STOCKHOLM SCHOOL OF ECONOMICS
Department of Accounting
BE351 Degree Project in Accounting and Financial Management
Spring 2025

Beyond Compliance: Accountability as Strategic Alignment in Impact Investing

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Abstract

This thesis examines how accountability is structured in hybrid organizations where financial and social goals are equally central. While prior research has focused on contexts with a dominant logic, this study investigates a private equity firm operating under symmetrical institutional pressure. Using a qualitative case study approach, the analysis draws on interviews and internal documents to understand how the organization balances competing demands. The findings identify three reinforcing mechanisms – structural differentiation, pseudo selective coupling, and hybrid identity – that enable the firm to uphold dual accountability without compromise. Rather than resolving tensions, the firm filters for alignment and ensures shared values to maintain coherence. The study contributes to hybrid organization research by showing how accountability can be structured and sustained when no single logic takes precedence.

Acknowledgements: We are deeply grateful to our supervisor, Gianluca Delfino, for his thoughtful guidance and encouragement throughout this project. We also wish to thank all interview participants for their valuable contributions, and express our particular appreciation to the case firm for generously sharing their time and insights

Keywords: Hybrid organizations, Accountability, Impact private equity, Institutional complexity, Symmetrical tensions

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1. Introduction

"It is my belief that the next 1,000 unicorns – companies that have a market valuation over a billion dollars – won't be a search engine, won't be a media company, they'll be businesses developing green hydrogen, green agriculture, green steel and green cement" – Larry Fink, Chairman and CEO of BlackRock (Franck, 2021)

Impact investing has emerged as one of the most important tools for creating a sustainable future. The Global Impact Investing Network defines it as the practice of making investments with the intention of generating positive, measurable social or environmental impact alongside a financial return (GIIN, 2025). It is also an investment sector that has grown significantly in recent years. As of 2024, over $1.57 trillion USD in impact investing assets are managed by more than 3,900 organizations – representing a compound annual growth rate of 21% since 2019 (GIIN, 2024). Although private equity and similar financial practices have traditionally been seen as purely profit-driven, they are increasingly adapting to impact demands. This has led to the rise of investment firms that function as hybrid organizations – combining the goal of generating strong financial returns with a parallel commitment to creating positive social or environmental outcomes. With this dual focus comes a new set of challenges. It is no longer sufficient to signal financial credibility alone; firms must also demonstrate that they can deliver both financial and impact outcomes without one undermining the other.

However, existing research on hybrid organizations and accountability has largely focused on contexts where one institutional logic clearly dominates – such as public healthcare organizations or corporations driven by financial goals (Busco et al., 2017; Rautiainen et al., 2022; Maran & Lowe, 2022). These studies provide valuable insights into how organizations operate under asymmetrical tensions, where accountability systems can be tailored to the dominant logic. In contrast, the field of impact private equity – where both financial and social logics are equally central – remains underexplored. Current literature offers limited understanding of how organizations construct accountability systems when no single logic can take precedence. In such settings, understanding how hybrid organizations manage accountability is essential to explain how legitimacy is maintained across multiple, equally central goals. If accountability mechanisms lean too heavily toward one logic, organizations risk mission drift, internal conflict, or external skepticism (Busco et al., 2017). Without deeper insight into how balance is achieved under symmetrical institutional pressure, hybrid organizations may either default to dominant logics or rely on symbolic systems that lack real operational influence.

To address this gap, this thesis investigates how accountability is structured in a hybrid private equity firm that explicitly treats both financial returns and social impact as equally central to its mission. Ultimately, aiming to answer the question:

How does equally high standards of accountability influence the alignment of financial and impact goals in a hybrid organization?

Using a qualitative single-case study approach, the research draws on interviews, internal documents, and benchmarking conversations to examine how formal structures, organizational strategies, and shared identities shape accountability practices. Guided by the institutional logics perspective, the study focuses on how competing logics are incorporated, enacted, and aligned in a context of sustained institutional complexity. This study contributes to the literature on hybrid organizations and accountability in three key ways. First, it extends existing research by examining a case where no single logic dominates, thereby challenging assumptions in prior studies that focus on asymmetrical tensions (e.g., Busco et al., 2017; Rautiainen et al., 2022; Maran & Lowe, 2022). Second, it demonstrates how structural differentiation, selective coupling, and hybrid identity can work together to uphold dual accountability without resorting to compromise or decoupling. Finally, it shows how internal coherence – built through shared norms and organizational identity – can serve as a stabilizing force in the pursuit of hybrid goals, offering a new lens through which to understand accountability as a socially grounded and integrated practice, rather than merely a formal reporting requirement.

