such a variety of stakeholders simultaneously amplifies the tensions an impact investor experiences daily between profit and development (Littlewood & Holt, 2020; Osembo et al., 2025).

2.4 Importance and Relevance of Impact investing

The CFA Institute (2024) indicates that the growth of impact investing in Africa has fallen behind that of developed markets such as the United States or Europe, mainly

as a result of supposed higher investment risks, lack of infrastructure, and a limited amount of investment vehicles. Therefore, this underrepresentation highlights the potential for growth in Africa for impact investors, specifically when considering Africa's requirement for investment in infrastructure, renewable energy and healthcare.

Nonetheless, the impact investing market is expected to continue to grow (Hand et al., 2024), as it is supported by organisations such as GIIN, Principles for Responsible Investing ("PRI"), and the International Finance Corporation ("IFC"), which play an important role in educating various stakeholders while also providing various frameworks and tools to support the development of the asset class. Private equity, which includes venture debt and venture capital, is the leading asset class in which impact investing is conducted, with evidence revealing that a significant portion of impact investment firms operate within the private markets universe (Cojoianu et al., 2022). Reviews also highlight that transparent reporting and routine disclosure are of vital importance to the growth of the impact investing field because having these guardrails in place will allow investors and regulators to compare more easily and reduce the notion of impact washing (Agrawal & Hockerts, 2021; Gutterman, 2024).

Furthermore, Gutterman (2024) indicates that the impact investing field is expected to continue to grow, as there has been increasing enthusiasm for the asset class. This is because performance from a portfolio perspective has continued to meet or exceed the hurdles for social, environmental, and financial returns (Gutterman, 2024).

2.5 Financial Returns and Performance

It is understood that impact investors seek financial returns alongside a social or developmental return. Existing literature on financial performance notes that a return on the quantum invested is typically a minimum requirement for impact investors (Höchstädter & Scheck, 2015) however, the returns for impact investors can vary widely from below market, in-line with the market, and above market returns (Höchstädter & Scheck, 2015; Mogapi et al., 2019; Saltuk et al., 2011).

According to a study performed by Saltuk et al. (2011), expected returns for impact investors depend on the geography and asset class. The research indicates equity investments concluded in emerging markets are expected to outperform

benchmarks, while corporate debt in emerging markets is expected to return in line with the benchmark (Saltuk et al., 2011). This illustrates that those practising impact investing in emerging markets do not necessarily require financial returns to be sacrificed. However, it must be noted that the data used in this study speaks broadly to emerging markets and not Africa specifically.

Providing more direct evidence in an African context, Mogapi et al. (2019) provide evidence from South Africa, where there are conflicting views among impact investors. The research indicates some investors see trade-offs between financial returns and impact, while other investors perceive this tension between impact and return as manageable if there is value alignment and tailored contracts are utilised. The research conducted by Mogapi et al. (2019) is consistent with the findings of Saltuk et al. (2011) as their findings indicate that many investors in South Africa do achieve market-based returns while also delivering the requisite impact, especially when expectations and investment structures are well understood by all stakeholders involved.

Taken together, the literature reviewed suggests two reasons why results differ, those being: i.) specific ESG components can relate to better profitability (for example governance), and ii.) there are positive links to greater profitability when ESG decisions are embedded in the decision-making process and not merely used as a surface level reporting metric (Agrawal & Hockerts, 2021; Masongweni & Simo-Kengne, 2024). However, not all studies have presented consistent findings. A study completed by Brown et al. (2025) at Wharton University, highlighted a discrepancy between the external marketing material used and what was actually practised internally at impact funds. The data collected from 222 managers working in impact investing, from across the world, highlights that although impact funds emphasise social impact in their marketing material, their internal operations lean towards prioritising financial performance (Brown et al., 2025). Therefore, this indicates there is, in fact, a misalignment and thus raises doubts about the authenticity of impact fund commitments.

Recent evidence from Masongweni & Simo-Kengne (2024) provide additional context to the ESG-performance relationship from a South African perspective. The study conducted by Masongweni & Simo-Kengne (2024) assessed 120 Johannesburg Stock Exchange (“JSE”) listed firms between 2015 and 2020 and found that ESG scores were not significantly related to firm profitability. However,

the firm's social and governance metrics were positively associated with profitability (Masongweni & Simo-Kengne, 2024). Therefore, this suggests that the quality of governance and social value, rather than ESG scores, can drive value.

Evidence from a study conducted by Atz et al. (2021) substantiates that profitability and sustainability are mutually reinforcing of one another when ESG principles are embedded into investment and operational decisions. Atz et al. (2021) conducted a large-scale meta-analysis and found a statistically significant and positive relationship between ESG practices and financial performance across multiple sectors and geographies. Furthermore, the authors suggest that firms that embed ESG considerations into their operations experience reduced volatility which ultimately links to long term sustainability and profitability. These results align with the findings of Waddock & Graves (1997) who also noted that positive financial performance can enable greater investment in socially responsible initiatives and thus creating a cumulative benefit over time. Alternatively, stakeholder theory debates that ESG commitments (i.e., being socially responsible) diverts resources away from the core financial objectives of a company (Friedman, 1970).

The findings presented by Saltuk et al. (2011) and Mogapi et al. (2019) highlight the complexity of financial return expectations, as the results across different markets and the instruments used can play a role in how well impact funds perform. However, challenges remain in balancing the logics of financial return and development. Furthermore, it is unclear how impact investors operating with an African investment mandate manage or navigate the duality in practice. Therefore, this shows that there is a need for additional research to be conducted to better understand how these managers practically manage their internal strategies and decision-making to not experience mission drift.

2.6 Institutional Theory and Competing Logics

Institutional theory offers a sound starting point to assist with the understanding of how firms operate when they are exposed to competing logics. Institutional logics are defined as the social belief system that guides behaviours within an organisation (Thornton et al., 2012). When assessing the field of impact investing, two dominant logics drive the decision-making of the firm being financial return on investment ("ROI") and the development logic, which is the creation of positive social or environmental outcomes (Pache & Santos, 2013). These logics conflict with one

another as businesses focus on generating returns while the development logic or social side focuses on providing measurable impact.

These conflicting institutional logics give rise to institutional complexity (Greenwood et al., 2011), and this comes about when competing logics coexist with one another. With such complexity arising, it often results in tensions being created, and these tensions require adequate responses from management. Therefore, firms that combine multiple logics into their business model can address these tensions by engaging in selective coupling, where certain practices from one logic are adopted while simultaneously implementing certain practices from the competing logic in order to navigate the environment the firm operates in (Pache & Santos, 2013). It is important to understand that while employing such a strategy may offer temporary stability, there remains a risk that the firm will gradually abandon one logic in favour of the other, and this is known as mission drift (Battilana & Dorado, 2010). We are able to see this in the study conducted by Wharton, where firms indicate they follow an impact mandate however, their internal processes indicate the contrary.

Institutional theory allows us to look more closely inside impact investors, and more specifically, what participants' views are of committee meetings, investment screening meetings, and other such forums, to assess how the contrasting logics are balanced in practice. Therefore, for this study, institutional theory directs attention to the areas where decisions are based, IC papers, screening decision rules, and composition of committees, because this is essentially where the two logics of profit and development meet (Agrawal & Hockerts, 2021).

More recent literature expands on this understanding by introducing the concept of “mission alignment” (Osembo et al., 2025). This concept is drawn from mission drift, where an organisation has multiple objectives, such as delivering profit and social impact, it can easily lose its focus if these goals start pulling in different directions. However, to avoid this, Osembo et al. (2025) propose “mission alignment” which indicates that everyone in the firm, from the CEO down to the analysts, understands and works towards the same goal of achieving profit and social impact.

This tension is highly relevant in the impact investing field, as these firms must continuously balance the profit logic with the development logic in order to meet their goals of sustaining a hybrid identity. Historically, charitable activities and investing for a return were seen as incompatible and were not considered to fall within a firm's

vision and mission (Freireich & Fulton, 2009). The emergence of impact investing has changed this perspective by seeking to incorporate these competing logics into a unified firm mission. According to Besharov & Smith (2014), firms that attempt to combine multiple institutional logics are classified as hybrid organisations.

Impact investors exemplify such hybridity, as they simultaneously pursue both a profit logic and developmental logic (Besharov & Smith, 2014; Bianchi et al., 2023). Bianchi et al. (2023) highlight the increasing trend of organisations blending multiple institutional logics within a single firm to pursue dual-purpose missions. While this integration enables organisations to address a broader range of objectives, it also introduces inherent tensions (Bianchi et al., 2023), particularly where the core assumptions of one logic conflict with the other. When left unmanaged, such conflicts can lead to mission drift (Battilana & Dorado, 2010), hinder performance, and ultimately reduce the likelihood of a firm achieving its dual mission (Bianchi et al., 2023).

This is where hybridity theory can be leveraged to help understand how impact investors actively manage multiple goals, rather than pursuing one or the other. Institutional Theory helps explain why these tensions exist however, hybridity theory will assist the researcher in understanding how firms actively manage the competing logics over time. Instead of treating the two logics as mutually exclusive, hybridity theory recognises that hybrid firms must continuously navigate, manage, and sometimes even blend logics in day-to-day decision-making. As an example, Battilana & Dorado (2010) found that microfinance organisations in Latin America managed to maintain long-term stability by investing in practices such as specific hiring and socialisation strategies that supported the development of a hybrid identity. These practices employed by the microfinance firms in the research assisted them in reconciling conflicting expectations and foster more cohesion within the firm.

Considering impact investing in the context of Africa, where the requirement for development is substantial, coupled with the continent's capital constraints, hybridity theory will provide the researcher with a useful lens to better understand how firms navigate the duality of the logics. Furthermore, hybridity theory not only recognises that competing logics exist but also identifies the practices and strategies that allow firms to maintain their dual mission.

2.7 Hybridity Theory

Hybridity theory provides a sound framework for understanding why tensions exist between competing logics, and in addition, it also highlights practical methods firms can use to manage these tensions. Firms can employ methods such as strategic hiring, tailored training, and intentional leadership interventions to help manage these tensions and sustain the firm's hybridity. Thus, in simple terms, hybridity is sustained by three levers, those being: i.) people (having a shared hybrid identity), ii.) process (selective coupling), and iii.) measurement or verification (standardised frameworks and tools) (Battilana & Dorado, 2010; Bianchi et al., 2023; Gutterman, 2024).

In the African context, hybrid organisations are recognised simply as organisations that combine logics from more than one sector, such as public and private, and thus face multiple demands. These multiple demands are a result of hybrid firms, such as impact investors, having to answer to several different audiences at the same time such as, DFIs, regulators, funders, and customers whose demands can pull the firm in different directions. The research done by Littlewood & Holt (2020) argue that these demands can be further heightened due to the resource constraints experienced in African markets, which thus makes the balancing of the logics more of a practical challenge. Therefore, considering the African context, a more pragmatic approach, such as mission alignment (Osembo et al., 2025), can be applied to allow such entities the ability to cope with the conflicting demands. This “mission alignment” (Osembo et al., 2025) allows organisations such as impact investors the ability to align their goals and incentives around both the profit and development logics which will assist them in serving the multiple stakeholders without losing focus on double mission.

In a study conducted by Battilana & Dorado (2010) on microfinance institutions, they observed that firms can manage the competing logics by controlling their hiring and employee training processes. They specifically identified hiring individuals who had previously not been influenced by either of the contemplated logics, as this allowed the microfinance organisations to develop a hybrid identity to prevent conflict. Furthermore, hybrid firms such as impact investors operating in Africa operate in resource-scarce environments where external economic and political shocks are apparent (such as Trump's new tariffs). In settings such as these, resilience, shared values, and willingness to improvise and adapt have been identified as necessary

traits hybrid organisations require in order to cope with delivering on their dual aims (Littlewood & Holt, 2020).

Bianchi et al. (2023) outline a couple of potential strategies firms can use in navigating the competing logics, most notably selective coupling. This is where a firm will selectively integrate specific practices from the different logics rather than adopting only one logic. As an example, some hybrid firms would integrate traditional financial market metrics alongside tailored impact frameworks such as the 'Five Dimensions of Impact' implemented by British International Investment (BII, 2022). Furthermore, Bianchi et al. (2023) noted that leadership that consistently reinforced a firm's dual objectives through communication and aligning incentives (Battilana & Dorado, 2010) were found to reduce internal friction (Bianchi et al., 2023). Adding more of an African context, Osembo et al. (2025) describe very practical methods that complement the selective coupling methodology described by Bianchi et al. (2023). It is noted that the work done by Osembo et al. (2025) is geared towards small and medium enterprises however, such work is transferable to impact investors operating across the continent. Osembo et al. (2025) suggest that organisations can align multiple mandates and provide mission alignment by i.) embedding community needs into internal policies, ii.) iterating between internal and external demands, iii.) being able to translate funder requirements into a theory of change, iv.) using multitasking project management, and v.) validate progress through reporting that can serve multiple stakeholders simultaneously.

Building on the concept of selective coupling, contributions from Osembo et al. (2025) provide practical mechanisms for hybridity to be sustained over the long term and avoid mission drift. Osembo et al. (2025) proposes that small enterprises are able to maintain hybridity through agility, iterative measurement, and proactive engagement with the various stakeholders. This pragmatic approach complements the notion of selective coupling proposed by Bianchi et al. (2023) as hybridity is not a static concept and thus requires continuous recalibration of the firm's priorities. A practical expression of "mission agility" (Osembo et al., 2025) is to use the same work lines or reporting tools, such as annual audit reports or board reports, to meet multiple stakeholder requirements simultaneously. This simultaneous or concurrent reporting can assist greatly by reducing duplication and external noise, and will ultimately lower the risk of drifting away from the core mission (Osembo et al., 2025) allowing for more mandate balancing.

Recent literature from Gutterman (2024) highlights the emergence of frameworks such as the Impact Management Platform, IRIS+, and the Operating Principles for Impact Management, which provide impact investors with the requisite tools to manage the dual logic and maintain hybridity. Therefore, with many impact investors utilising these tools, hybridity is then institutionalised as it is now embedded in performance reporting and audits.

Overall, hybridity theory does not help explain why tensions exist, but also helps guide participants who are involved with hybrid organisations. Therefore, with the right people, selected processes (selective coupling), continuous mission alignment, and credible reporting frameworks, impact investors can hold the logics of profit and development together and reduce the risk of mission drift. In addition, the use of standard indicators, third party verification and regular disclosure make impact more comparable across different organisations and thus will reduce the risk of impact washing and thus act as natural guardrail against mission drift (Agrawal & Hockerts, 2021; Gutterman, 2024).

2.8 Identified Research Gaps

The literature reviewed clearly defines impact investing (Agrawal & Hockerts, 2021; Höchstädter & Scheck, 2015; Mogapi et al., 2019) and the complexities that arise when competing logics are brought together (Greenwood et al., 2011) however, there still remain a number of unexplored areas. There is not enough research on hybrid organisations in Sub-Saharan Africa, with (Osembo et al., 2025) providing the majority of this, which means that we know less about how hybrids in Sub-Saharan Africa operate compared to other regions (Littlewood & Holt, 2020).

Firstly, there is limited available literature on how African impact investors actively manage the tensions between the profit and development logic at the firm level. It is well understood how selective coupling and a hybrid identity are formed (Battilana & Dorado, 2010; Bianchi et al., 2023), however, there is inadequate knowledge of the practical implementation in the African context. Furthermore, reviews also call for more research to be done inside organisations, on how screening is done, how the various committees are designed and stakeholders managed, because it is these processes that determine which logic dominates in practice (Agrawal & Hockerts, 2021). Related works, in a South African context, indicate practical ways that smaller social enterprises align multiple mandates (Osembo et al., 2025) however does not indicate how this can be done at a fund level across the rest of the continent.

Secondly, while the variability of financial performance has been broadly discussed (Brown et al., 2025; Mogapi et al., 2019; Saltuk et al., 2011), the factors that influence these, at the firm level in the African context, like leadership strategies, decision-making processes and the role of culture are underexplored. Evidence from a South African based study indicates that not all ESG metrics matter equally (for example, social and governance practices show a stronger link to profitability) (Masongweni & Simo-Kengne, 2024) so more work is required to identify what practices drive profitability in an African setting.

Therefore, being able to address these gaps in the African context is important, as the continents need for impactful and financially viable investments is critical due to the large infrastructure deficits and growing population. Thus, being able to better understand these issues will assist African impact investors in achieving sustained hybridity and ultimately their dual-purpose mission.

2.9 Conclusion

Institutional theory helps to explain why hybrid organisations experience tensions, and hybridity theory outlines strategies that can be employed to manage these competing logics. However, current literature provides limited insights on how African impact investors can implement these strategies in a practical way. The researcher will look to address this gap by investigating management practices, their internal processes, and strategic decisions employed that allow them to successfully navigate the tensions between the profit and development logic. This is important because understanding these practices practically will provide valuable insights into how impact investors in Africa can sustain their hybrid identity while also delivering financial returns and measurable impact.

Chapter 3: Research Questions

3.1 Introduction

The researcher found that the literature reviewed does not provide insight into how African impact investors manage the tensions that arise between the profit and development logics. Therefore, this study is centred around how impact investors with an African mandate effectively navigate and manage the tensions that arise between the two logics.

Saunders & Lewis (2018) indicate that research questions must encourage descriptive answers as this will ensure the appropriateness of the research questions for the study being undertaken.

The following research questions have been posed to form the basis of the analysis to be conducted with a primary question and three sub-questions being employed.

3.1.1 Overarching Research Question (“RQ”)

RQ: How do impact investors in Africa navigate and manage the tension between the development and profit logic at a firm level?

3.1.2 Sub-question One (“SQ1”)

SQ1: How do the trade-offs in impact investing affect the balance between Return on Investment and Social Return on Investment and under what conditions do they arise?

3.1.3 Sub-question Two (“SQ2”)

SQ2: How does the leadership team, firm processes and firm culture contribute to effectively maintaining the hybrid identity of the impact investor?

3.1.4 Sub-question Three (“SQ3”)

SQ3: What strategies or management practices do the impact investors employ to effectively balance financial returns and development impact?

Chapter 4: Research Methodology

4.1 Research Design and strategy

The design of the research methodology that the researcher undertook is detailed below. These specific procedures and methods used for collecting the and analysing the information allowed the researcher to answer the research questions presented in Chapter Four. The researcher followed a specified research design which ensured that the process the researcher undertook was valid and reliable while simultaneously ensuring the dependability of the data collected.