2. Literature Review

This chapter reviews the theoretical foundations that inform this study. First, we introduce the concepts of private equity and hybrid organizations, establishing how the intersection of financial and social goals creates accountability challenges for impact-focused investment firms (section 2.1.1). We then explore our main domain, how accountability has been conceptualized and operationalized in hybrid organizations, with particular attention to institutional logics, legitimacy, and the distinction between hierarchical and socializing forms of accountability (section 2.1.2). Based on this review, we identify a research gap in section 2.1.3. Lastly, we present institutional logics theory as our analytical lens, outlining its relevance to accounting and accountability research and explaining how it frames our understanding of hybrid goal alignment (section 2.2).

2.1 Domain Theory

2.1.1 Private Equity and Hybrid Goals

Before delving into the main domain on which our study is based, we begin by defining the concepts of private equity and hybrid organizations. These constitute the conceptual foundation of our analysis and are central to understanding the context in which our research is situated.

2.1.1.1 Private Equity

Private equity and leveraged buyouts (LBOs) refer to the acquisition of companies by specialized investment firms using a small proportion of equity and a large proportion of borrowed funds. In a typical LBO, the private equity firm gains majority control of a mature company, aiming to enhance its value through financial restructuring, improved governance, and operational efficiency. The strategy is distinct from venture capital, which usually involves minority investments in early-stage firms without control. The ultimate goal is to exit the investment at a profit, typically through a resale or public offering (Kaplan & Strömberg, 2009). Private equity funds are structured as time-limited investment units where capital is collected from external investors (Limited partners or LPs) and is managed by one or several general partners (GPs), and their team which together constitutes the firm. This structure creates a framework where GPs are responsible for the investments, portfolio management and exit strategies while LPs contribute capital but have limited influence over day-to-day operations (Metrick & Yasuda, 2010).

According to Axelson et al. (2007), an important aspect of the fund's structure is the high leverage which is used in acquisitions when performing LBOs. Most often, the debt is negotiated by the private equity firm but taken up directly by the portfolio company, meaning that the debt does not burden the fund itself, and the firm is not directly accountable toward the external creditor (Metrick & Yasuda, 2010). Moreover, these firms often use a compensation model which combines a fixed management fee (around 2%) with a performance-based share of the returns, so called "carried interest" (usually around 20%) (Chung et al., 2012). This structure aims at aligning incentives between GPs and LPs by rewarding value creation. GPs are also motivated to create high returns and in turn enable the possibility to attract capital to future funds (Chung et al., 2012).

A central part of the LBO-strategy is to create operative improvements rather than only falling back on leverage. Baker and Wruck (1989) underscores how the switch of ownership in an LBO facilitates fast organizational changes which strengthens focus, responsibility and results – factors which work together to drive additional value after the acquisition. Private equity funds are often valued based on IRR and the investment multiple and their relative performance compared to public investments make them stand out. Harris et al. (2014) find that private equity on average outperform market indexes, especially amongst top performing funds. This strengthens the image of private equity as an active form of ownership, yielding high returns, given that the right GPs, buyout team and incentive structures are in place.

2.1.1.2 Hybrid Organizations and Impact Investing

Hybrid organizations on the other hand are entities that combine governance structures, resources, and values from the public, private and nonprofit sectors. This enables them to manage risks and share information across traditional organizational boundaries (Miller et al., 2008). They can take on many forms, for example social enterprises, private-public partnerships and certified B-corporations. These organizations often pursue multiple, sometimes conflicting goals. Examples include social legitimacy, environmental impact and financial sustainability. To track this dual value creation, they require reporting and control systems capable of capturing monetary outcomes and societal effects (Grossi et al., 2022). As a result, they face high demands for transparency from stakeholders (Boland et al., 2008; Grossi et al., 2022).