4.2 Purpose of Research Design

The research employed an exploratory research design as the researcher sought to understand how impact investors across Africa manage the competing logics of profit and development at the firm level. After the researcher surveyed the available literature, it was revealed that limited research was available on how impact investors in Africa manage the duality of these logics.

Where there is minimal research available about a particular topic, Akhtar (2016) indicated that an exploratory research method was the most suitable. Therefore, an exploratory research design was used for the study that was undertaken, and this allowed the researcher to discover insights related to the problem (Akhtar, 2016; Saunders & Lewis, 2018).

4.3 Philosophy – Interpretivism

Research philosophy as described by Saunders & Lewis (2018) is the process of how the researcher goes about developing knowledge within the chosen field. Over the course of undertaking this study, the researcher employed an interpretivism philosophy as the objective was to understand how impact investors manage the duality of the profit and development logic.

Due to the nature of the study, it required input from qualified participants at various impact investment firms who each had their own unique views based on their backgrounds and experiences.

Akhtar (2016) indicated that it is important to recognise individual's backgrounds and the environment in which they operate. The researcher thus recognised the importance of this, and in line with Saunders & Lewis (2018), used an interpretivist research philosophy which enabled the researcher to capture the lived experiences of these impact investors within their unique environment.

4.4 Approach Selected – Inductive

Considering the context of this research, an inductive approach was used. The inductive approach was the most suitable approach to theory development, as the researcher was required to build theory from the data collected (Saunders & Lewis, 2018) in the semi-structured interviews.

As previously mentioned, there is limited existing literature on this particular subject, and therefore, using an inductive approach allowed the researcher flexibility when gathering insights from the semi-structured interviews. Furthermore, Saunders & Lewis (2018) mention that inductive research is often used when the chosen topic is new or limited existing literature is available, and having used this approach, it allowed the researcher to develop a better understanding.

However, it is important to note that although an inductive approach was used, the researcher drew on hybridity theory to help understand how impact investment firms navigate the competing logics of profit and development.

4.5 Methodological Choices – Mono-method

The researcher used a mono-method qualitative approach for this study as only one data collection method was used. Data was collected using semi-structured interviews (Mogapi et al., 2019) with qualified participants at impact investing firms whose investment mandates are focused on Africa. The qualifying participants interviewed were senior members of staff at an impact investing firm and had four or more years of experience within the field.

Furthermore, the researcher used a qualitative approach as it allowed for in-depth insights into the complexity of the study, where the researcher sought to understand how impact investment firms manage the dual logics of profit and development. This is supported by Saunders & Lewis (2018) who indicate that qualitative research is suitable for exploring complex situations. In addition, to reduce biases, the researcher collected data from individuals who do not work directly in an impact investment firm but are affiliated with these firms, such as their investors (Limited Partners in Funds) and a specialist consultant within the field.

4.6 Strategy

The researcher employed a narrative approach for this study. With the researcher having been guided by Saunders & Lewis (2018), a narrative approach proved appropriate for this study, as it allowed the researcher to capture the lived

experiences and insights of respondents working at impact investing firms. The researcher employed this strategy to explore how individuals navigated the competing logics of profit and development, and thus it enabled the researcher to capture the details of the competing tensions without requiring organisational consent.

4.7 Time Horizon

Due to the limited time frame available for the researcher to conduct this study, a cross-sectional research design was applicable (Saunders & Lewis, 2018) as the study took approximately four months to complete.

4.8 Proposed Research Methodology

The researcher used a qualitative study to best understand the phenomenon of how impact investors navigate and manage the competing logics of profit and development. With there being limited literature available on how African impact investors manage these tensions, a qualitative method was required as it enabled the researcher to explore and gain a better understanding (Kaczynski et al., 2014) of the competing logics of profit and development.

4.8.1 Population

The researcher acknowledged that the selection of an appropriate target population was paramount, as this ensured that the data collected was in line with the research objectives (Saunders & Lewis, 2018). Therefore, for this study, the target population selected by the researcher was made up of qualifying individuals who are senior members of staff at an impact investing firm and have four or more years of experience within the field (Mogapi et al., 2019).

Furthermore, the researcher ensured that the investment mandate of the firms the qualifying participants work for fitted within the guidelines of the Global Impact Investing Network (“GIIN”) definition of “Investments made with the intention to generate positive, measurable social and environmental impact alongside financial return” (GIIN, 2025). Finally, the researcher ensured more rigor in the data collected by expanding the population to include respondents who are finance specialists and have worked with impact investment firms such as Limited Partners, Development Finance Institutions (investors) of impact funds, and consultants who have the relevant knowledge and experience of the sector.

4.8.2 Unit of Analysis

The unit of analysis for this study was the individual respondent. Respondents were senior members of staff working at an impact investing firm, or associated stakeholders such as Limited Partners (investors in impact funds) and consultants, with a thorough understanding of the field of impact investing.

All the participants interviewed met the qualifying criteria of at least four years of experience in impact investing and were employed or closely associated with the organisations that align with the definition of impact investors as described by GIIN. The analysis therefore focused on the detailed accounts of each individual rather than analysing the organisation itself. A detailed overview of the respondents is provided in Chapter 5 under section 5.2.

4.8.3 Sampling Method and Size

Saunders & Lewis (2018) describe two different types of sampling methods being probability and non-probability sampling methods. With this study having taken a qualitative form, a non-probability sampling method of purposive sampling was utilised to acquire information from qualifying individuals with knowledge and experience of the chosen topic (Saunders & Lewis, 2018). Therefore, having used purposive sampling, it allowed the researcher to select qualifying individuals who provided in-depth insights. Adeoye-Olatunde & Olenik (2021) describe purposive sampling as being able to select individuals based on the criteria the researcher sets, as those individuals are best suited to obtaining information on your research objectives.

With the researcher having undertaken a narrative strategy, the sampling occurred at a single level, being the participant (individual) level, which is consistent with a narrative strategy (Dahal et al., 2024). The individuals who qualified for selection met one of the following defined criteria: 1.) the individual has four or more years of experience within the impact investing sector and the investment mandate of the firm they work for is focused on sub-Saharan Africa, or 2.) the individual is an external stakeholder such as Limited Partner (investors) or consultant who is closely affiliated with impact investors. Furthermore, for individuals who fit within option 1 above, the organisation the participant works for would need to exhibit the four core characteristics of impact investing as prescribed by GIIN (2025) which are, Intentionality (intent to create measurable impact), financial returns (investor must seek financial returns), impact measurement (investors must utilise systems to

measure and monitor the development created), and contributing to the field (providing support to the impact investing field and observing impact investing frameworks).

Individuals who met the qualifying criteria were contacted through the researchers' professional networks, LinkedIn, and by using the snowball sampling method. It must be stated that the researcher contacted these individuals once ethical clearance has been received. The ethical clearance confirmation / approval can be found under Appendix 1 The table below provides an overview of the sample and through which method the participants, one through 12, were contacted.

Table 1: Participant Data

Participant ID	Role	Firm Role	Qualification(s)	Male/Female	Geographic focus	Experience (Years)	Ethnicity	Connection
P1	CEO	Speciality consultant for ESG	CA (SA), Sustainable Finance (Oxford)	Male	Continent wide	5+	African	Researchers Network
P2	CEO	Impact Investor (Private Debt)	ACCA (Accountant Botswana)	Male	SADC Countries	10+	African	Researchers Network
P3	Managing Partner	Impact Investor (Private Debt)	Bcom (McGill), MBA (NYU Stern)	Male	Pan-Africa	6+	Caucasian	Snowball
P4	Chief Technical Officer	Impact Investor (Private Equity)	BSC engineering, MBA (Wits)	Male	Sub-Saharan Africa	4+	African	Researchers Network
P5	CEO	Impact Investor (Private Equity)	CA (SA) , Bcom (Wits)	Male	Sub-Saharan Africa	6+	Indian	Researchers Network
P6	Investment Director	Impact Investor & Allocator of Capital to Impact investors	MBA (Oxford), Honours (Business Science UCT)	Male	Sub-Saharan Africa	6+	Caucasian	Researchers Network
P7	Managing Partner	Impact Investor (Private Equity)	CA (SA)	Male	South Africa & CMA Region	8+	African	Researchers Network
P8	Investment Director	Impact Investor (Private Equity)	MBA (UCT), Actuarial Science (Stellenbosch)	Male	Pan-Africa	12+	Caucasian	LinkedIn
P9	ESG Officer	ESG Officer & Allocator of Capital to Impact investors	Masters (Sustainable Development)	Female	Pan-Africa	9+	African	Researchers Network
P10	Investment Professional	Impact Investor (Private Debt)	Honours Finance (NYU Stern)	Male	Sub-Saharan Africa	5+	Caucasian	Researchers Network
P11	Investment Manager	Impact Investor (Private Equity)	Honours Investment Management (UJ)	Male	Pan-Africa	6+	African	Snowball
P12	CEO	Impact Investor (Private Equity)	BSC (Economics)	Female	West Africa	6+	African	Snowball

Source: Researchers' Own

The researcher acknowledged that utilising purposive and snowball sampling methods will bring about a selection bias. Therefore, the researcher included respondents who are connected to but fall outside of impact investment firms, such as Limited Partners (investors) of impact funds, industry associations, and consultants who have the relevant knowledge and experience of the sector. Participants one (P1), six (P6), and nine (P9) fell into this category, thus representing 25 percent of the sample. By doing this, the researcher enhanced the rigor of the findings and brought external perspectives.

4.8.4 Measurement Instrument

The measurement instrument that was used for this study was the interview guide, which assisted the researcher in conducting the semi-structured interviews. The

interview guide can be found in Appendix 2. The researcher used this particular method to understand the complexity of how impact investment firms manage the dual logics of profit and development. According to Saunders & Lewis (2018), semi-structured interviews are well-suited to exploring complex phenomena.

Furthermore, Adeoye-Olatunde & Olenik (2021) indicate that semi-structured interviews are able to provide structure to the interview while collecting data, but also allow for flexibility as a conversation takes a natural flow. This was evident as often the participants' responses to a particular question were often a good segue into another topic. The researcher notes that the interview guide was not read verbatim, and at times, the open-ended questions allowed for detailed insight into particular topics.

4.8.5 Data Gathering Process

Data-gathering is an integral part of the research process, and it is imperative the correct steps are followed to ensure credibility and reliability (Louise Barriball & While, 1994). The researcher used semi-structured interviews to gather data from qualifying participants at impact investment firms. A total of 12 semi-structured interviews were conducted, with the average duration of all 12 interviews being 49.6 minutes. The longest interview was conducted with Participant Eight, while the shortest interview was conducted with Participant 10. Furthermore, the interviews were held over the course of 40 days, with the first interview being conducted on 7th August 2025 and the final interview being conducted on 16th September 2025.

Table 2: Interview Duration Data

Participant	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10	P11	P12
Teams Platform / In-Person	TP	TP	TP	IP	TP	TP	TP	TP	TP	TP	TP	TP
Interview Duration (mins)	46	50	50	40	55	45	61	65	55	36	55	37
Average Time (mins)	49.6											
Minimum Time	36											
Maximum Time	65											

Source: Researchers' own

The researcher conducted 11 out of the 12 semi-structured interviews through Microsoft Teams, while only one interview was conducted in person. The use of Microsoft Teams provided accessibility, as Participant 12 was based in Lagos, Nigeria, and Participants Three and Six were based in London, England. All of the interviews were recorded using a professional Dictaphone and the researcher's

cellular telephone as a backup. All the interviews conducted were done so with the participant's consent.

The researcher made use of consent forms, which were signed by all 12 participants. The consent form utilised can be found under Appendix 3. With regards to the storage of data, the researcher used Dropbox as the preferred method, and only the researcher had access to the online data storage. Furthermore, all the relevant regulations with regard to data storage have been adhered to.

Once the researcher had conducted the respective interview, the recording was then sent to a professional transcriber, who transcribed the interview verbatim into Microsoft Word. This process was done on a piecemeal basis in order to avoid sending all 12 recordings at once. Furthermore, to protect the confidential nature of the participants and the sensitivity of the data being disclosed about the participants' place, the researcher entered into a Non-disclosure Agreement (“NDA”) with the Transcriber. An outline of this NDA can be found under Appendix 4.

Finally, due to a narrative strategy being utilised, the focus was solely on the experiences of the individuals interviewed, and therefore, the researcher did not require organisational consent letters.

4.8.6 Analysis Approach

The researcher used a structured, question-led approach to coding and analysis, as described by Adu (2024). However, prior to uploading any of the transcripts to Atlas.ti, the researcher read each transcript and sanitised it by removing all the names of the participants and firms to preserve anonymity. Thereafter, once the transcripts were anonymised, they were uploaded to Atlas.ti.

The researcher undertook a coding methodology as described by Adu (2024), and this allowed the coding to be arranged around four primary buckets mapped to each of the Sub-questions (“SQ”) presented in Chapter Three. Once a code was created, it was then allocated to one of the following coding buckets developed which were structured in line with the SQ's, being: SQ1 (trade-offs in impact investing), SQ2 (maintaining a hybrid identity), SQ3 (strategies to balance), and a fourth bucket for novel observations. This methodology allowed the researcher to commence with understanding what themes were developing as the codes were created and assigned (Adu, 2024).

Once the researcher uploaded the transcripts, the codes were created and then applied iteratively. In total, the researcher generated 52 unique codes. Seventy-three percent of these codes emerged from the first three transcripts, with the remaining twenty-seven percent developed across the next six transcripts, and finally, no new codes arose in the final three transcripts. The figure below highlights the number of codes created per transcript, and it showcases that data saturation had been reached after nine interviews, consistent with the guidance that eight to fifteen interviews are sufficient for qualitative research (Saunders & Lewis, 2018).

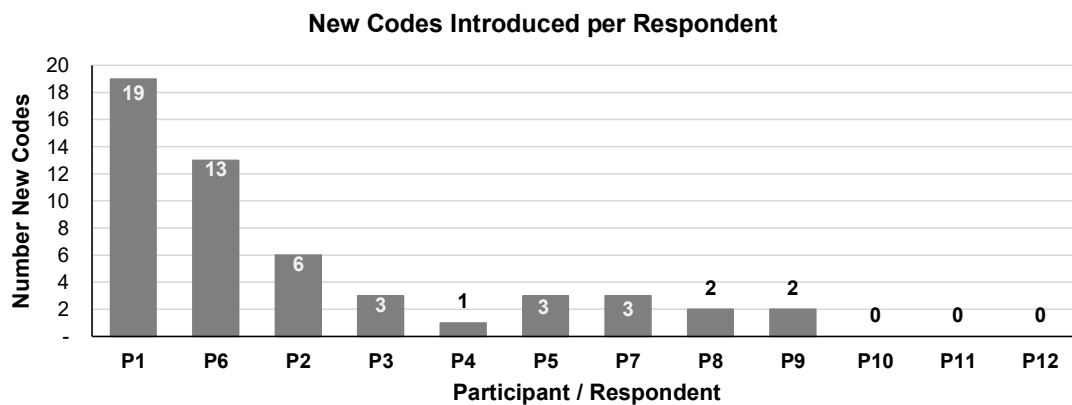


Figure 1: Code generated & Data Saturation

Source: Researchers' own

Once the coding phase was complete, the researcher then exported the code reports from Atlas.ti into Microsoft Excel to assist with the development of each theme. With each SQ having its own code set, the researcher created the various themes under each SQ. With each code having a unique identifier and meaning, the researcher then created themed buckets based on codes that had a similar meaning while also considering how these themes relate to the particular SQ. Under SQ1, SQ2, and SQ3, five, four, and three themes were created, respectively. Please refer to Sections 5.4, 5.5, and 5.6 for a detailed overview outlining the respective themes and codes allocated to that theme.

Once the themes had been created, the researcher then created these themes in Atlas.ti under the respective research question. Using this thematic approach, as described by Adu (2024), it allowed the researcher to examine each theme separately and then develop the findings in line with each research question. This process ensured that the themes presented in Chapter Five were grounded in a transparent coding structure and were anchored to the respective research questions.

Chapter 5: Results

The following chapter presents the results of the data collection process, which has been described in Chapter four. The results described below are presented in alignment with the research questions that have been outlined in Chapter 3 and seek to answer how managers at impact firms manage the tensions between the profit and the development logic. Furthermore, this chapter also presents the main themes that have emerged from the data collection process, which are used to help answer the research questions.

5.1 Introduction

The semi-structured interviews were conducted over a period of six weeks and were conducted using Microsoft Teams, with one in-person interview being conducted. The researcher used an interview guide (Appendix 1) to provide a skeleton on which the interview was to be conducted. However, this was only used as a guiding tool.

For each interview conducted by the researcher, the interview commenced with the participant providing background information about themselves, the firm they worked for, and the investment mandate of the firm. This starting point was utilised to allow the participant to begin their response about a topic they were familiar with. Thereafter, the subsequent set of questions revolved around the individual's perspective of the two logics under particular circumstances. These initial questions allowed the participant to settle into the interview and become more relaxed.

Thereafter, the interview guide was structured into three sections, with each section containing two to four questions, with each section being focused on a particular research question. The interviews were recorded, and after completion of the interview, said interview was shared with a professional transcriber, who transcribed the interview verbatim.

Once the researcher had received all the transcripts, these were uploaded to Atlas.ti where the data was coded and then subsequently themed according to the research question. The data was analysed using a thematic analysis. During the coding process, each code was allocated to one of the respective research questions. This methodology was employed to assist the researcher create themes per research question which have been outlined below.

The coding process employed a methodology that was coded and organised in line with the research questions (Adu, 2024). Each code was allocated to one of the sub-questions, which allowed the researcher to develop the themes in accordance with each sub-question and thus created natural boundaries in which the codes were allocated. For each sub-question, the codes were grouped in accordance with the meanings they gave and how they best answered the ‘How’ and ‘What’ of the three sub-questions.

The tables outlining the themes have been set up to help the reader understand themes while simultaneously creating a simplified map of how the findings are presented. The first row of the table describes the theme, the second row lists the various codes that were allocated to that theme, along with the frequency of that code being reflected in brackets. Finally, the third row describes ‘Why’ those codes have been allocated to that specific theme. This chapter is structured as follows: Data characteristics, research question, sub-question 1, sub-question 2, sub-question 3, and conclusion.

5.2 Data Characteristics

The table presented below represents the sample population utilised for this study and has been presented herein to help the reader contextualise the findings that have been presented. The participants have been anonymised (P1 to P12), with their key attributes being presented in the table below.

Table 3: Data Characteristics Overview

Participant ID	Role	Firm Role	Qualification(s)	Male/ Female	Geographic focus	Experience (Years)	Ethnicity
P1	CEO	Speciality consultant for ESG	CA (SA), Sustainable Finance (Oxford)	Male	Continent wide	5+	African
P2	CEO	Impact Investor (Private Debt)	ACCA (Accountant Botswana)	Male	SADC Countries	10+	African
P3	Managing Partner	Impact Investor (Private Debt)	Bcom (McGill), MBA (NYU Stern)	Male	Pan-Africa	6+	Caucasian
P4	Chief Technical Officer	Impact Investor (Private Equity)	BSC engineering, MBA (Wits)	Male	Sub-Saharan Africa	4+	African
P5	CEO	Impact Investor (Private Equity)	CA (SA), Bcom (Wits)	Male	Sub-Saharan Africa	6+	Indian
P6	Investment Director	Impact Investor & Allocator of Capital to Impact investors	MBA (Oxford), Honours (Business Science UCT)	Male	Sub-Saharan Africa	6+	Caucasian
P7	Managing Partner	Impact Investor (Private Equity)	CA (SA)	Male	South Africa & CMA Region	8+	African
P8	Investment Director	Impact Investor (Private Equity)	MBA (UCT), Actuarial Science (Stellenbosch)	Male	Pan-Africa	12+	Caucasian
P9	ESG Officer	ESG Officer & Allocator of Capital to Impact investors	Masters (Sustainable Development)	Female	Pan-Africa	9+	African
P10	Investment Professional	Impact Investor (Private Debt)	Honours Finance (NYU Stern)	Male	Sub-Saharan Africa	5+	Caucasian
P11	Investment Manager	Impact Investor (Private Equity)	Honours Investment Management (UJ)	Male	Pan-Africa	6+	African
P12	CEO	Impact Investor (Private Equity)	BSC (Economics)	Female	West Africa	6+	African

Source: Researchers' own.

5.2.1 Collective characteristics

Twelve participants were interviewed for the purposes of this study between 7 August 2025 and 16 September 2025. For each of the twelve semi-structured interviews conducted, all were conducted using Microsoft Teams except for P4, which was held face-to-face. Post each interview, transcripts were prepared by the professional transcriber, and signed consent forms were received.

The seniority of the participants was clustered towards senior decision makers. The sample contains CEO's (n = 4), Managing Partners (n = 2) (It is noted that CEO's and managing partners can be construed as one in the same), Investment Directors (n = 2), Investment Managers (n = 2), an ESG Officer (n = 1) and a Chief Technical Officer (n = 1). The concentration of senior roles in the sample was purposefully done in order to ensure the data collected gave insights into the strategic perspectives on the duality of the logics being investigated.

All the participants interviewed worked for an impact investor, except for P1, who is a consultant in the sector, providing specialist consulting services to impact investors on their impact journey. Furthermore, the distribution of these investors included Private Equity (n = 6), Private Debt (n = 3), Capital Allocator, Development Finance Institution (n = 2), and a specialist consultant (n = 1).

Adding to the above, the gender composition of the participants was skewed towards males (n = 10), with females (n = 2) being the minority. However, ethnicity is more balanced with Africans (n = 7), Caucasians (n = 4), and an Indian (n = 1), making up the participant list.

5.2.2 Transferability

It is important to consider the transferability of the findings presented below, as doing so will allow for a greater understanding of who may find this study beneficial. The findings are applicable to institutional investors, funds, and capital allocators (Limited Partners) who seek opportunities across sub-Saharan Africa. This is because the participants interviewed are skewed towards senior members, the investment function is focused towards debt and equity, and the regional diversification of these firms is across sub-Saharan Africa.

5.3 Overarching Research Question

An overarching Research Question ("RQ") was posed by the researcher to better understand how impact investors navigate and manage the duality of the profit and

development logics. This was broken down further into three Sub-Questions (“SQ”) to assist the researcher in gaining a thorough understanding of the components that allow managers of impact funds to manage the tensions between the two logics.

RQ: How do impact investors in Africa navigate and manage the tension between the development and profit logic at a firm level?

5.4 Sub Question One

How do the trade-offs in impact investing affect the balance between Return on Investment and Social Return on Investment, and under what conditions do they arise?

The researcher sought to gain an understanding of how participants viewed the trade-off between Return on Investment (“ROI”) and Social Return on Investment (“SRI”). The initial questions were sought to establish the viewpoint of the participant being interviewed, by ascertaining their perspective on what logic they emphasised when they interviewed individuals, and separately what logic they put preference on when assessing an opportunity. Thereafter, the participant was asked, when representing their firm, whether they assessed an opportunity from an impact or commercial perspective first.

Table 4: Theme overview of sub-question 1

Theme 1	Theme 2	Theme 3	Theme 4	Theme 5
Investment prioritisation and logic balancing	Profitability and sustainability nexus/connection	Conditions that increase or decrease friction	Institutional and market influences	Capabilities and internal expertise
<ul style="list-style-type: none"> • Trade-off of logics (19). • Logics assessed in parallel (16). • Profit before purpose (15). • No trade-off of logics (10). • Impact assessed first (6). • Alternative impact views (6). 	<ul style="list-style-type: none"> • Profitability drives sustainability (25). • Value creation through improving impact (6). • Sustainability drives profits (3). 	<ul style="list-style-type: none"> • Team friction (11). • Frictions develop as returns diminish (3). • Lack of perspective drives tensions (2). • 	<ul style="list-style-type: none"> • Window dressing (15). • ESG risk will kill a deal (13). • Portfolio view (8). • DFI Funding (5). 	<ul style="list-style-type: none"> • Strong Financial Expertise (12). • Pure impact incentive (2). • Lack of commercial understanding (1). • Lack of ESG input (1).
<i>These codes help understand the prioritisation and sequencing, which are decision rules.</i>	<i>These codes provide insight into how ROI and SRI interlink, and that trade-offs are conditional relationships rather than opposites.</i>	<i>The data here will help the reader understand under what circumstances tensions increase or decrease.</i>	<i>These codes show/highlight how funders, markets or reputational considerations influence which logic dominates.</i>	<i>These are conditions that arise internally at the firm that can tilt the balance of the decision.</i>

Source: Researcher's own. The number in the brackets represents the frequency of that code.

5.4.1 SQ1 Theme One: Investment prioritisation and logic balancing

This theme explores how impact investment firms that operate in Africa prioritise and sequence the two logics of profit and development in their day-to-day decision making. A total of six codes were allocated to this theme, with the findings varying quite widely in whether participants placed emphasis on profitability, impact, or had a balanced view of both. Furthermore, these findings give insight into the decisions that affect how trade-offs between financial and social return are identified and managed.

5.4.1.1 Trade-off of logics

The researcher found that a number of the participants did recognise moments where trade-offs had occurred between profit and development however, they were unable to quantify to what extent these trade-offs would have on either the ROI or SRI components as they claimed this is very deal dependent.

“I think it’s a day to day like reality that we are almost always, on every transaction, thinking about this trade-off.”

In addition, it was noted that the trade-off between these logics is prevalent in Africa, which becomes more evident when the universe of opportunities is smaller than what is seen in more developed markets.

“I can imagine other managers in the private equity space in Africa, as I understand it, there's not a lot of deal flow and there you probably have a lot more financial pressure to deploy, and therefore you might have a lot more trade-offs between financial returns and impact.”

Furthermore, it was found that the smaller the firm is, the easier it is for the senior management of that firm to manage these tensions and trade-offs. This is due to smaller firms having fewer employees and being easier for senior management to communicate effectively across the entire firm.

“That being said, I'm not naive about it, and I'm sure that as the firm grows and we bring in new people, etc., the tension between profits, incentives, and impacts will be there.”

5.4.1.2 Logics assessed in parallel

The researcher found that a majority of the firms for which the participants work assess the commercial and impact factors in parallel rather than sequentially, with both logics being incorporated in the investment process and documentation. One participant highlighted that this combined thinking is brought together by incorporating different specialists into the deal team.

“Our process is designed that it’s all done in tandem. So we’ve got – just the way we’re set up, we’ve got investment teams, we have embedded into our investment teams impact specialists who support on every transaction.”

Another participant added that the parallel assessment of the logics is embedded within their process, which further validated that this is due process for such investors.

“So I guess we don’t treat it as two different things, it’s kind of integrated in our process. So we’re reviewing the impact just as much as we’re reviewing the fundamentals of the business plan, and the profitability and the unit economics.”

5.4.1.3 Profit before purpose

Several of the participants indicated that commercial viability is a precondition for sustainable impact, with one participant who works for a firm that has more than a 50-year history of impact investing, emphasising the need for investments to “stack up” financially.

“I think the sustainable way to support the private sector is you’ve got to be doing stuff which therefore aligns with a profitable motive. So if you’re not making profit you’re not going to make money, this thing is not going to be sustainable in the long run.”

It was also found that many of the participants believed that without adequate returns, impact initiatives could not be sustained in the long run, and that without ensuring financial returns, the ability to deploy capital in the future is limited.

“...how I’ve seen what we do at Fund A is, number one priority is financial returns, because I haven’t seen yet where we don’t deliver financial

returns, but we deliver high impact and our LP's [Limited Partners] are happy. So LP's still care, investors still care about our financial returns."

"What we will do is best efforts on ESG [Environmental, Social & Governance]. So we will definitely have a baseline assessment at the beginning when we go into the deal, and then we'll try and improve it [ESG] steadily as we grow. But the most important things that our LP's still look at us for are returns, ..."

5.4.1.4 No trade-off of logics

Some participants indicated that there is limited conflict between the profit and development logic due to either the logics aligning and being equivalent weight or the processes and investment mandates utilised in the firm are well constructed to reduce this conflict.

"I would say that the two measures are probably given equal weight."

"...because we're so focussed, it's so focussed, anything else that's not renewable energy is not going to have an ...offset."

5.4.1.5 Impact assessed first

The researcher found that some participants indicated that the requirements for impact acted as the first filter in their screening process, and if opportunities did not meet the minimum requirements or thresholds for impact then these opportunities were disqualified.

"...as soon as we see there's a problem with E&S, it doesn't matter what the return is, even if this thing has 25 or 30%, it's kicked out, not even looked at."

5.4.1.6 Alternative impact views

It was found that participants differed in how they defined or evidenced impact, with one particular participant describing their firm's Theory of Change ("ToC") that focuses on loss avoidance as a commercial rationale, which in itself is the precursor to creating impact.

"Our specific theory of change is we are trying to prove the commercial viability of multi-sector impact investing in Africa. ... That's where we think we can have the most impact. And so for that reason, a lot of people get it

wrong. They think that, okay, commercial is about your profit. It's not true. It's not true. Commercial is about preventing loss.”

This ToC indicates that if they are able to prevent loss, then that in itself will act as a pull mechanism and pull capital towards Africa and allow more firms the opportunity to raise the capital they require to grow.

5.4.1.7 Theme 1: Summary

The researcher found that the decision architecture for each firm differed, whereby some firms claimed they would assess the dual logics of profit and development in parallel, while others utilised impact-first screens or profit-first screens. However, across all the participants, it was recognised that trade-offs do occur during the evaluation phase, but the extent to which did vary.

5.4.2 SQ1 Theme Two: Profitability and sustainability nexus

This theme describes the results of how profitability (ROI) and sustainability (SRI) are interlinked. Many of the participants frequently indicated that profitability is the foundation for impact, while also indicating that sustainability is the driver of lasting profits. The findings in this theme indicate that impact investors perceive profitability or good financial health as a signal that sustainable development outcomes will be achieved in the future.

5.4.2.1 Profitability drives sustainability

It was found that a majority of the participants indicated that profitability is a prerequisite for sustainability. It was noted on multiple occasions that without profitability, businesses are unable to deliver impact and thus create any long-term sustainable model.

“The only way businesses are able to sustain themselves over the long term is by being profitable. Profitability is the key driver of sustainability, and if you have that profitability, you are then in a position to overlay the sustainability aspects of it all.”

“...typically assets that perform well have financial resources to invest back into the community. So therefore we wouldn't invest in an asset that isn't yield corrective, meaning that is it providing any return to our investors? Because then by extension you know that it's not doing any work.”

In addition, one participant noted that at a portfolio level, particular deals may carry more weight from an impact perspective however, the commercial viability of such deals is still of vital importance.

“But I think in reality, as you build out a portfolio there are some that do carry a little bit more weight impact wise. They still need to be commercially viable, we still need to be having a strong commercial case for the business, because ultimately if it doesn't succeed the impacts are irrelevant anyway.”

The results indicate that without profitability, impact cannot be created and therefore, impact is a consequence of well-run profitable companies.

5.4.2.2 Value creation through improving impact

It was found that creating impact or improving it translated to value creation for shareholders, as enhancing ESG, for instance, increases a firm's attractiveness to future investors.

“...part of our value creation is we can reduce this, we can add value to make them more green or more efficient, or put the governance structures in place, or change this.”

Another example indicated enhanced impact and improved the exit outcome for a particular deal.

“Paint Company A we were able to exit and we were given a higher premium by Acquiror B, which is obviously the leading ... paints company globally, at exit, because of the impact work that we had actually put in.”

These findings thus showed that incorporating impact in the investment thesis actually created a financial enhancement along with social returns.

5.4.2.3 Sustainability drives profits

Profitability has been described as preceding sustainability however, some participants have indicated the inverse relationship, where impact and sustainability can reinforce profitability.

“The second one is this, if you ignore the impact side of things, profits for most companies are then they're not sustainable.”

5.4.2.4 Theme 2: Summary

The results described within this theme strongly indicate that profitability underpins sustainability and impact. In addition, the participants also indicated that strong ESG and impact principles can create tangible financial value which enhances returns rather than being detrimental to them. Therefore, the views shared indicate a reciprocal relationship between financial and development performance. A profit sustainability nexus.

5.4.3 SQ1 Theme Three: Conditions that increase or decrease friction

This theme explores the conditions that either drive the tensions between profit and development or reduce them. From the data collected, the researcher found that the participants had differing perspectives, where on one end, it was quite evident that frictions would increase as ROI diminished, and teams that had divergent perspectives also had higher friction.

5.4.3.1 Team friction

It was found that friction occurred at a team level between the impact team and the investment team, and this friction has arisen as a result of both teams being empowered, as historically, impact teams merely provided impact and ESG advice.

“An important point is both teams are fully empowered, no one team is better than the other. Both teams at Fund A are fully empowered, and that’s why there will be those tensions. Because if the teams weren’t fully empowered there would not be a fight because the investment team would tell the ESG team whatever, we don’t care, we’re going to do it.”

Another participant indicated that these tensions were healthy and were more a result of each team not having an appropriate understanding of the other.

“So I think sometimes it’s commercial guys want to get a deal done, they need to sell the impact story, the impact team is a bit sceptical because they maybe don’t think it’s impactful and are asking some quite challenging questions. And so there can be – that can create some friction, but I think that’s a healthy tension.”

“So I think there’s probably some healthy tension, but equally I think sometimes just misunderstanding because teams don’t know each other’s space and are trying to find common ground and pulling it in different directions.”

5.4.3.2 Frictions develop as returns diminish

The data gathered by the researcher found that as financial returns decline, the likelihood of tensions arising increases, as the justification for impact becomes harder to explain to fund investors.

“So there's always that trade-off, right, that trade-off and that balance, and so as the returns keep falling, it becomes harder and harder to justify why you would want to invest in a renewable energy program, given that returns are low? And you have to also show your investors that you can actually deliver good, risk-adjusted returns.”

5.4.3.3 Lack of perspective drives tension

The researcher found that individuals who lacked a broader perspective or tended to think short-term about opportunities experienced increased tensions. One of the participants indicated that disagreements would typically arise when firm members had differing views of the opportunities being assessed.

“And that's what then - so that's where the conflict comes. Because the conflict is really about, hey, but this doesn't work, let's look at something else. Or let's look at our pipeline and see if there's something else. Okay, but this one works better than that one, so why do you think we should still go with that one when there's this one that works better?”

Another participant also described how an individual's cognitive bias can also create tension.

“...it is easier to think short-term than it is to think longterm. It is more painful to think long-term, as a human being.”

5.4.3.4 Theme 3: Summary

The data gathered indicates that the friction can vary, depending on the opportunities' financial performance, how the teams at the firm are structured, and one's cognitive ability. These tensions would rise when potential returns diminish (due to the universe of opportunities now being reduced) and when the perspectives of the team members differ. However, it must be noted that this friction is not necessarily negative but can be seen as a healthy friction that helps drive progress and thus improve the balance between the two logics of profit and development.

5.4.4 SQ1 Theme Four: Institutional and market influences

This theme describes how institutional investors and market influences can affect which logic dominates. The data gathered indicates that ESG and reputational risk can overrule commercial or profit-related decisions, how a portfolio mindset can influence decisions and how Development Finance Institutions (“DFIs”) can influence fund decisions. Furthermore, participants also touched on window dressing.

5.4.4.1 Window dressing

The data gathered by the researcher showed that window dressing (also known as “impact washing”) is a concern among a majority of the participants. It was noted that this typically materialises when funds are looking to attract capital by exaggerating their impact credentials.

“I would say there’s a lot of it. I think varying degrees, but I won’t mention names.”

“I think there inevitably, at early stage fundraising, is also going to be, and particularly for private equity funds it’s a fact that everybody makes grand promises. So promise to be 2X, promise to do this, promise to do that. Whether they deliver on it is a separate sort of story.”

Another perspective shared is that investors would conclude a transaction and post the closing of said transaction, an impact narrative would be overlayed and shared with the market.

“So in some instances firms go into transactions for, this is such a great deal, there’s such a big opportunity here. So the focus is on one lens, only one lens, only to find that once they’ve done the transaction they now need to maybe - because they neglected the point, the impact, they then now need to find impact, because maybe their investors are a lot less - require there to be impact.”

5.4.4.2 ESG risk will kill a deal

The researcher found that ESG and reputational risk were major points considered and discussed in pre-screening and committee meetings. Furthermore, many of the participants stated that any deficiencies in ESG could have severe reputational risk and thus even if the commercial returns were healthy, the transaction would be discarded.

“And we will not do a deal if the E&S [Environment & Social] risks are too high, no matter how great the financial returns are.”