The concept of impact investing can be defined as practices where capital is allocated towards different types of organizations with the intention to create both financial returns and measurable social impact. The most common type of asset manager for impact investments is private equity firms which by nature invest in privately listed impact companies. They are often characterized by targeting underserved populations or social issues which are ignored by conventional markets (Islam, 2023). In contrast to this, as previously discussed, private equity as an organizational form imposes high demands for financial performance. Taken together, this highlights the dual responsibility which impact investors must navigate as separate stakeholders show interest in differing organizational goals. This raises questions on how they show responsibility towards these conflicting interests and manage both impact- and financial outcomes. The next section will dive deeper into the domain of creating accountability within these organizations and their hybrid nature.

2.1.2 Accountability in Hybrid Organizations

2.1.2.1 The Modern Study of Accountability

The modern study of accountability was established in research during the 80:s and 90:s as a criticism of previous perceptions of accounting as a neutral and objective tool to assess and report performance. Traditional or hierarchical accountability is considered a formal process where subordinates, without any contextual consideration, answer to their superiors through standardized systems, based on individual performance (Roberts & Scapens, 1985). Hierarchical accountability is described as isolating and self-centering where the individual focuses on how others see them which often generates anxiety and strategic self-presentation (Roberts, 1991).

A new perspective is however introduced called socializing (forms of) accountability, describing accounting as not only a technical system but a social practice, both formed by and contributes to forming social relations, norms and hierarchies in organizations (Roberts, 1991). This view is based on Giddens (1984)'s theory of structuration which states that rules, norms and systems are both enabling and constraining. While they shape human action, they are also shaped by and reproduced through that same action. Socializing accountability hence builds on individuals relating to each other through moral liability which creates genuine communication and a sense of responsibility towards a shared goal (Roberts, 1991; Shearer, 2002; Messner, 2009; Arikan, 2023). Building on this, Shearer (2002) contributes by shifting the focus from organizational relationships to a deeper ethical responsibility that arises simply from encountering another person. She highlights how true accountability starts not with formal obligations but with the human impulse to care and respond to others, even when reports are not required. Messner (2009) adds to this by arguing that meaningful accountability depends on having the space for open and honest dialogue. If people are to take real responsibility, they must be able to explain themselves in their own words, without fear of distortion or judgement.

2.1.2.2 Audit Culture and Risks of Mission Drift

Socializing accountability, shaped by expectations, power and context, originates in the presence of a relationship and a sense of moral obligation. Extending this from individual to organizational level, researchers have explored how responsibility is presented outwardly through formal systems (Roberts, 1991; Gray, 2002). This reflects what Power (1999) terms *audit culture*, defined as a ritualized process where verification and documentation take precedence over ethical reflection. Similar dynamics are observed by O'Dwyer and Unerman

(2008), who show how the introduction of hierarchical accountability structures in NGOs, though intended to increase transparency, can narrow organizational focus to measurable donor expectations at the expense of mission integrity. This performative logic has been critically examined in the field of environmental and sustainability accounting, where researchers argue that audit practices, rather than enabling accountability, often produce reassurance and inaction (Bebbington & Larrinaga, 2024). This underscores how upward pressures can undermine the purpose of accountability in favor of symbolic practices, potentially leading to mission drift.

2.1.2.3 Legitimacy

The symbolic nature of hierarchical accountability raises critical questions about how legitimacy is produced, prompting scholars to examine the strategic use of accounting as a tool for legitimation. Building on Suchman's (1995) theory of legitimacy, Deegan (2002) shows how organizations use disclosure to respond strategically to perceived legitimacy threats from external stakeholders. Killian and O'Regan (2016) further highlight how social accounting can function as a community-embedded practice that constructs legitimacy not just symbolically, but relationally, through shared narratives and participation. In both cases, accounting operates as a medium through which organizations negotiate their role and responsibilities in relation to multiple external expectations.

The pursuit of legitimacy within multiple institutional logics is particularly pronounced in hybrid organizations, such as social enterprises, which are expected to demonstrate both financial sustainability and social impact. Drawing on Emerson's (2003) concept of collaborative accountability, Nicholls (2009) brings this framework into the context of hybrid organizations, shifting the focus inward to explore how such entities navigate legitimacy externally, and through their internal accountability structures. He examines how social enterprises balance the tension between market-based metrics and socially driven missions, proposing blended value accounting as a model for integrating economic and social logics. Yet, Nicholls (2009) remains critical of its practical viability, noting that competing value systems often destabilize accountability frameworks. Together, these perspectives highlight how hybrid organizations must continuously negotiate between strategic and ethical dimensions of accountability to sustain dual legitimacy.