Another participant expressed the same view, thus validating the aforementioned statement.

“We try to develop financial tools for vulnerable populations and emerging markets. If I can't see some element of that early on, then it doesn't matter how commercially attractive the investment is going to be, it's not going to make sense.”

5.4.4.3 Portfolio view

The data collected from the participants indicated that many of the participants do consider a portfolio-level style of metric in addition to profit and development thinking, so as to manage the competing logics of profit and development.

“So what we're saying to clients is that your portfolio construction capability is one that needs to be quite robust. That as you're constructing your portfolio you need to look at both risk, return and impact, to say, what does a good portfolio for us look like?”

However, the practical application of the portfolio level thinking included risk as a Another participant expressed a similar sentiment.

“I think we try to take a bit of a portfolio approach and allow for a spectrum of different stuff, but on a portfolio basis we need to be meeting minimum return targets and delivering a minimum – we call kind of our impact score.”

This shows that impact investors are willing to tolerate a degree of variation at a deal level however, it is important to ensure the minimum targets are met at the portfolio level.

5.4.4.4 DFI funding

The researcher found that DFIs are the most influential players within the impact investing sector on the African continent. This is because the DFIs are not just another investor but are also one of the largest allocators of capital to private equity and debt funds. Therefore, it is their requirements that determine what acceptable impact frameworks are used and what is expected in terms of ROI.

“So they [DFIs] are the biggest providers of capital, so there is obviously a need for you to make sure that you can align with the requirements.”

“...another interesting point though is, I think with the DFI’s we’ve also seen that as much as they care about impact a lot as well, they’re starting to really care about returns. Because returns on the African continent have just been so bad, they’re also just trying to focus in on investing and only call it a few...managers or private equity funds, that have been able to demonstrate the track record.”

Although it is recognised that DFIs are a proponent of creating impact, it has been observed that they are now demanding improved financial performance alongside impact.

5.4.4.5 Theme 4: Summary

The researcher found that institutional and market forces strongly influence how impact investors across the continent balance the duality of the logics discussed herein. ESG and reputational risks are noted as non-negotiable constraints on transactions, while DFIs set both ROI and SRI hurdles to those they allocate funds to. Furthermore, it is noted that portfolio-level thinking helps manage the trade-offs on a deal level. Finally, it was also found that participants are aware of window-dressing (impact washing), and the authenticity of all funds raised must be investigated.

5.4.5 SQ1 Theme Five: Capabilities and internal expertise

This theme describes how the capabilities at a firm level, as well as the internal expertise, influence the balance between profit and development. The researcher found that strong financial expertise is paramount to ensuring success in impact firms, while limited knowledge around impact and ESG can interfere with investment priorities.

5.4.5.1 Strong financial expertise

The researcher found that financial expertise is the foundational value that drives both ROI and SRI, and without this skillset, impact outcomes and investor confidence would not be attainable.

“...ultimately if we don’t have someone in there with the right commercial skills and background everything can flop.”

Furthermore, the researcher also discovered that a strong financial acumen is also intertwined with impact as, as one participant noted that impact creation is also ensuring that you protect the downside risk as by doing so will attract more capital.

“So in that context, if we can prove commercial viability, not necessarily the upside, but actually downside protection, that’s a key part of our impact mandate. Our impact mandate is, how do we make investable, in other words prove that you don’t lose money...”

5.4.5.2 Pure impact incentive

The researcher did find that one participant indicated that the primary motivation of a fund they had worked with was purely impact without any profit incentive.

“...and there is no profit incentive. There’s a capital preservation incentive, but no profit incentive, but a very high impact incentive. So what they’ve done is to say, we want you to preserve capital but we expect above average impact returns then. So as much as the impact logic is dominant, the KPI’s that they have got are also above average.”

It was later noted that the above case is an exception, and therefore acknowledges that this particular example was more associated with an endowment-type institution.

5.4.5.3 Lack of commercial understanding

The researcher found that impact-focused teams that lacked a commercial understanding can contribute to increased tensions or unwanted inefficiencies during a deal evaluation. One participant indicated that such a disconnect is apparent.

“I think there are times also though where there’s a disconnect between the two teams where because impact people, typically they’ve come from less commercial backgrounds, more research kind of consultancy style, and are not always as close to the detail on any given transaction.”

The researcher does acknowledge that this finding can also sit within theme three.

5.4.5.4 Theme 5: Summary

The researcher did find that internal capabilities, such as financial or commercial acumen can be a factor in maintaining the hybridity of an impact investing firm. This is because the financial expertise anchors the hybrid nature, while properly layering ESG and impact over the deal or transaction will ensure the development logic is not

disregarded. In essence, the findings indicate that firms that promote multidisciplinary expertise and allow both teams (investment and impact) to have an equal say are better positioned to navigate the tensions between profit and development.

5.5 Sub Question Two

How does the leadership team, firm processes and firm culture contribute to effectively maintaining the hybrid identity of the impact investor?

Once the researcher had managed to capture sufficient information about the first SQ, the conversation was directed towards better understanding how leadership teams at impact investors maintain their hybrid identity. These questions varied from understanding how executives at impact investors communicate the importance of the dual objectives, to whether they have observed particular moments the firm has demonstrated a preference for one logic over the other.

Table 5: Theme overview sub-question 2

Theme 1	Theme 2	Theme 3	Theme 4
Leadership and identity.	Mandate, firm governance, and process embedding.	People, culture and fit.	Fund size and external enablers.
<ul style="list-style-type: none"> • Financial motive importance (23). • Top-down messaging (11). • Clear mission statement (5). • Positive correlation between logics (2). 	<ul style="list-style-type: none"> • Design principles for hybridity (22). • Dual investment mandate (9). • Impact embedded across all facets (8). • Investment Mandate drives hybridity (5). 	<ul style="list-style-type: none"> • Value alignment (10). • Good cultural fit (10). • Investment Team aligned with Impact (6). 	<ul style="list-style-type: none"> • Smaller funds are easier to manage hybridity (4). • DFI assistance (2).
<i>Leaders are the people who set the hybrid story of a firm. Here, they make the profit logic explicit while linking it to the development logic. Furthermore, this is done in order to show that the development logic is complementary.</i>	<i>A well-designed investment mandate and explicit design principles make sure that hybridity is hard-wired into the firm's governance system, screening, IC criteria, KPI's and reporting. This ensures that impact is not just bolted on but becomes more of a natural occurrence across the investment process.</i>	<i>Hybridity at an impact firm can survive or fail based on the day-to-day behaviour of its employees. Thus, selecting or socialising with employees the impact and commercial aspects aligns and builds the culture required to maintain the course and resist mission drift.</i>	<i>External partners such as DFI's provide the standards/structure that can anchor impact firms' hybrid models (can also provide verification to the model). The size of the fund and/or its complexity can shape how consistently hybrid models can be executed.</i>

Source: Researcher's own. The number in the brackets represents the frequency of that code.

5.5.1 SQ2 Theme One: Leadership and identity

The researcher found that leaders in these firms play an important role in defining the impact investors' dual logic of profit and development. They ensure that profit and development are clearly articulated to employees, stating that profit are of vital

importance and without it, an impact firm cannot create impact if it is not a going concern.

5.5.1.1 Financial motive importance

From the data collected, the researcher found that the majority of the participants who participated emphasised the importance of financial sustainability, as this is the foundation on which impact and development is created.

“So all the impact we’re hoping to have can all just go upside down on us because if you’re not commercially viable, you’re not sustainable, and impact dissipates in time.”

“...you don’t get the impact because the commercial side doesn’t stack up.”

Overall, it was thus found that the participants did not view the profit logic as a rival to the development logic but rather as a structural requirement to enable impact and development.

“The problem is, we, as Fund S7, our first foundation is returns. So, when we look at food security the first thing we have to do is say, how do we invest in this agriculture value chain to actually make returns? And also, simultaneously, we need to marry that with impact, because food security already as a theme, has huge impact.”

Therefore, the right individuals must be hired to ensure that the foundation is set.

“...typically when we hire, obviously we were looking at your financial acumen, your ability to understand private equity, have you been able to do deals, or close deals before?”

5.5.1.2 Top-down messaging

The participants indicated that the hybrid identity of the firm is reinforced through top-down messaging from the leaders of their respective firms. This communication was continuously communicated to employees, whether in staff meetings, company off-sites, or firm processes.

“...this message is cascaded down from senior levels, it’s totally owned at the top. We’ve got a chief impact officer.... we talk about being impact something and commercially rigorous.”

“The firm then reinforces those objectives on a continual basis, whether it's in transaction-related meetings, whether it's in meetings with promoters. Whether it's in any communication, you always want to place emphasis on that, on those objectives.”

Furthermore, the findings revealed that some investors required board-level representation, and it was this representation that leaders used to drive the hybridity.

“...we always insist on a board seat, we always insist that we get a board seat. But we don't stop just at a board seat, but we all sit in all those committees. So your audit and risk sub-committee and similarly the social and ethics committee. All our term assets we sit in all of those social and ethics committees. In fact, some of them I even chair them.”

5.5.1.3 Clear mission statement

The data collected by the researcher found that leaders within impact investors intentionally communicated the firm's mission statement with founders playing an important role in setting the tone.

“So for us, as a set of founders, we really set up an impact investment firm and we're very clear that's what we want to do.”

“I think right now what I can say is, I guess as long as the founding partners are there and have the majority ownership of the firm, I think that impact mandate will still remain very strong.”

It was also found that other senior members of an impact investor set the tone and in some instances, particular positions such as a partner heading up the impact logic at a firm.

“...I mean a partner of the firm is head of ESG, so it's not just a role, we really, in the leadership structures there's a partner who's in charge of ESG, who's there, and she only heads of ESG for the whole fund.”

This reinforces previous findings where impact teams are given equal say in deciding on opportunities.

5.5.1.4 Positive correlation between logics

The researcher discovered that the relationship between profit and development is correlated, as some participants indicated that strong financial performance correlates with better developmental outcomes.

“...there’s actually quite a high correlation between impact and financial performance.”

And this was confirmed by another participant.

“There’s always a strong correlation to an asset that doesn’t perform and an asset that doesn’t have a strong socioeconomic developmental initiatives in those communities...”

Therefore, it is seen that the complementary view of the profit and development logic assists leaders in grasping the tensions between which in turn showcases that in fact they are co-dependent.

5.5.1.5 SQ2 Theme 1: Summary

The researcher found that the data collected showed that leaders play an important role in managing the hybridity of impact investors. Furthermore, they manage this hybridity by setting profit as the foundation of sustainability, and then layering development and impact through top-down messaging. In addition, the findings that a correlation exists between the two and that they are co-dependent indicate that these logics are not competing forces.

5.5.2 SQ2 Theme Two: Mandate, firm governance and process embedding

Through this theme, the researcher uncovered how impact investors hard-wire hybridity into their investment mandates, governance practices, and day-to-day processes. It was found that this is achieved by explicit design principles, well-articulated dual mandates, and ensuring impact procedures are embedded in daily processes rather than added on.

5.5.2.1 Design principles for hybridity

The researcher discovered that impact firms deliberately incorporated design principles to institutionalise hybridity into their firm. This is done by intentionally designing the composition of the investment or credit committees and ensuring certain processes are followed.

“I think, look, if I were to advise anyone in terms of how to set these things up, I would also say, again, design principles were very important for us, right?”

“So our head of impact then sits on the investment committee, so she needs to opine on deals She gets to vote, and obviously, it doesn't look good with your LP's if your head of impact votes against a transaction.”

The design principles also extended to having a robust pre-screening to ensure that transactions tabled are well structured and suit the hybrid investment mandate.

“Our pre-screening is very robust. So even though we've got the limited mandate we have a pre-screening from an E&S perspective, and then a financial perspective. That pre-screening is our first line of defence...”

Finally, it was also found that some firms even went to the extent of using psychologists to ensure individuals values are aligned.

“But at the same time we do a lot of analysis, we have an organisational psychologist that we retain on a permanent basis.”

5.5.2.2 Dual investment mandate

Having a dual investment mandate is the essence of a hybrid firm, and the researcher found that impact investors make the profit and development objectives non-negotiable.

“We have a dual mandate where we look at a foreign conviction, which is that commercial and social returns go hand in hand. So we have a dual mandate to both balance commercial and social returns.”

In some cases, the coexistence of these logics is in the DNA of the firm.

“So it's a long DNA in the company, this is not just a, oh, we're a private equity fund that now in our most recent venture is trying to label ourselves as impact, ...it's been core to the existence of this business for decades.”

5.5.2.3 Impact embedded across all facets

The researcher found that impact investors embed impact into all facets of the business, including governance, documentation, investment meetings, training, and reporting. One particular participant indicated that its “everywhere”.

“So I think it just comes through everywhere, it’s in the IC’s, it’s in our feedback, it’s in all the discussions, the details in the paper, our teams.”

In addition, the importance placed on impact and development was evident with investment papers not being allowed to be tabled unless the requisite sections had been analysed and included.

“I can never take an IC paper without a section on the environmental and social aspects. In fact I can tell you now, in all our assets that we’ve taken, and these have been independently audited by incoming investors, there’s always a section that speaks to the environmental, the social and also the governance structure of those project companies...”

5.5.2.4 Investment mandate drives hybridity

It was uncovered that the investment mandates that impact investors establish act as legally binding constraints.

“So I mean by definition you have to stick to your investment mandate because you're legally obliged to do it...”

“Yeah, it’s managed through our mandate, and it’s managed through the gates that we have in terms of our process...”

5.5.2.5 SQ2 Theme Two: Summary

The researcher found that an impact investor's hybridity is maintained when it has been purposefully designed into the architecture of the firm, such as voting rights for impact members, the inclusion of independent IC's, thorough pre-screening processes, and legally binding mandates. Thus, designing all of the above in the investment cycle ensures that the development logic becomes a routine requirement alongside the profit and ultimately helps prevent mission drift.

5.5.3 SQ2 Theme Three: People, culture and fit

The researcher found through the theme presented below how the day-to-day behaviours of employees, the hiring choices made by leaders, and individuals' values can sustain the hybridity of a firm.

5.5.3.1 Value alignment

The researcher uncovered that impact firms do place a lot of value on an individual's alignment with development and impact, with some participants indicating they actively test for this alignment.

“...we proactively test in interviews, both the technical and also the alignment piece, and we want people who are mission aligned to buy into the values. And I would say the more critical a role the more important it is that you have both of those.”

In addition, it was found that alignment of values is also very critical in junior employees, as it is easier to train technical capabilities.

“...because anyone can do models and that's something that you can train, mindset and values is something that you have to have before you come in.”

However, overall it was found that an individual's values and alignment with the firm's mission and vision is of vital importance.

“We're very averse to hiring people we don't feel are aligned with our mission.”

5.5.3.2 Good cultural fit

It was found that culture fit is as important as one's values with many firms placing an emphasis on this.

“What I've seen them being pedantic about is still having a good cultural fit in terms of their – call it their values.”

Furthermore, it was found that people join impact firms as they want to create impact and development instead of focusing purely on the commercially aspect.

“...because that individual basically was sick of investment banking and wanted to do something more with their life, impact was a big driver and their sort of future direction of their career, and that was a great fit for us, because it's not purely, I want to join a platform and make as much comp as possible, but really, how do we build something jointly that will have an impact.”

5.5.3.3 Investment team aligned with impact

One important aspect uncovered is the importance of an investment team member's (commercially focused individual) understanding of the ESG and impact space. Investment team members who have this knowledge allow for a more natural occurrence of hybridity.

“I find like the Investment Officer's here know and understand impact more, they know E&S as well as I do. I'm just advisory, I'm just like guiding, but I

find that they are a lot more well-balanced in understanding the E&S and impact side.”

In addition, it was uncovered that processes do reinforce integration and this integration allows for a better understanding by both impact and investment teams.

“...we almost force you to get involved in the impact and understand it, and understand that these are important things that need to be checked before we do the deal, in terms of environmental, in terms of social, in terms of governance.”

5.5.3.4 SQ2 Theme Three: Summary

The researcher uncovered that hybridity is maintained not only by the structures that are put in place but also by the people who are involved in the firm. Thus, there is a huge amount of value that is placed on value alignment and cultural fit when going through the recruiting process. The behaviours of individuals essentially act as an anchor and therefore reduce the likelihood of mission drift.

5.5.4 SQ2 Theme Four: Fund size and external enablers

The researcher uncovered from the data collected that the size of a fund and external partnerships with DFIs play a role in maintaining a firm's hybrid identity. The involvement of DFIs reinforces good governance practices and provides access to capacity building, while smaller funds being easier to manage allow for easier integration of the logics.

5.5.4.1 DFI Assistance

It was found that DFIs play an instrumental role as they provide the standards and structure that funds require to build hybrid business models. DFIs are known to set the standard for impact, and their direct involvement assists firms in building out their development arm.

“They are also very hands-on and in terms of helping you land those policies, and also access to training material through that process.”

In addition to the above, being able to successfully raise capital from a DFI provides external credibility about the hybrid business model of the fund, as the requirements to raise capital from a DFI are very stringent.

“...if you're raising capital from a development finance institution the impact story needs to have a lot more weight.”

5.5.4.2 Smaller Funds

It was found that smaller funds, from a headcount perspective, are easier to manage, experience less tension, and have a greater agility to make changes to retain their hybrid mission.

“Yeah, but I think it might be a little bit easier for us as a firm, because one, we’re smaller, ... and two, we’re relatively young and we started as an impact investor, and I guess impact is in the name...”

In addition, the benefits of having a small team was verified by other participants.

“Look at the moment it’s easy because we’re only six people.”

“I think because we have a small fund we’re able to be quite selective. So if we’re looking to do three investments a year over a five-year investing period, we can be quite selective in what we do, just because of that scarcity of capital in our segment where we don’t really have to just do a deal because we want to build a portfolio.”

Another interesting point that was uncovered was that smaller firms are less pressured to conclude transactions for the sake of deploying capital and building a portfolio, and therefore, can be highly selective in the assets they choose.

5.5.4.3 SQ2 Theme Four: Summary

The findings revealed that a firm's hybridity can be strengthened by external parties, in particular DFIs as they provide additional resources and guidance to firms on best practices while also giving credibility. Separately, however, funds with smaller teams can have more cohesive teams, which allows for better alignment and flexibility in decisions.

5.6 Sub Question Three

What strategies or management practices do the impact investors employ to effectively balance financial returns and development impact?