2.1.2.4 Accountability in Hybrid Organizations Differs

Empirical research on accountability in hybrid organizations spans diverse contexts, including public-sector hybrids such as municipal housing (Maine et al., 2024), healthcare (Rautiainen et al., 2022; Maran & Lowe, 2022), and cultural initiatives (Ferry & Slack, 2022), as well as private-sector hybrids like social enterprises (Busco et al., 2017), B-Corps (Baudot et al., 2022), and corporatized universities (Gebreiter & Hidayah, 2019). Historical analyses (Lusiani et al., 2023) further show that hybrid logics are not a recent phenomenon. Public-sector hybrids often balance bureaucratic, professional, and market logics, where tensions arise between hierarchical control, professional autonomy, and demands for efficiency (Rautiainen et al., 2022; Maran & Lowe, 2022; Grossi et al., 2022). Accountability in these contexts is shaped by regulatory mandates, public scrutiny, and fragmented funding structures (Ferry & Slack, 2022; Maine et al., 2024). In contrast, private-sector hybrids typically negotiate between commercial viability and social or moral missions, where accountability mechanisms are more market-facing and often formalized through certifications or investor expectations (Busco et al., 2017; Baudot et al., 2022; Gebreiter & Hidayah, 2019).

Across both domains, hybrid organizations rarely resolve institutional tensions. Instead, they manage them through methods such as structural differentiation**,** where conflicting logics are assigned to distinct organizational units (Busco et al., 2017; Grossi et al., 2022; Maran & Lowe, 2022), and selective coupling**,** where elements from different logics are strategically combined within specific practices (Maine et al., 2024; Baudot et al., 2022; Busco et al., 2017). In municipal organizations, this is seen in internal negotiations and distributed responsibility structures aimed at reconciling civic and economic priorities (Maine et al., 2024). In B-Corps, certification formalizes dual commitments to profit and purpose, yet operations often reflect a dominance of market logic, suggesting rhetorical rather than substantive integration (Baudot et al., 2022). Similarly, in social enterprises, accounting structures are used to sustain coexistence rather than integration of conflicting institutional demands (Busco et al., 2017).

Accounting serves as both a technical and symbolic mediator. It enables coordination and innovation (Busco et al., 2017) yet can also reinforce dominant norms and suppress value pluralism (Ferry & Slack, 2022). In many public and non-profit hybrids, formal upward accountability to funders can crowd out downward, relational accountability to service users (O'Dwyer & Unerman, 2008; Gebreiter & Hidayah, 2019). Busco et al. (2017) conceptualize accounting as a boundary object that mediates competing demands without resolving them. While some cases (e.g., Lusiani et al., 2023) reveal that logics can coexist harmoniously, most studies highlight persistent tension. Yet, existing literature largely focuses on settings where one logic dominates. The following section introduces a novel context – impact private equity – where logics are equally central, presenting new challenges for accountability.

2.1.3 Research Gap

Previous research on accountability in hybrid organizations has largely focused on contexts where one institutional logic tends to dominate such as multinational corporations where market logic prevails (Busco et al., 2017) and organizations where social missions often outweigh financial performance (Rautiainen et al., 2022; Maran & Lowe, 2022). These studies, while insightful often rely on cases where the tension between logics is asymmetrical, making accountability mechanisms easier to align with a prevailing normative order. However, the field of impact private equity presents a new and underexplored organizational form where no single logic clearly dominates. These firms are simultaneously held to the same rigorous financial standards as traditional private equity firms (Kaplan & Strömberg, 2009), while also being expected to deliver credible and measurable social impact, akin to actors in the social sector (Islam, 2023). The field thus presents a promising site for extending theories of accountability and selective coupling by investigating how responsibility is constructed, negotiated and communicated when financial and social logics are equally central. By exploring how accountability is enacted in the context of impact private equity, this study seeks to generate new insights into the practical and ethical tensions involved in balancing dual institutional demands. In doing so, it contributes to both the literature on hybrid organizations and to our understanding of accountability mechanisms in high-stakes performance-driven environments where legitimacy must be earned on multiple fronts simultaneously.