The final SQ assisted the researcher in capturing information regarding the strategies that impact investors employed to assist in managing the hybridity. This also expanded to the frameworks and tools that impact investors have developed themselves or utilised from external parties.

Table 6: Theme overview sub-question 3

Theme 1	Theme 2	Theme 3
Intentional design and process integration	Measurement, standardisation and verification	Enablers: capital structuring and capability building
<ul style="list-style-type: none"> • Intentionality of capital (4). • Pipeline drives balance (4). • Shared responsibility (4). • Investment process designed for impact (3). • Inclusion of development personal (3). • Discussion drives balance (3). 	<ul style="list-style-type: none"> • Impact measurement frameworks (9). • Standardised frameworks utilised (7). • Scoring is independently verified (6). 	<ul style="list-style-type: none"> • Education drives impact & sustainability (11). • Blended Finance (2).
<p><i>These practices build impact into how the fund operates. That is from sourcing deals, screening, IC, and ownership. Furthermore, it shows that responsibility is distributed with development personnel allowed a seat at the table. In addition, it was found that there are deliberate forums for resolving tensions.</i></p>	<p><i>These frameworks assist in making impact-related decisions, while third-party checks are utilised to verify the 'measured impact created' and help keep funds on the correct course and thus avoid mission drift.</i></p>	<p><i>Impact and development education helps build individuals literacy in the space, which ultimately improves the funds functionality as trade-offs become less common with investment teams being more "hybrid".</i></p>

Source: Researcher's own. The number in the brackets represents the frequency of that code.

5.6.1 SQ3 Theme One: Intentional design and process integration

The following theme discusses the findings on how impact investors have incorporated specific structures and processes that ensure the logics of profit and development are established. Most notably, it was uncovered that hybridity is achieved by incorporating structured discussion forums, inclusive team processes, intentional deployment of capital and shared responsibility among investment and impact staff.

5.6.1.1 Intentionality of Capital

The researcher uncovered that "intentionality" is the keyword that defines whether an impact investor is actually an impact investor. Intentionality is for what intention will the capital provided be utilised towards, other than the financial provision.

"...by definition to be an impact investor, the one word that changes everything is intentionality."

"So if this is something that the...general commercial investors would step into and provide the capital or financial additionality, we typically wouldn't do that, we want to be clear that we're playing a differentiated role from the private sector as ORGANISATION P6."

Therefore, intentionality is of vital importance as it essentially acts as the overarching design and governance principle for impact investors to ensure capital is deployed with purpose.

5.6.1.2 Investment process designed for impact

The researcher found that development and impact are embedded into the investment process instead of being bolted on later, and therefore, it shows that impact is assessed prior to any commercial assessment.

“And we have impact meetings before those discussions with the impact team and the head of private equity, the head of impact. And effectively what it does is it gives our impact team a veto, if the deal doesn't get through that impact session, it won't even go to the IC.”

“...getting the commercial decision right is hard enough, and if you overlay this additional impact piece to it there's just too many elements to try and focus on in a meeting. So what we've tried to do is deal with that a lot before the meeting, and then it's still an important agenda item.”

This shows that a procedure-driven approach in decision-making creates balance and allows for easier management of the two logics.

5.6.1.3 Pipeline drives balance

The researcher found that an impact investor's pipeline of potential transactions can help balance the logics by allowing investors to pick the most optimal transaction.

“What pipeline does, pipeline gives you optionality.”

“Whereas if you have multiple transactions that have different impact and profitability levels, or return dynamics, you might find that there's one that actually meets...but when you compare those transactions from your pipeline, there's one that actually is more optimal.”

In addition, some firms that have strong pipelines are privileged to be able to avoid these trade-offs, as they can cherry-pick the transactions that are best suited to their investment mandate.

“We say, no, we can cherry-pick the good deals, and we have that luxury.”

5.6.1.4 Shared responsibility

It was found that hybridity can be sustained when all employees of a firm share accountability for the outcomes, along with mutual ownership of what is required to

be delivered. In the case of impact investors, having the impact professionals working alongside the investment professionals allows for this.

“So you're working hand in hand with the ESG team in terms of developing those goals for the various portfolio companies.”

“The ESG team works closely with the investment professionals, to then come up to do the DD, and also to come up with sort of an ESAP or ESMS for the business...”

“So that's how we basically marry the two, that the investment professionals themselves are aware of all the impact conversations that are going, all the ESG topics that are going on in the portfolio company. The ESG team's responsibility is basically to assist you to be able to implement that to the company.”

5.6.1.5 Inclusion of development personal

It was found that including development or impact personnel in the investment process allowed these individuals to become closer to the various transactions and have a better understanding of the commercial aspects. Thus, being closer to the transaction not just improved the individual's understanding but also their cooperation with.

“So I think the one train was embedding our development people into the investment as part of the investment team...But because I think they're now embedded they are much closer to the deals and they're much closer to, and understand better, a sector and a portfolio.”

In addition, having development personnel sit alongside investment team members ensured that their voice is heard and that development initiatives are not back office support functions.

“So it's always top of mind that the ESG team is always vocal, they've got a voice, and that's what I like about the firm, it's not... You know, some people will say they do impact, or some people will do private equity, but the ESG team really is not back office, no voice, etc”

5.6.1.6 Discussion drives balance

The researcher found that discussion and healthy dialogue help impact investors to navigate the competing priorities and find a more solutionist outcome. In addition, these settings allow for multiple logics to be presented in decision-making forums, and therefore, good communication also calms any tensions.

“You have different points, different perspectives. Those different perspectives are then aired out,... and everybody comes with their perspective, their different - their points of view, and what you then get to is, you need to find a balance. You need to find a balance, because that balance is what ultimately would hopefully be the optimal - or create an optimal outcome for the organisation.”

“Initially everyone's hard-headed, but we assure each other, or more the investment team assures the ESG team are actually going to do the work and addressing the concerns that the team has.”

5.6.1.7 SQ3 Theme One: Summary

The data collected and assessed found that to effectively balance the logics of profit and development, impact firms deliberately design the investment process to ensure that the impact assessment is integrated into the investment process. Therefore, due to the design of the investment process, this reduces tensions as hybridity is institutionalised into the firms, as profit and development are not pursued separately but rather simultaneously.

5.6.2 SQ3 Theme Two: Measurement, standardisation and verification

In this penultimate theme, the findings discussed explore the role impact frameworks, impact tools, and verification practices have in balancing financial and developmental performance. The researcher found that these strategies help prevent mission drift, incorporate accountability, and provide structure to impact management.

5.6.2.1 Impact measurement frameworks

The researcher noted that the firms for which the participants work use a diverse range of frameworks to help analyse the impact that is expected to be created. This ranges from proprietary frameworks to industry-shared frameworks such as British International Investments Five Dimensions of Impact, which is used by a number of firms.

“On a deal-by-deal basis the five whys of impact ...”

Others have also developed their own proprietary frameworks.

“...so because we see ourselves as leaders in this space, we've developed our own in-house tool, it's called B-Impact, and it's maintained by our impact team. It's continuously updated and renewed, and revised.”

However, it is important to note that these frameworks do not just evaluate the potential impact of deals but also act as guiding mechanisms for impact investors.

5.6.2.2 Standardised frameworks utilised

The researcher found that there are a number of standardised frameworks to use, such as Impact Reporting and Investment Standards+ (“IRIS+”), Sustainability Accounting Standards Board (“SASB”), and the Principles for Responsible Investment Framework (“PRI”), all of which were mentioned by the various participants in this study. Although it was recognised that there are a number of frameworks, it is important to acknowledge standardised frameworks help ensure transactions are reported in a similar fashion and that measurement is comparable.

“Because you also want to make sure that if you’re comparing a number of deals you want a consistent way in which you are doing your scoring or your measurement, or your risk assessment. So there’s a lot of tools that are now also coming out from various service providers to try and standardise that.”

“So IRIS+ is an international framework of impact investors...”

“...we’re active participants, members of GIIN, the Global Impact Investment Network, which sets a lot of the principles around impact as well as the - I think it’s the UN framework or guidelines for impact investing”

5.6.2.3 Scoring is independently verified

The researcher discovered that independent verification is emerging as more of a central theme in impact investing to ensure credibility and investor confidence. These verifications are completed by independent panels within a particular firm or done by external impact auditors such as BlueMark.

“...we’ve had an independent impact scoring panel. So our chief impact officer, for every deal, our impact score on that assessment goes to a separate panel, separate from RIC to vet and confirm that everybody’s happy with the way that this is being rated from an impact point of view. And investment teams don’t participate in that...”

“So now we are having impact verification audits, right, it’s now becoming more. IFC is doing it, BII is doing it, other investors are doing it.”

In addition, it was also discovered that the Big Four Audit Firms (PwC, Deloitte, KPMG, and EY) have also commenced doing work in this space. Therefore, this indicates that there is now a significant market for this.

“Anyway, and what is happening now in the market is like there’s a lot of impact audits growing. Like the big four has started to do auditing of impact reports and giving credentials to impact reports...”

“I do think it’s getting stricter and stricter, and stricter for impact funds now, that they have to – there is more and more say that you have to show measurable impact, you have to show the numbers. You have to show a dollar invested...”

With external verification and external audits required, not only does this prove the market is growing, but it also strengthens the legitimacy of the impact being created, along with reducing the risk of impact washing as discussed earlier.

5.6.2.4 SQ3 Theme Two: Summary

From the data gathered, the researcher found that the use of formal impact measurement systems, standardised frameworks, and third-party audits are necessary to preserve hybridity within an impact investor. Therefore, by aligning with international best practice and independent verification, impact investors create an additional layer of protection to ensure they don’t experience mission drift.

5.6.3 SQ3 Theme Three: Capital Structuring and capability building

The final theme captures how an impact investor can leverage blended finance to find alternative ways to balance the logics of profit and development while also using continuous education to build internal capacity.

5.6.3.1 Education drives impact and sustainability

The researcher uncovered that impact upskilling commences from day zero of one’s career at an impact investor. A particular participant noted that onboarding packages include detailed information on the Sustainable Development Goals and other impact metrics and furthermore, this is a standardised pack for all employees who join irrespective of which team you join.

“And it’s definitely part of your on-boarding, like it’s been a huge part of my on-boarding. And I thought – initially I thought that it was because I was joining the E&S [Environment & Social] team, then I realised that it was actually like the standard on-boarding package that had – you do your cyber

security, you do your IT, you do your KYC, your compliance or whatever, but then there were like several E&S and sustainability related topics.”

“All my on-boarding packets, not just for me, but the IO’s [Investment Officers], is about the SDG’s, it’s about investing in fragile economies, investing in low income economies.”

In addition, another participant indicated that impact education is continuous and occurs regularly whether monthly or at large formal conferences the firm hosts. Furthermore, firms also publish thought pieces on the subject matter through their website or other third-party websites.

“So we do that, and then we also host an impact summit ...every two years,...not the whole company, but senior people from the different parts of the organisation. And then investors, thought leaders in the impact space, academics, politicians, that all then get into a room.”

“We also publish a lot in terms of research articles, thought pieces, through our website, through Schroders, through LinkedIn, about investments, about specific impact topics.”

It is thus understood that education plays an important role in ensuring that all stakeholders are continuously keep abreast with what is developing within the industry. Furthermore, this continued upskilling allows individuals to always have impact front of mind.

5.6.3.2 Blended Finance

The researched uncovered that blended finance is used as a tool to manage the logics of profit and development however, not in the typical fashion one would expect. The concept of blended finance is that it allows impact investors or development finance institutions to provide capital to businesses and create impact. This impact is created in one of two ways firstly, by proving lower returns on capital to enable higher returns for more commercially minded investors or provided to act a first loss to attract more commercially minded investors.

“...blended finance, so being able to have different layers in the capital structure...some of the development finance investors are willing to give capital on concessionary terms to effectively boost the returns for other investors to attract commercial investors.”

5.6.3.3 SQ Theme Three: Summary

The researcher found that impact education helps build additional capabilities within the impact investor as more individuals are skilled up. Furthermore, continuous education helps ensure that impact and development are front of mind irrespective of what you are assessing. Therefore, this further shows the primacy of impact within the dual logics.

5.7 Chapter Summary

Chapter Five presented the results of the 12 semi-structured interviews that took place between 7th August and 16th September 2025. The findings outline how impact investors that operate with an African investment mandate practically balance the logics of profit and development.

The data characteristics showed that the participants were skewed towards a senior, investment-facing sample, from private equity, private debt, investors in impact funds, and a sector consultant. These participants covered East, West, and Southern Africa.

The participants described the decision architecture of the impact firm, where the sequence was that impact screening is conducted first, and then it is followed by the commercial assessment. Furthermore, the findings also revealed the external and internal enablers that drove impact investors to maintain a hybrid nature. The external enablers that drove expectations were DFIs and ESG risks, while internal enablers stemmed from the leadership of the firm and the culture that is embedded in the impact investor.

The findings also revealed that leadership, investment mandate design, and embedded processes institutionalised hybridity in the impact firm through robust screening practices and providing impact staff a vote at screening and committee forums, among other points. Finally, impact firms that use standardised measurement with third-party checks, and ensure their staff are involved in a continuous learning cycle, help ensure that impact firms retain “mission alignment” and avoid mission drift.

Chapter 6: Discussion of Results

This chapter discusses the findings from Chapter Five in light of the literature that has been reviewed in Chapter Two in order to draw comparisons and new insights. The discussion follows the framework set out in Chapter Five with regard to the three Sub-Questions (“SQ”) and the themes developed for each SQ. Under each theme for the relevant SQs, the researcher will firstly summarise the core finding, then briefly summarise what the literature states on that topic, and finally indicate whether the findings confirm, extend, contradict, or fall outside the available research.

Across the themes discussed below, the researcher highlights at which level the assessment occurs, being either the deal level or the portfolio level. Furthermore, the researcher will also draw on a particular participants Theory of Change (“ToC”) that prioritises downside protection as the commercial anchor for attracting capital and ensuring impact is sustained over time.

6.1 Sub-question One: Introduction

Sub-question one (“SQ1”) discusses the findings of how impact investors balance Return on Investment (“ROI”) and Social Return on Investment (“SRI”), and the conditions under which these trade-offs occur. These findings draw on the five themes identified in the Chapter 5: 1.) How firms prioritise and balance the two logics, 2.) the relationship between profitability and sustainability, 3.) what increases or decreases friction, 4.) how external forces can shape the dominance of the logics, and 5.) how internal capabilities can influence outcomes. Furthermore, the discussion attempts to distinguish between deal-level and portfolio-level decisions where possible while also using a participant-derived ToC. This particular ToC emphasises downside protection first to interpret “commercial viability” as a signal of durable impact. Finally, this section attempts to connect the claims about what happens in screening and investment committee meetings made by participants with what the literature states about the competing logics and selective coupling.

Table 7: SQ1 and theme overview

<i>How do the trade-offs in impact investing affect the balance between Return on Investment and Social Return on Investment, and under what conditions do they arise?</i>				
Theme 1	Theme 2	Theme 3	Theme 4	Theme 5
Investment prioritisation and logic balancing	Profitability and sustainability nexus/connection	Conditions that increase or decrease friction	Institutional and market influences	Capabilities and internal expertise

6.1.1 SQ1 Theme One: Investment prioritisation and logic balancing

6.1.1.1 SQ1 Theme One: Findings

The findings show that many firms claimed they assess the commercial and impact factors in parallel however, the sequencing of this actually differs between the firms. Some firms will apply an impact first filter, such as Environmental and Social (“E&S”) screens that can kill a deal, while others stress commercial viability first. Nevertheless, even when impact investors voice “profit before purpose”, many teams still screen deal opportunities for impact before any commercial work commences. From a portfolio perspective, participants claimed that they do accommodate variation across deals while ensuring that minimum return and impact targets are achieved. Overall, participants did recognise that trade offs occur, but these trade-offs are seen as conditional, as they are shaped by context, the scale of the pipeline, and firm size.

6.1.1.2 SQ1 Theme One: Link to literature

The literature clearly describes that hybrid organisations do operate under the competing institutional logics of profit and development (Besharov & Smith, 2014; Pache & Santos, 2013) and they use selective coupling (Pache & Santos, 2013) to adopt both logics. This method as described by Pache & Santos (2013) allows impact investors to then select the sequencing that allows them to achieve their dual mission.

The notion of impact investing is that it is framed by three specific points, being: i.) intentionality, ii.) measurement, and iii.) additionality, and it is this criteria that sets it apart from other similar fields (Agrawal & Hockerts, 2021). Furthermore, at a firm level and within the African context, prior empirical work from Mogapi et al. (2019) shows that tensions are experienced differently across investors, where some expect trade-offs while others report these tensions to be more manageable if expectations are clear and contracts are more tailored for the specific transaction.

From a market level perspective, impact investor performance can vary by asset class and geography (Saltuk et al., 2011). Finally, Agrawal & Hockerts (2021) have called for additional inquiries to be made at a firm-level in order to better understand the decision rules at screening or Investment Committee’s (“IC”) and the design of these committees as it is these firm level decisions that determine which logic dominates in practice.

6.1.1.3 SQ1 Theme One: Relationship to literature

The findings confirm and extend the literature. These results confirm institutional theory's expectation of competing logics and the use of selective coupling Pache & Santos (2013). Further, the study extends the evidence provided by Mogapi et al. (2019) as the findings detail when sequencing occurs (impact first assessment versus parallel assessment of the logics). Furthermore, it also provides clarity in an African context about screening and committee practices (Agrawal & Hockerts, 2021) as impact is assessed first prior to any commercial assessment. Furthermore, evidence from a particular participant claimed committee members also include individuals who represent the development logic, which also adds to the literature by demonstrating how the logics are managed through the balanced selection of committee members.

6.1.2 SQ1 Theme Two: Profitability and sustainability nexus

6.1.2.1 SQ1 Theme Two: Findings

The researcher found that many of the participants described profitability as the foundation for sustainability, in the sense that impact follows commercial viability, while also recognising that strong sustainability practices can reinforce profits in the long term. However, in practice the participants framed commercial viability as a signal for enduring impact, which are well-run cash cash-generative businesses that are able to invest back into communities, sustain themselves, and ultimately create a return on investment. Furthermore, at a portfolio level, it was acknowledged that some deals do carry more impact weight than commercial weight, however at a minimum, the commercial weight must meet the respective hurdles.

6.1.2.2 SQ1 Theme Two: Link to literature

The literature reviewed shows that ESG or impact practices do have a positive relationship with firm profitability when it is embedded into decision-making and is not treated as superficial reporting (Agrawal & Hockerts, 2021; Atz et al., 2021). Separately, evidence from a South African context indicates that social and governance factors are more closely associated with profitability than aggregate ESG scores (Masongweni & Simo-Kengne, 2024). In work done by Saltuk et al. (2011), it was established that returns do vary depending on the asset class and geography of the capital invested however, Saltuk et al. (2011) did confirm that capital invested into emerging markets does not necessarily require financial returns

to be sacrificed, indicating tensions between profit and development can be managed.

6.1.2.3 SQ1 Theme Two: Relationship to literature

The researchers' findings confirm the mutual reinforcement of profitability and ESG identified in the meta-analyses done by (Atz et al., 2021), as an example, good ESG practices result in higher profits and subsequently higher profits allow for more investment back into ESG. Furthermore, the findings extend the literature by uncovering that profitability or commercial viability can act as a signal that indicates long-term impact is viable. This connection demonstrates that if a deal can return capital and avoid any losses, it is likely that it will continue to deliver impact later and therefore, protecting the downside first keeps the investor invested and able to redeploy capital, which ultimately creates more impact.

6.1.3 SQ1 Theme three: Conditions that increase or decrease friction

6.1.3.1 SQ1 Theme Three: Findings

The researcher found that frictions within an impact investor arise when financial returns decline, when specialist teams lack perspective on each other's domain (investment teams and impact teams), or when short-term thinking prevails over those who lack a broader perspective. More importantly, it was uncovered that some firms intentionally design a healthy tension by empowering both impact and investment teams to challenge assumptions. The tension that is created is therefore not only expected but also considered productive as it can help drive progress.

6.1.3.2 SQ1 Theme Three: Link to literature

It was found that Institutional complexity arises naturally when multiple logics coexist within a firm (Greenwood et al., 2011) and hybrid firms experience these tensions when the logics compete with one another (Besharov & Smith, 2014; Bianchi et al., 2023). It has been noted that selective coupling is one possible response to manage these tensions, however it has been noted that hybridity can easily fail (mission drift will occur) if the right messaging and processes are not retained (Battilana & Dorado, 2010; Pache & Santos, 2013).

In the African context, Littlewood & Holt (2020) acknowledge that hybrid investors on the continent face resource constraints and environmental shocks, which can increase tensions. Finally, the literature also recommends rigorous internal

processes are required and it is these designs that can assist in turning tension into constructive debate and therefore avoid mission drift (Agrawal & Hockerts, 2021).

6.1.3.3 SQ1 Theme Three: Relationship to literature

The findings confirm and extend the theory. Firstly, the findings confirm the theory as specific triggers are identified (falling returns, perspective gaps of individuals, and short-term bias). Secondly, the findings extend the insights about impact investing in Africa, as participants noted that design choices such as dual empowerment of the investment and impact teams can assist in improving analysis from both perspectives, as teams are given equal weight in decision making.

6.1.4 SQ1 Theme four: Institutional and market influences

6.1.4.1 SQ1 Theme Four: Findings

The researcher uncovered that external forces can significantly shape which logic dominates particular decisions. For example, ESG and reputational risks can turn away commercially attractive deals at the deal level, indicating that the impact logic dominates in the short term. Another example is that DFIs, who are mainly funders in impact funds, can exert influence on both ROI and SRI expectations, and according to participants, increasingly push for stronger financial performance alongside the required impact performance.

From a portfolio perspective, impact managers can balance risk, return, and impact across the entire portfolio by looking at overarching hurdle rates and impact metrics. Finally, the findings also indicate that participants expressed concerns about “window-dressing” and, as a result, reinforced the case for credible measurement, verification, and reporting.

6.1.4.2 SQ1 Theme Four: Link to literature

Impact investing has been differentiated from other forms of investing by noting the three distinct pillars being intentionality, measurement, and additionality (Agrawal & Hockerts, 2021). These three distinguishing features establish the expectations around disclosure and comparability (Agrawal & Hockerts, 2021). Furthermore, global standards such as IRIS+, the Impact Management Platform, and OPIM, along with increasing expectations of Limited Partners (“LP”), are spreading into Africa more so and raising the bar for verification (Gutterman, 2024). Finally, DFIs who are amongst the largest allocators to impact investors (Mogapi et al., 2019), often set

minimum thresholds or hurdle rates and, in doing so, shape what impact metrics and return metrics are acceptable (Gutterman, 2024; Osembo et al., 2025).

Finally, impact washing was noted as a concern however, not in an Africa-specific context (Brown et al, 2025), and therefore the need to improve reporting and outcome measurement as discussed by Agrawal & Hockerts (2021) will reduce the risk of this.

6.1.4.3 SQ1 Theme Four: Relationship to literature

The findings confirm the role of funders as they show how DFI expectations are increasing on both return and impact metrics. Furthermore, the emphasis of assessment on the deal level and portfolio level is more apparent in the findings, and this therefore extends the literature that the assessment is done at multiple levels.

6.1.5 SQ1 Theme five: Capabilities and internal expertise

6.1.5.1 SQ1 Theme Five: Findings

The researcher found that strong financial expertise is widely viewed as the core ability that participants of impact firms require in order to achieve both ROI and SRI. However, where gaps in participants' abilities exist, whether on the commercial or impact side, frictions increase and decisions slow. An outlier was noted where a participant indicated that one particular firm prioritised impact, along with capital preservation however, no return was required. With the outlier noting capital preservation only, participants did note that downside protection as the first commercial task. Therefore, this is consistent with the participant-derived ToC that connects loss avoidance to investor confidence and, ultimately, to sustained impact.

6.1.5.2 SQ1 Theme Five: Link to literature

The literature notes that enduring hybrid identities are built by having the correct hiring processes in place, the mission is socialised frequently, and incentives are aligned with the firm's objectives (Battilana & Dorado, 2010; Besharov & Smith, 2014). Additionally, selective coupling can only work if employees of impact firms are able to operate across both logics seamlessly, especially in impact firms where both logics are hard-wired into the firms mandate (Bianchi et al., 2023; Pache & Santos, 2013). Finally, the literature does recommend that in order to improve the credibility of impact firms, impact measurement and transparent disclosure must be improved (Agrawal & Hockerts, 2021; Gutterman, 2024).

6.1.5.3 SQ1 Theme Five: Relationship to literature

The findings confirm that people and skills are the primary mechanism for sustaining hybridity, and the commercial teams that have a strong commercial acumen along with some knowledge of impact or ESG will see tensions reduce. Furthermore, the findings show that internal firm processes do assist with retaining firm hybridity however, individual capabilities matter significantly. Therefore, this commercial fluency combined with an understanding of impact literacy reduces frictions and supports the downside-protection-first ToC needed to keep impact viable over time.

6.2 Sub-question Two: Introduction

Sub-question two (“SQ2”) discusses the findings of how leadership, firm processes, and culture work together to help maintain a durable hybrid identity. These findings draw on the four themes identified in Chapter Five: 1.) Leadership and identity within an impact investor, 2.) how the investment mandate, firm governance, and processes are embedded and the contribution this makes, 3.) the People, culture, fit, and alignment required to manage the logics, and 4.) the size of the fund and external enablers of impact. Furthermore, the findings attempt to show how leaders set the tone, how impact is hard-wired into everyday decision-making, and how recruiting for value alignment and building shared understanding reduces an impact investor's mission drift. These findings attempt to link the findings about how firm processes and the culture embedded in the firm link to the literature.

Table 8: SQ2 and theme overview

<i>How does the leadership team, firm processes and firm culture contribute to effectively maintaining the hybrid identity of the impact investor?</i>			
Theme 1	Theme 2	Theme 3	Theme 4
Leadership and identity.	Mandate, firm governance, and process embedding.	People, culture and fit.	Fund size and external enablers.

6.2.1 SQ2 Theme One: Leadership and identity

6.2.1.1 SQ2 Theme One: Findings

The researcher found that leaders in impact firms play an important role in defining the dual logics of profit and development however, it was noted that these leaders also indicated that profit is the operating foundation, but impact is assessed first. Additionally, communication from leaders is vital to ensure the dual mission is consistently reiterated from the top. The communication from these leaders emphasised that, without commercial viability, impact cannot be delivered at scale

or sustained over time. It was also found that this hybridity is carried through to senior positions, with a head of ESG/impact also holding a partner-level position in these firms.

6.2.1.2 SQ2 Theme One: Link to literature

The literature does note that hybrid firms rely on their leadership to frame the relationship between both logics in order to sustain a shared identity across the organisation (Battilana & Dorado, 2010; Besharov & Smith, 2014). In addition, the impact investing literature cautions against using impact labels when no actual impact is being created (all talk, no practice) and instead prioritises intentionality and additionality (Agrawal & Hockerts, 2021). The literature also notes that leaders who are able to link profit to actual development outcomes are able to reduce mission drift by securing a buy-in to the dual mandate from all employees (Battilana & Dorado, 2010; Bianchi et al., 2023).

6.2.1.3 SQ2 Theme One: Relationship to literature

Overall, the findings confirm the importance of leadership clearly articulating the firm's mission because when it is clearly explained that the firm is both commercial and impact-driven, it allows all stakeholders to act accordingly. In addition, the findings also extend the literature by indicating that many firms utilise an impact screening mechanism first and then, if passed, the commercial assessment is conducted. Therefore, leaders set the tone as impact first to get through the door, and then the commercial assessment is ascertained to identify the long-term sustainability.

6.2.2 SQ2 Theme Two: Mandate, firm governance and process embedding

6.2.2.1 SQ2 Theme Two: Findings

The researcher uncovered that impact firms hard-wire hybridity into the firm through purposefully designing investment mandates, the committee composition (including impact votes), pre-screening gates, documentation requirements, and reporting practices. These practices then institutionalise hybridity into the firm and allow the impact firm to more easily retain the dual mission as the impact logic becomes a routine requirement alongside the profit.

6.2.2.2 SQ2 Theme Two: Link to literature

Pache & Santos (2013), along with Bianchi et al. (2023) both recognise selective coupling as a key strategy hybrid firms can leverage off to maintain a hybrid status.

Thus, embedding both logics into the firm's processes, structures, and other everyday occurrences acts as a way to stabilise hybridity. Separately, it was also found that firms that have specific legal and procedural controls in place are better equipped to ensure a stable hybrid identity (Battilana & Dorado, 2010; Gutterman, 2024). Finally, the literature indicates that reviews are required in the impact investing space, specifically around screening mechanics and how IC's are designed, because these are the institutional levers that shape outcomes in practice Agrawal & Hockerts (2021).

6.2.2.3 SQ2 Theme Two: Relationship to literature

The findings gathered confirm hybridity theory as they show that firms do actively hold profit and development together. In addition, these impact firms also demonstrate how they operationalise it, as participants indicated it is embedded into mandates, IC's, and other daily occurrences. Furthermore, the findings also extend the literature of Agrawal & Hockerts (2021), who indicated that additional research should be done inside impact investors.

6.2.3 SQ2 Theme Three: People, culture, and fit

6.2.3.1 SQ2 Theme Three: Findings

The researcher found that an individual's cultural fit and value alignment are actively assessed during the hiring process, and this was claimed by several participants. Furthermore, many impact firms hire for mission alignment, particularly at junior levels, and then look to build their technical capabilities over time, as an individual's fit within a firm cannot be trained. This is important as the behaviours of these individuals essentially act as an anchor which reduces the likelihood of mission drift emanating from a particular person. Finally, the findings also revealed that processes that require staff to engage in impact content reduce the amount of misunderstandings between employees and thus allow for a more natural occurrence of hybridity.

6.2.3.2 SQ2 Theme Three: Link to literature

One of the core points discussed by Battilana & Dorado (2010) and Besharov & Smith (2014) is that if you hire the right people (so the fit is good) and you integrate them into the firm well, then firms can build a shared identity that holds both profit and development together instead of the logics being seen as a either/or. The literature also indicates that hybridity is more natural and can be maintained when

individuals' day-to-day behaviours reflect the dual aims of the organisation (Bianchi et al., 2023).

6.2.3.3 SQ2 Theme Three: Relationship to literature

The researchers' findings confirm that values-based selection in the hiring process, along with cross-training, are able to reduce tensions but also provide stability to impact firms. Therefore, this stability which is brought about by hiring people with the right values, allows for hybrid firms to operate in a more natural manner.

6.2.4 SQ2 Theme Four: Fund size and external enablers

6.2.4.1 SQ2 Theme Four: Findings

The researchers' findings revealed that DFIs play an integral role in assisting impact firms across Africa in maintaining a hybrid status, whether it's through providing standards, capacity-building, or external validation. In addition, their involvement increases the legitimacy of hybrid models while also ensuring that the impact funds financial and impact performance is intact. The findings also noted that some participants highlighted that smaller impact funds (from a headcount perspective) are able to manage the hybridity more easily due them having the agility.

6.2.4.2 SQ2 Theme Four: Link to literature

In Africa, impact investors typically face a multitude of demands at once (from DFIs, regulators, communities, and investees), while having limited resources, and this makes it harder to deliver on both profit and development goals simultaneously (Littlewood & Holt, 2020). In addition, having shared standards and tools like IRIS+, OPIM, and the Impact Management Platform provide clear rules and regulations for what needs to be tracked and how it is to be verified (Gutterman, 2024). Lastly, Osembo et al. (2025) have added from an African perspective that “mission alignment” allows firms to adjust plans in order to retain their focus and not experience mission drift.

6.2.4.3 SQ2 Theme Four: Relationship to literature

The findings confirm that DFIs and industry standards help set the rules for how impact funds should manage impact and returns. In addition, the findings also extend prior work of Osembo et al. (2025) that smaller organisations in Africa can manage the hybrid logics more easily as smaller teams can coordinate the two logics as decision making is quicker with less people involved.

6.3 Sub-question Three: Introduction

Sub-question three (“SQ3”) discusses the findings of how impact investors use specific frameworks and management practices to help balance financial returns and development impact. The findings draw on the three themes identified in Chapter Five: 1.) How intentional design and process integration assist in balancing the logics, 2.) the value derived from impact measurement, standardised reporting and external verification, and 3.) how capability building and capital structuring can be effective tools. Throughout SQ3, the researcher attempts to link the findings of how firms use specific processes or frameworks, and skills to keep the dual mission on track, to the literature discovered.

Table 9: SQ3 and theme overview

<i>What strategies or management practices do the impact investors employ to effectively balance financial returns and development impact?</i>		
Theme 1	Theme 2	Theme 3
Intentional design and process integration	Measurement, standardisation and verification	Enablers: capital structuring and capability building

6.3.1 SQ3 Theme One: Intentional design and process integration

6.3.1.1 SQ3 Theme One: Findings

The researcher found that impact firms design specific checkpoints into the investment process so that impact is woven into the investment process. In addition, it was also uncovered that although some firms indicated they assessed the logics in parallel, they did hold a pre-screening assessment dedicated to impact, and this screening gave the impact teams a veto early on. Separately, it was also found that firms would deliberately work on their pipeline, as having a larger pipeline created optionality and thus allowed for a greater chance of selecting deals that fit both logics. Leaders also indicated that impact and investment staff would co-own the various workstreams (due diligence, value creation plans, and monitoring) and therefore, having this designed into the firm reduced tensions due to shared accountability.

6.3.1.2 SQ3 Theme One: Link to literature

Intentionality, measurement, and additionality are core pillars of the impact investing field, and it is these boundaries that allow impact investing to be separated from other similar forms of investing (Agrawal & Hockerts, 2021). Having an understanding of the core pillars of impact investing allows investors to use selective

coupling more effectively, which is being able to embed it into the various stages of the investment process (Bianchi et al., 2023; Pache & Santos, 2013).

Within an African context, Osembo et al. (2025) highlight that agile and iterative practices can assist in maintaining alignment. Furthermore, the literature also indicates that tensions between the logics can be managed when clear expectations are set and legal contracts are tailored correctly (Mogapi et al., 2019).

6.3.1.3 SQ3 Theme One: Relationship to literature

The findings confirm that value can be derived when impact is embedded in the investment process (using selective coupling). Additionally, the findings extend the literature that sequencing is important (impact-first check, commercial assessment thereafter). This answers calls for more detail regarding impact investors investment process (Agrawal & Hockerts, 2021) and thus shows the importance of design in maintaining hybridity.

6.3.2 SQ3 Theme Two: Measurement, standardisation and verification

6.3.2.1 SQ3 Theme Two: Findings

Many impact firms use shared frameworks (e.g., IRIS+, BII's five dimensions) and other proprietary tools. The researcher found that using these tools was necessary to help preserve hybridity within impact firms. Furthermore, third-party verification (e.g., Audits, and independent panels) is becoming more common with participants having indicated the need for it. Following on from this narrative, it was also uncovered that credible and comparable metrics, which have been verified by third parties, are viewed as essential for mitigating impact washing, satisfying funders and/or DFIs, and therefore locking in the hybrid model.

6.3.2.2 SQ3 Theme Two: Link to literature

From the literature assessed, the reviews stress the importance of impact firms using standard indicators, transparent disclosure, and third-party checks to legitimise the field and reduce 'impact-washing' (Agrawal & Hockerts, 2021). This increased disclosure is becoming more visible and is starting to shape industry norms, for example the Johannesburg Stock Exchange ("JSE") now requires elements of ESG disclosure (Gutterman, 2024). Lastly, from a hybridity perspective, having formal decision and evaluation frameworks can assist in stabilising the hybrid identity of impact firms by ensuring both logics are visible in daily decisions and assessments (Besharov & Smith, 2014; Pache & Santos, 2013).

6.3.2.3 SQ3 Theme Two: Relationship to literature

The findings confirm the importance of being able to compare and verify impact metrics (Agrawal & Hockerts, 2021; Gutterman, 2024) and therefore illustrate that independent scoring and audits can operate as guardrails against mission drift, which ultimately strengthens investors' confidence and helps support long-term impact.

6.3.3 SQ3 Theme Three: Capital structuring and capability building

6.3.3.1 SQ3 Theme Three: Findings

The researcher found that hybridity can be developed to balance the logics of profit and development through capability building (such as educating staff on an ongoing basis). Many firms embrace continuous education, with some firms even commencing the education with onboarding materials. With regards to capital structuring, the researcher found that blended-finance structures have the ability to create space for commercial investors by layering concessionary capital or grants into the capital structure however, this appears less common across the sample participants than process integration and education.