2.2 Theoretical Framework

2.2.1 Institutional Logics

2.2.1.1 Foundational Theory

Institutional logics serve as a good framework for understanding how individuals and organizations navigate their contexts. Defined by Thornton and Ocasio (1999, P. 803) as "socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to social reality". These logics shape what is considered legitimate behavior and guide how actors define their goals and choose the means to pursue them (Pache & Santos, 2013). This interpretation builds on foundational work that highlights how organizations adopt formal structures not primarily for efficiency, but to adhere to institutionalized norms and gain legitimacy (Meyer & Rowan, 1977).

Subsequent work introduced the idea that multiple institutional orders coexist within society. Some examples being the market, the state, the family and religion – all represented by their own logics. These logics give rise to alternative criteria for rationality and legitimacy, which often places organizations at the intersection of multiple – sometimes – competing logics (Friedland & Alford, 1991). Later contributions built upon this and emphasized the role of logics in regard to shaping both individual and organizational attention and decision-making (Thornton & Ocasio, 1999).

2.2.1.2 Institutional Complexity

A central finding in the literature is that institutional fields are rarely governed by one single, unified logic. In reality, the coexistence of multiple logics is common and can be referred to as institutional pluralism. In order to describe situations where organizations struggle with the compatibility of multiple and conflicting logics, Greenwood et al. (2011) introduced the concept of institutional complexity. To manage such complexity requires development of strategies that enable the management or reconciliation of competing demands such as compartmentalization, selective coupling, or blending of practices (Greenwood et al., 2011). It is argued that the former is suitable in situations where logics are mostly incompatible and thus would be hard to reconcile. Therefore, such a strategy is suitable when organizations can divide into subunits that can operate relatively independently. Selective coupling on the other hand allows organizations to practices from different logics and thus create a tailored solution. Noteworthy, this works best if logics are not entirely contradictory and actors possess the skills to interpret and justify their choices. Blending practices is difficult but holds great potential that can be unlocked if high levels of internal coherence or a shared identity exists. Hence, it often occurs in hybrid organizations. It has been observed that if two logics are associated with competing identities that are not reconciled (or managed in other ways), individuals are likely to withdraw for the logic tied to the less important identity in favor of the higher level identity (Brandl & Bullinger, 2017).

While it is commonly assumed that one logic will prevail over the others and become the dominant one, this is not always the case. A study by Reay and Hinings (2009) found that a Canadian healthcare organization was able to successfully maintain two coexisting logics. Namely, balancing both a professional and business logic through collaborative practices that allowed for alignment through negotiation – thus avoiding dominance by one of the logics. This challenges the previously mentioned assumption regarding how competing logics necessarily leads to conflict or replacement. Moreover, institutional pluralism can even foster agency. One study showed that regions of a bank employed divergent organizational practices as a way of balancing the community and market logics that characterized the U.S. baking sector (Marquis & Lounsbury, 2007). In another study on microfinance organizations in Boliva, it was found that successful hybrids were characterized by a shared organizational identity. This enabled actors successfully integrate the conflicting development and banking logics (Battilana & Dorado, 2010). These cases highlight how actors are not simply passive recipients of institutional prescriptions but can act strategically and adapt to the tensions present.

2.2.2 Institutional Logics Within Accounting and Accountability

2.2.2.1 Accountability to Manage Diversity Tensions

Accounting research has increasingly drawn on the institutional logics perspective to analyze hybrid organizations. Since these organizations naturally operate at the intersection of multiple logics such as commercial, public, professional or many more – they become a great illustration of institutional complexity. Such complexity can give rise to tensions regarding how performance is defined and measured. These organizations face what is known as "diversity tensions" in their accounting and accountability practices, as they must satisfy multiple value frameworks and stakeholder expectations simultaneously (Grossi et al., 2024). Prior research in accounting has highlighted how such pluralistic demands often lead to fragmented measurement systems, reflecting the different priorities of each logic. Without interventions or strategies to handle this, a hybrid firm's social impact metrics may conflict with its financial KPI:s, ultimately undermining organizational coherence (Giones et al., 2020; Morinière & Georgescu, 2022). The literature suggests that stronger accountability pressures can mitigate these tensions by encouraging standardized frameworks that align these competing logics (Baudot et al., 2022).