6.3.3.2 SQ3 Theme Three: Link to literature

One of the core themes that Battilana & Dorado (2010) indicated in their research is that people can make or break a firm's hybrid identity, as people who are not too strong on one logic can ensure the durability of a firm's hybrid identity. From an African markets perspective, Osembo et al. (2025) found that mission alignment can be retained when there are numerous stakeholder touchpoints, as having these touchpoints help maintain alignment.

6.3.3.3 SQ3 Theme Three: Relationship to literature

The researchers' findings confirm the primacy of human capital and continued education practices in sustaining hybridity. Furthermore, the findings also extend the African context by demonstrating how firm-wide education can normalise hybrid decision-making in day-to-day operations.

6.4 Linkages across the themes and findings

Having analysed the findings, the researcher found that a consistent pattern runs across themes. Although not explicit, it was found that impact establishes the initial boundary conditions at screening, or what one may consider as the Minimum Assessment Criteria ("MAC"). Once an opportunity can pass the "MAC Test" (this

would differ from firm to firm), then the commercial viability of the project would signal the potential for that opportunity to deliver impact over time. Thus, impact first and commercial viability as a signal for durability.

This particular framing reconciles the short-term/long-term tension by treating viability not as an alternative to impact but as a necessary condition for its durability. Furthermore, the participant-derived ToC, which prioritises downside protection, explains why managers focus on loss avoidance. This ToC allows impact firms to sustain investor confidence, attract follow-on capital, and most importantly, allow the impact firm to continue delivering impact.

From a deal level perspective, impact and ESG red flags, which are common occurrences prior to IC's, can end a transaction irrespective of how appealing the commercial aspects are. While at a portfolio level, impact firms are willing to tolerate variation in individual deals as long as they meet specific hurdles for profit and impact.

It is interesting to note that the empowerment of both the investment and impact teams creates a productive and healthy tension between the teams (and thus the logics). The researcher found that it is this healthy tension that ensures deals are assessed credibly and in line with the logics of both profit and development.

Finally, the results indicate execution realities in Africa, where DFI expectations, resource constraints, and diverse stakeholder demands strengthen the case for mission alignment.

6.5 Conclusion

Overall, this study's findings largely confirm the theoretical expectations of institutional complexity and selective coupling in African Impact Investors. The findings also extend the evidence base within an African context, as granular details are provided of how balancing occurs, such as pre-IC impact assessment, value-aligned hiring, and shared ownership between impact and investment teams.

The most notable findings extending the literature include: many participants indicated the logics are assessed in parallel, however in reality, the impact logic is assessed first, as impact screening is done pre-IC. Thereafter, the commercial viability of a deal is assessed, which provides a signal for durable impact. Furthermore, the commercial viability is supported by the participant-derived ToC, of downside protection first, as without this foundation impact and profitability are not

durable. These findings also demonstrate that long-term impact viability requires profits to survive, and this is then reinforced by having the right frameworks and governance measures in place.

Another interesting finding is that when friction occurs between profit and development in the short term, successful funds are able to manage this effectively. This is because they have developed a shared identity, have integrated impact into everyday decisions, and employ continuous training to ensure all stakeholders are informed, therefore retaining mission alignment.

Lastly, African impact investors, as described herein, sit squarely within hybridity theory, and the findings have contributed practical detail on the decision architecture that prior reviews have called for (Agrawal & Hockerts, 2021).

To conclude, the chapter clarifies how “impact first” at screening coexists with “commercial viability as a signal” for long-term outcomes, and how this coexistence is managed at both deal and portfolio levels through intentional design, credible measurement, and disciplined governance.

Chapter 7: Conclusion

7.1 Introduction

The researcher set out to understand how impact investors with an African investment mandate practically navigate the competing logics of profit (Return on Investment) and development (Social Return on Investment). As highlighted in the chapters above, institutional theory explains why tensions arise when multiple logics co-exist with one another (Besharov & Smith, 2014; Greenwood et al., 2011; Pache & Santos, 2013). However, there has been less clarity on how managers in African impact funds practically handle these tensions in deal screening meetings, investment committees, day-to-day processes, and portfolio management.

The research addressed this gap by drawing on the lived experiences of qualifying participants through semi-structured interviews, and by interpreting those findings through hybridity theory and the core literature (Agrawal & Hockerts, 2021; Battilana & Dorado, 2010; Besharov & Smith, 2014; Bianchi et al., 2023; Mogapi et al., 2019; Osembo et al., 2025; Pache & Santos, 2013).

The findings revealed the importance of this study for the following reasons: Firstly, Africa faces significant funding gaps, along with the need for investments that create both financial value and measurable development outcomes (GIIN, 2025; Hand et al., 2024). Therefore, having a greater understanding of how managers practically balance ROI and SRI, along with protecting the downside (impact durability), can help channel more capital into opportunities that are both impactful and investable. Secondly, the literature regarding Africa is fairly uneven, as some studies show that impact funds can earn market-based returns while delivering impact when expectations and structures are clear (Mogapi et al., 2019; Saltuk et al., 2011). However, the findings revealed that impact can be overstated, as several participants had expressed concerns about “impact washing” on the continent. Although not from an African perspective, Brown et al. (2025) did raise this concern in a developed market setting. Thirdly, reviews from Agrawal & Hockerts (2021) call for firm-level insights into decision rules, screening mechanics, and committee design. This research responds directly to that call by documenting when and how the two logics are sequenced and embedded within firm processes.

Specifically, within the African context, impact investors often operate in resource-constrained environments, interact with multiple stakeholders, and are influenced by

their investors or LPs, many of them being DFI's (Gutterman, 2024; Littlewood & Holt, 2020; Osembo et al., 2025). Recognising these conditions heightens the need for clear firm design and credible measurement practices.

Therefore, the contributed research is twofold, providing a conceptual and practical lens. Conceptually, it clarifies a simple but actionable mechanism that participants repeatedly described: impact first at screening establishes a Minimum Acceptable Criteria, which the researcher has coined as the "MAC Test", after which commercial viability acts as a signal for durable impact. From a practical perspective, the research details the organisational levers, including leadership messaging, investment mandate design, committee composition, pre-IC impact tests (MAC Test), shared ownership between investment and impact teams, and third-party verification. It is these levers that make the hybrid identity work in day-to-day decisions. Together, these insights help explain why some funds avoid mission drift while others struggle to maintain the mission (Battilana & Dorado, 2010; Besharov & Smith, 2014).

The remainder of this chapter answers the three sub-questions (SQ1 to SQ3), which feed into answering the overarching research question (RQ). In addition, a conceptual model is presented, recommendations to several stakeholders, and then closes off with limitations and directions for future research.

7.2 Principal Findings

7.2.1 Overarching Research Question (RQ)

How do impact investors in Africa navigate and manage the tension between the development and profit logic at a firm level?

Impact investors in Africa manage the tension between the logics of profit and development by incorporating a sequenced design process to assess the various impact and profitability metrics. This is achieved by combining an impact-first pre-screening with a commercial viability assessment, and it is this commercial viability assessment that acts as a signal of impact durability. Furthermore, impact investors institutionalise hybridity through these design choices, which then embed both logics into everyday decisions.

Therefore, in practice, impact investors navigate and manage the tensions by having 1.) pre-screening impact assessments, where impact teams set and vote on minimum acceptable conditions MAC Test, 2.) Investment Committees include

impact personnel who can cast votes, 3.) impact and investment teams co-own due diligence, value creation planning, and monitoring, 4.) leaders continuously reinforce the dual mission, 5.) portfolios are managed against both return and impact thresholds, and finally 6.) impact firms use credible and comparable metrics where independent verification acts as a guardrail to mission drift.

Therefore, this designed architecture allows impact investors to navigate the tensions created by the two logics and allows and ensures that these firms do not deviate from their mission. Furthermore, this sequenced process allows profitability and sustainability to be mutually reinforcing.

7.2.2 SQ1 – Conclusion

How do the trade-offs in impact investing affect the balance between Return on Investment and Social Return on Investment, and under what conditions do they arise?

The researcher found that trade-offs between ROI and SRI are real but conditional, and impact investors do not experience a linear type trade-off between the two logics. Rather, the degree of tension experienced between the logics is dependent on the conditions that are presented through the investment process, including the quality of the opportunity, the depth of the pipeline, the size of the impact firm, and the capabilities of the team, among others. However, the following patterns emerged from multiple participants. Firstly, impact is used as a pre-screen, where ESG and Social and Environmental red flags, or the inability to articulate a credible development thesis, can terminate a deal irrespective of how attractive the ROI may be. Secondly, the commercial viability of an opportunity is then considered as a signal of durable impact because cash-generative and profitable businesses can invest back into operations and communities, remain going concerns, and continue to deliver positive and measurable impact outcomes over time.

Furthermore, this pattern is visible at a deal and a portfolio level. From a deal level perspective, impact screens, such as ESG, can veto an otherwise attractive investment, while risk and return assessments then determine whether the opportunity can sustain the impact over time. However, at a portfolio level, participants claimed firms tolerate a variation across deals as long as the minimum thresholds for both return and impact are met, and therefore, from a portfolio perspective, impact firms can absorb lower-return/high-impact opportunities

alongside higher-return/lower-impact opportunities, subject to overall portfolio hurdles being met.

The conditions that arise can either increase or decrease the friction between the two logics discussed. Firstly, frictions increase when financial returns decline, when investment and impact teams lack perspective on each other's areas, or when short-term thinking dominates. On the contrary, frictions ease when both teams are empowered to challenge each other's assumptions, when pipelines are strong (which creates optionality), and when processes allocate joint ownership to the investment and impact teams, with regard to due diligence, value-creation, and ongoing monitoring. The research also revealed that external actors can also affect the balance between the logics, as the LPs (such as DFIs) shape what is acceptable return and impact thresholds.

Literature alignment

Overall, these findings confirm the presence of competing logics and how selective coupling is used effectively, as it allows elements of both logics to be integrated into daily practices (Besharov & Smith, 2014; Bianchi et al., 2023; Pache & Santos, 2013). Furthermore, the findings also align with the evidence that financial returns and impact creation can co-exist in emerging markets (Mogapi et al., 2019; Saltuk et al., 2011), and that sustainability practices are positively correlated with financial performance when embedded in decision-making rather (Agrawal & Hockerts, 2021; Atz et al., 2021; Masongweni & Simo-Kengne, 2024). Finally, these findings respond to calls for detail on screening and committee design by showing the sequence impact investors actually follow (Agrawal & Hockerts, 2021).

7.2.3 SQ2 – Conclusion

How does the leadership team, firm processes and firm culture contribute to effectively maintaining the hybrid identity of the impact investor?

Lasting hybridity is reliant on the clarity of leadership, the hard-wiring of impact-focused processes, and incorporating people practices such as values-based hiring, ensuring culture fit, continuous training, and shared accountability for both ROI and SRI metrics.

The importance of leadership cannot be understated for lasting hybridity, as the constant reinforcing of the “dual” mission through top-down messaging is paramount. This was evident as some participants indicated that partner-level responsibility was

also reserved for impact and ESG staff, which historically has typically been for commercial staff. Furthermore, from a practical point, hybridity is also driven by ensuring impact is assessed first before assessing the commercial viability.

In addition, hybridity is also embedded through the design of investment mandates, IC composition (including impact votes), pre-screening, documentation requirements, and reporting that make impact visible in everyday decisions. Finally, recruiting for value and cultural alignment helps reduce misunderstandings as this supports a shared identity.

Literature alignment

The findings confirmed hybridity theory's emphasis on building a shared identity and using selective coupling to balance the competing logics to provide stability (Battilana & Dorado, 2010; Besharov & Smith, 2014; Bianchi et al., 2023; Pache & Santos, 2013). Furthermore, it also fits the African execution context, where resource constraints and stakeholder diversity raise the bar for intentional design and clear standards (Gutterman, 2024; Littlewood & Holt, 2020; Osembo et al., 2025). Lastly, the study extends prior work by showing how pre-screening, impact votes in IC, and shared workstreams anchor that identity in daily routines.

7.2.4 SQ3 – Conclusion

What strategies or management practices do the impact investors employ to effectively balance financial returns and development impact?

The researcher found that impact investors specifically design impact processes, use standardised measurement tools, have the impact they created verified by third parties, and continuously build internal capacity through education to effectively balance the two logics. These findings are categorised into three distinct clusters, which are expanded on below as follows:

The intentional design and integration of impact processes into the firm

Impact firms intentionally design the sequence of the investment process so that impact is assessed early through pre-screening (often with veto rights), with the commercial viability being assessed afterwards. Thereafter, the design process integrates impact into the due diligence, value-creation, and monitoring phases. It was also found that the cultivation of a healthy deal pipeline creates more choice, enabling a better fit for both logics.

The measurement, standardisation, and verification of impact

Under the second cluster, the researcher found that impact firms use shared frameworks such as IRIS+ and BII's five dimensions of impact alongside firm proprietary tools. Furthermore, as the impact investing field grows, verification becomes more important as this addresses concerns about impact-washing and provides confidence to investors that the allocated capital is producing the desired impact.

Capability building and capital structuring as enablers

The third cluster the researcher found is that impact investors invest in continuous education, such as onboarding packs, continuous training, and internal research pieces, so that hybrid thinking becomes routine and part of an employee's daily thinking. In addition, and touched on lightly, blended finance structures can create space for commercial investors by incorporating concessionary capital to reduce the risk and improve returns, although process integration and education are the core enablers.

Literature alignment

The practices described under the three clusters help operationalise the impact framework described by Agrawal & Hockerts (2021) of intentionality, measurement, and additionality while also enabling impact firms to maintain and balance their hybrid identity (Besharov & Smith, 2014; Pache & Santos, 2013). Finally, continuous education and selecting the right people echo findings that people “make or break” hybrid identities (Battilana & Dorado, 2010).

7.3 Conceptual Map

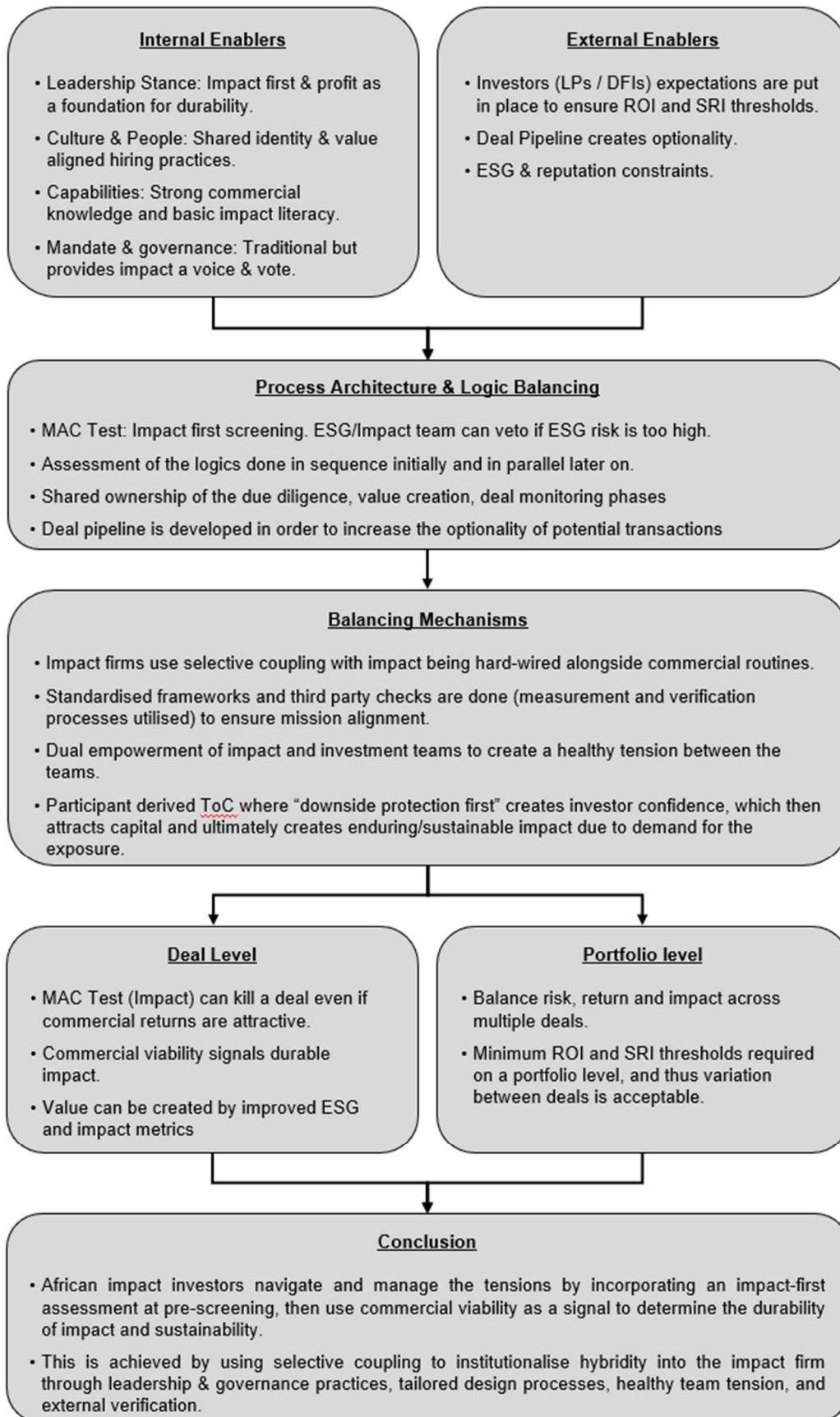


Figure 2: Conceptual Map

Source: Researchers' own

7.4 Implications for Practice

The following recommendations are geared towards impact investors (general partner of the equity or debt fund) and investors (LPs / DFIs) who are involved in the impact investing asset class.

Impact funds:

- i.) It is recommended that impact investors adopt an “impact first and commercial viability as a signal” discipline that is coupled with the participant-derived ToC of downside protection. It is believed that incorporating this discipline will allow impact managers to avoid weak deals and build a portfolio anchored on long-term durable impact.
- ii.) Impact management should ensure they invest in developing a quality pipeline of opportunities to ensure they can select opportunities that best fit in with the requirements of recommendation i.) above.
- iii.) It is recommended that impact firms build a culture of cross-literacy from onboarding through to weekly or monthly refreshers where impact and investment teams cross-pollinate their expertise.

Investors:

- i.) Ensure return and impact thresholds are clear and well communicated to ensure that impact funds are able to align their mandates and develop pipelines that are adequate to achieve the set ROI and SRI thresholds.
- ii.) It is recommended that investors provide technical assistance funding to impact funds to assist in creating additional internal capacity.
- iii.) Investors should encourage impact funds to seek external third-party verification. Furthermore, this can be supported by providing funding to alleviate the cost implications of external verification providers.

7.5 Limitations of the research

- The researcher acknowledges that the sample size of 12 is small and that a larger sample size would create more rigor in the findings.
- This report describes the processes impact managers employ and does not infer that these findings will relate to any realised returns.

- The researcher has worked in the impact investing space for over five years, and therefore, this prior exposure could introduce interpretive bias.
- The researcher has used a cross-sectional research design, and thus the research is done in a single time period and does not take into consideration a full business cycle or macroeconomic shocks.

7.6 Recommendations for future research

The researcher recommends that the following should be considered for future research under the topic:

- Large sample quantitative research: It would be beneficial for future work to test the patterns that have emerged from the findings, using larger data sets. As an example, impact pre-screening and commercial viability as a signal should be assessed.
- A multi-country study: The researcher believes that examining more impact funds that are located in West and East Africa would be beneficial, along with external participants such as DFIs and impact consultants that are based in those respective countries.
- Longitudinal study: The researcher highly suggests that a longitudinal study be conducted, as this would allow the study to assess the themes that emerged over business cycles and any macroeconomic shocks. Furthermore, this would also provide better insight as to whether mission drift would occur over time.

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Appendices

Appendix 1: Ethical Clearance

10/23/25, 6:17 PM

Gordon Institute of Business Science Mail - Ethical Clearance Approved

**Gordon Institute
of Business Science**
University of Pretoria

Matthew Pratt <[REDACTED]@mygibs.co.za>

Ethical Clearance Approved

Masters Research <MastersResearch@gibs.co.za>
To: "[REDACTED]@mygibs.co.za" <[REDACTED]@mygibs.co.za>
Cc: Masters Research <MastersResearch@gibs.co.za>

28 July 2025 at 18:16

**Gordon Institute
of Business Science**
University of Pretoria

Ethical Clearance
Approved

Dear Matthew Pratt,

Please be advised that your application for Ethical Clearance has been approved.
You are therefore allowed to continue collecting your data.
We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

Appendix 2: Interview Guide

Opening Questions

1. What is your role in the firm and what is your experience in impact investing?
2. Can you describe your firm's investment mandate?
3. Does your firm target a specific geographical area on the continent?

Individuals Perspective:

4. When recruiting for the firm, do you put more emphasis on technical abilities and experience in concluding transactions or on their values?
5. When assessing an investment opportunity, do you assess the opportunity from an impact perspective first or from a financial returns perspective first?

Dual Logics and Tensions

6. Does your firm prioritise the financial metrics of an investment first or the potential impact the investment can generate?
7. Can you provide an example where the financial returns and impact caused tensions during an investment or credit committee meeting?
8. Have you experienced any trade-offs when assessing an opportunity between its ability to provide financial return and measurable impact?
9. Have you noticed an increase in the frequency of these trade-offs?

Hybrid Identity

10. Do the firm's executives communicate or reinforce the importance of the financial or development objectives?
11. Does the firm employ any specific processes that ensure the firm is continuously aligned with its dual objectives? (*Whether in investment committee meetings, staff meetings or otherwise?*)
12. Have you ever noticed or observed particular moments where your firm has demonstrated a preference of one logic over the other?
13. Have you observed or been involved in any conflict or dispute between different teams? (*Has there been conflict between the impact team and investment team?*)
14. Have you observed any "impact washing" or "window dressing" while working in the impact investing field?

Firm Strategies and Tools

15. Has your firm implemented any particular strategies to assist with managing the tensions between financial returns and development?

16. Does your firm employ any tools or frameworks to measure an investment's financial and impact performance?

Appendix 3: Participant consent form

Informed Consent for Interviews

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfilment of an MBA. I am conducting research for my mini-dissertation, which is titled "Balancing profit and purpose: How impact investors operating in Africa navigate competing logics." The purpose of this research is to explore how impact investors operating in Africa manage and balance the competing objectives of achieving financial returns while delivering impact. Our interview is expected to last about an hour and will help us better understand the strategies, decision-making processes, and organisational practices that impact investors use to navigate these dual objectives. **Your participation is voluntary, and you can withdraw at any time without penalty.**

By signing this letter, you are indicating that you have given permission for:

- The interview to be recorded;
- Verbatim quotations from the interview may be used in the report, provided they are not identified with your name or that of your organisation;
- The data to be used as part of a report that will be publicly available once the examination process has been completed; and
- All data to be reported and stored without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher: Matthew Pratt

Research Supervisor: [XXX]

Email: [XXX]

Email: [XXX]

Phone: [XXX]

Phone: [XXX]

Signature of participant: _____ Date: _____

Signature of researcher: _____ Date: _____

Appendix 4: Transcriber Non-disclosure Agreement

NON-DISCLOSURE AGREEMENT

THIS CONFIDENTIALITY AGREEMENT is made on the date of the last signature below.

BETWEEN

1. _____ an adult [male / female / other] residing at _____ (the "Recipient"); and
2. Matthew James Pratt, an adult male residing at (the "Discloser")

(each a "party" and together referred to as the "parties").

BACKGROUND

The Discloser is currently conducting academic research as part of a Master's degree and, in the course of conducting such research, will be recording interviews containing sensitive and confidential information ("Confidential Information").

The Recipient has agreed to provide transcription services to the Discloser and, in doing so, will have access to such Confidential Information.

The Confidential Information is considered by the Discloser to be secret and confidential and to constitute valuable and sensitive information obtained under conditions of academic and ethical confidentiality.

The parties have agreed that the Confidential Information will be disclosed by the Discloser to the Recipient solely for the purpose of transcription services for the Master's thesis research and on the terms set out in this Agreement.

The parties agree as follows:

1. INTERPRETATION

In this Agreement the following definitions apply:

"Confidential Information"	any and all information and data in whatever form and on whatever media (whether written, oral, visual, electronic, magnetic or other media) which may be commercial, financial, business, customer, supplier, marketing or technical or other information, or designs formulae, ideas, strategies, know-how, trade secrets and other information including without limitation, information in or relating to, customer data given by the Disclosing Party to the Receiving Party for the Purpose which at the time of disclosure in the case of written information is or was clearly marked as such or is or was to be regarded as confidential or proprietary having regard to the nature of the information and the circumstances of the disclosure;
"Disclosing Party"	the party who discloses Confidential Information to the Receiving Party;

“Purpose”	Sharing of sensitive information with regards to transcription services.
“Receiving Party”	the party who, either directly or indirectly, receives Confidential Information from the Disclosing Party;
“Representative”	means any person engaged by the Receiving Party in a professional capacity who has a legitimate need to access the Confidential Information for the Purpose, provided that such person is bound by written confidentiality obligations no less strict than those in this Agreement.;
“Third Party”	any person other than a Representative of either party.

The Background forms part of this Agreement and shall have effect as if set out in full in the body of this Agreement and any reference to this Agreement includes the Background.

References to 'person' shall include any individual, partnership, trust, association of persons, legal entity, close corporation, private company, incorporated company, public company or other company regardless of whether such entity has a separate legal persona or not.

2. RECEIVING PARTY’S RIGHTS

Subject to the terms of this Agreement, the Disclosing Party hereby grants to the Receiving Party the right to disclose, divulge, reveal or disseminate the Confidential Information to any Representative to whom disclosure and extent of such disclosure is strictly necessary for the Purpose provided that each Representative is bound by conditions of secrecy no less strict than those set out in this Agreement, which conditions the Receiving Party will enforce, at its sole expense, at the Disclosing Party’s request. Without prejudice to the foregoing, the Receiving Party shall, at its sole expense, will take all reasonable measures to ensure any such Representative maintains confidentiality and complies with this Agreement.

Subject to the terms of this Agreement, the Disclosing Party hereby grants to the Receiving Party the right to disclose, divulge, reveal or disseminate Confidential Information to any Third Party to whom disclosure and the extent of such disclosure is strictly necessary for the Purpose provided that:

the Disclosing Party has confirmed in writing in advance that the disclosure is authorised; and

each Third Party to whom disclosure is permitted under Clause 2.2.1 above, is bound by written conditions of secrecy no less strict than those set out in this Agreement, which conditions the Receiving Party will enforce, at its sole expense, at the Disclosing Party’s request. Without prejudice to the foregoing, the Receiving Party will, at its sole expense, take all reasonable measures to restrain such Third Parties from prohibited or unauthorised disclosure or use of the Confidential Information in breach of the terms of this Agreement.

3. RECEIVING PARTY’S COVENANTS

In consideration of the disclosure of Confidential Information by or on behalf of the Disclosing Party to the Receiving Party, the Receiving Party covenants:

to keep the Confidential Information secret at all times and to treat the Confidential Information with at least the same degree of care and sensitivity as it would treat its own confidential information, being no less than a reasonable standard of care;

to make only such copies of the Confidential Information as are strictly necessary for the Purpose;

to keep the Confidential Information confidential subject to the terms and conditions of this Agreement;

not to use the Confidential Information for any purpose other than the Purpose without the prior written consent of the Disclosing Party;

not to disclose, divulge, reveal or disseminate the Confidential Information to any person, other than as permitted by this Agreement; and

to notify the Disclosing Party immediately on becoming aware that the Confidential Information has been disclosed to or is in the possession of a Third Party (other than one to whom disclosure has been authorised in accordance with Clause 2.2).

The Receiving Party shall be liable for any unauthorised disclosure or breach by any person to whom it disclosed the Confidential Information, including but not limited to Representatives..

4. EXCEPTIONS

Notwithstanding any other provision hereof, the Receiving Party shall not be liable for release or disclosure of any Confidential Information that:

is (or hereinafter becomes) publicly known or available otherwise than through unauthorised disclosure in breach of the terms and conditions of this Agreement; or

the Receiving Party can demonstrate to the Disclosing Party's reasonable satisfaction was in the Receiving Party's possession at the time of disclosure and was not acquired, either directly or indirectly, from the Disclosing Party, unless previously disclosed on a non-confidential basis; or

the Receiving Party received in good faith from a Third Party who is not under a restriction of confidentiality and having a right to freely disclose the Confidential Information; or

is required by law or by a requirement of a regulatory body or stock exchange to be disclosed, but disclosure pursuant to this Clause 4.1.4 shall not occur until, where reasonably practicable, the Receiving Party has notified the Disclosing Party of any possible disclosure and the Disclosing Party has been afforded the opportunity to review such disclosure and to attempt to prevent or limit any such disclosure; or

the Receiving Party can demonstrate to the Disclosing Party's reasonable satisfaction to have been independently developed by the Receiving Party after the disclosure hereunder, without the aid, application or use in any way of the Confidential Information; or

is expressly approved for disclosure by the Disclosing Party in writing.

5. TERM AND TERMINATION

This Agreement shall remain in force unless or until terminated (in whole or in part) in accordance with Clause 5.2 below.

This Agreement shall terminate on the earlier of:

5 years from the date of this Agreement;

the date the Purpose is fulfilled;

the date that a party to this Agreement provides written notice of termination to the other party to this Agreement; or

the date the parties enter into a separate agreement governing the future exchange of Confidential Information.

Notwithstanding the expiry or termination for whatever reason of this Agreement, the obligations of each party herein, their Representatives and Third Parties (to whom disclosure has been permitted in accordance with Clauses 2.1 and 2.2 respectively), not to use and not to disclose, divulge, reveal or disseminate any of the Confidential Information will continue for a period of 5 years from the date of disclosure of that Confidential Information.

If the Receiving Party is in breach of this Agreement or in the event that the Receiving Party fails to observe or perform any of the covenants contained in Clause 3 of this Agreement or in the event that the Confidential Information or any part of it is disclosed by any Representative of the Receiving Party to any Third Party (other than one to whom disclosure has been authorised in accordance with Clause 2.2), then without prejudice to any other rights or remedies, the Disclosing Party shall have the right to terminate this Agreement immediately.

Upon termination or expiry of this Agreement or at any time at the Disclosing Party's request, the Receiving Party shall return to the Disclosing Party all Confidential Information as well as all copies, notes, abstracts and records made thereof or any other item(s) or document(s) containing or embodying the Confidential Information (hereafter the "Confidential Materials") or, at the Disclosing Party's option and request shall destroy all Confidential Information as well as all Confidential Materials and shall give written confirmation and/or demonstrate to the Disclosing Party's reasonable satisfaction that it has destroyed the Confidential Information and / or Confidential Materials in accordance with this Clause 0. The return or destruction of the Confidential Information and / or Confidential Materials shall not, however, affect the Receiving Party's obligations to treat such Confidential Information in accordance with the terms and conditions of this Agreement. Notwithstanding the foregoing, the Receiving Party and its Representatives may retain Confidential Information (i) to comply with applicable laws and regulations or (ii) as part of its automatic electronic archiving and back-up procedures; provided however, that any such retained Confidential Information shall remain subject to the terms and conditions of this Agreement.

6. NO WARRANTY

The Disclosing Party makes no representations or warranties as to the accuracy or completeness of any Confidential Information.

7. CONFIDENTIALITY

Each party agrees to keep the existence of and the contents of this Agreement (including the Purpose) confidential and shall not use this Agreement or the name of the other party in any advertisement or publicity campaign or other disclosure without the prior written consent of the other party.

8. NO OBLIGATION

Nothing herein shall oblige either party to disclose any particular Confidential Information. The parties understand and agree that the disclosure of Confidential Information shall not result in

any obligation on the part of either party to enter into any future agreement or business relationship.

9. INADEQUACY OF DAMAGES/REMEDIES

Without prejudice to any other rights or remedies that either party to this Agreement may have, both parties acknowledge and agree that damages alone may not be an adequate remedy for any breach by the Receiving Party of the provisions of this Agreement and that accordingly the Disclosing Party will be entitled, without proof of special damages, to the remedies of injunction, and specific performance or other equitable relief for any threatened or actual breach of the provisions of this Agreement.

10. SUBCONTRACTING

The Receiving Party shall not subcontract, delegate, or otherwise transfer any of their obligations under this Agreement to any other person or entity without the prior written consent of the Disclosing Party.

Without limiting the foregoing, the Receiving Party agrees that they will personally perform all transcription services and shall not share or transmit any Confidential Information, in part or whole, to any other individual or service provider under any circumstances.

11. ETHICS AND COMPLIANCE

The Receiving Party acknowledges that the Confidential Information forms part of research conducted by the Disclosing Party in fulfilment of a Master's degree at the University of Pretoria.

The Receiving Party undertakes to adhere to the principles of confidentiality, dignity, and privacy in line with the University of Pretoria's Code of Ethics for Research and its Faculty-specific research ethics guidelines.

The Receiving Party agrees not to retain, share, or discuss the content of any recordings or transcripts with any third party and undertakes to comply with all reasonable ethical directions issued by the Disclosing Party to ensure the continued protection of research participants' identity and sensitive information.

12. Notices

All notices under this Agreement shall be delivered in writing to the residential or email addresses provided by the parties at the time of signing as detailed in Clause 12.2.

All notices addressed to the Disclosing Party must be sent to:

Attention: Matthew Pratt

Physical Address: [XXX].

Phone: [XXX]

Attention: [Transcriber/Editor]

Physical Address: [XXX]

Phone: [XXX]

Notices shall be deemed to have been received:

if sent by pre-paid or registered post, 10 days (excluding Saturdays, Sundays and public holidays within South Africa) after posting (exclusive of the day of posting);

if sent by airmail, 5 days (excluding Saturdays, Sundays \ and public holidays within South Africa) after posting (excluding the day of posting);

if delivered by hand, on the day of delivery;

if sent by facsimile transmission on a working day prior to 16:00, at the time of transmission and otherwise on the next working day (If applicable)

13. ENTIRE AGREEMENT

This Agreement constitutes the whole agreement and understanding between the parties and supersedes any arrangement, understanding or previous agreement between the parties relating to the subject matter of this Agreement.

The Confidential Information may not be accurate or complete and the Disclosing Party will not be liable to the Receiving Party or to anyone to whom the Receiving Party either directly or indirectly discloses the Confidential Information, or who may acquire any Confidential Information as a result of a disclosure in breach of the terms and conditions of this Agreement, if such Confidential Information is relied upon.

Nothing in this Clause 13 operates to limit or exclude any liability for fraud or for any other liability which is not permitted to be limited or excluded by operation of law.

14. GENERAL

The parties hereby understand and agree that no right, licence, proprietary right or interest in any of the Confidential Information or any of the products embodying the same shall be granted or construed to be granted to the Receiving Party by the terms and conditions of this Agreement.

This Agreement shall not operate as an assignment to any person(s) of any patents, copyrights, registered designs, unregistered designs, trade marks, tradenames or other rights as may subsist in or be contained in or reproduced in the Confidential Information and / or the Confidential Materials and the Receiving party shall not, nor shall any persons on its behalf, apply for any such rights in respect of the Confidential Information and / or the Confidential Materials or any part thereof disclosed or (in the case of Confidential Materials) used under this Agreement..

No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

If any provision of the Agreement is found by any court, tribunal or administrative body of competent jurisdiction to be wholly or partly illegal, invalid, void, voidable, unenforceable or unreasonable it shall, to the extent of such illegality, invalidity, voidness, voidability, unenforceability or unreasonableness, be deemed severable and the remaining provisions of the Agreement and the remainder of such provision shall continue in full force and effect.

Neither party shall assign its rights or obligations under this Agreement.

Failure or delay by a party in enforcing or partially enforcing any provision of the Agreement will not be construed as a waiver of any of its rights under the Agreement.

The parties to this Agreement do not intend that any term of this Agreement will be enforceable by any person that is not a party to it.

This Agreement may be executed in any number of counterparts each of which when executed and delivered is an original but which all counterparts together shall constitute the same document.

The formation, existence, construction, performance, validity and all aspects of the Agreement shall be governed by the laws of the Republic of South Africa.

IN WITNESS of which the parties have signed this Agreement on the respective dates stated below.

The Discloser

SIGNED by)	Matthew James Pratt
Signature)
Date)

The Recipient

SIGNED by)
Signature)
Date)	