2.2.2.2 Reconciliation and Meditation of Tensions

Research into management accounting indicate that internal performance measurement systems (PMS) can help manage competing logics if designed appropriately. Carlsson-Wall et al. (2016) found evidence of this when studying a professional football club balancing sports and business logics. They found that the club maintained separate metrics for sports and financial performance (monitored by the corresponding divisions) as well as a set of overarching KPI:s that were monitored by only top management and spanned both logics. The separation of financial and sports logics at the operational level is referred to as structural differentiation – dividing an organization into distinctive subunits, each of which can act independently and respond accordingly to the corresponding institutional logic (Carlsson-Wall et al., 2016; Kraatz & Block, 2008; Greenwood et al., 2011). Closely aligned with the concept of compartmentalization – structural differentiation also aims to avoid putting actors in a position where they need to adhere to conflicting institutional demands at the same time, but at some point in time integration will be necessary (Greenwood et al., 2011). These mechanisms shed light on how hybrids balance legitimacy and coherence under plural institutional demands. However, successfully engaging in practices such as structural differentiation, selective coupling or blending practices, requires adaptability. The degree of conflict depends not only on the content of the institutional logics, but also on how central and compatible they are within the organization's identity and operations (Besharov & Smith, 2014; Battilana & Lee, 2014).

While much of the literature on institutional complexity emphasizes the reduction or reconciliation of tensions between competing logics, Busco et al. (2017) challenge the view that this should be the definitive goal. They offer two central arguments. First, they argue that long-term reconciliation strategies – such as decoupling or compromise – often deteriorate under sustained stakeholder pressure, leading to instability. Second, they claim that harmonization may inhibit innovation by eliminating the tension that prevents any one logic from becoming dominant, and thereby potentially dysfunctional. In such cases, the hybrid character of the organization is placed at risk. Instead of striving for full resolution, Busco et al. (2017) advocate for embracing institutional tensions through the use of mediating accounting and control practices. These practices act as boundary objects that facilitate collaboration without requiring consensus, enabling the co-existence of multiple logics and fostering innovation.

3. Methodology

This chapter outlines the methodological choices guiding this thesis. It begins by motivating the research approach and case selection (section 3.1), followed by a description of the data collection process, including both preparatory and primary interviews (section 3.2). The chapter then outlines how the empirical material was analyzed using an abductive approach (section 3.3), and concludes by discussing the study's methodological limitations (section 3.4).

3.1 Research Approach

While a growing body of research has explored how hybrid organizations navigate competing institutional logics, far less attention has been given to how symmetrical demands of accountability influence the degree of alignment between their social and financial goals. Prior studies suggest that accountability is not merely a reporting mechanism, but a relational and institutional construct shaped by context, power, and legitimacy concerns (Roberts, 1991; Messner, 2009). Yet, it remains unclear how accountability structures function when no single logic dominates. To address this gap, this thesis adopts a qualitative single-case study design to explore how accountability structures are enacted and whether they foster alignment between competing logics. This approach allows us to examine accountability not just as a technical practice, but as a socially integrated system that can enable or constrain goal integration (Ahrens & Chapman, 2006). Accordingly, we investigate the following research question:

How does equally high standards of accountability influence the alignment of financial and impact goals in a hybrid organization?

To examine this question, we selected a case firm with explicitly hybrid goals. The firm operates at the intersection of social and financial objectives, aiming to generate competitive returns for investors while contributing to long-term societal outcomes. In this setting, neither logic can be easily subordinated to the other, making it a productive context for observing how accountability mechanisms are designed and enacted. The firm's commitment to both internal performance systems and external transparency requirements creates an environment where accountability is present and heightened – making it possible to explore whether and how this standard contributes to aligning its hybrid goals.

Our case study is based on a mid-sized impact private equity firm, primarily operating in Europe, with more than €1 billion in assets under management and above 15 portfolio companies. Henceforth referred to as "Equity Capital", the firm presents a relevant and information-rich setting for studying how accountability influences the alignment of hybrid goals. Its operational scale and institutional investors require formalized systems for performance evaluation, while its dual mission – to generate competitive financial returns and contribute to societal value – naturally creates tension between commercial and impact objectives. Additionally, the presence of multiple dedicated internal functions allows us to explore how various departments' objectives are reflected, prioritized, and operationalized through the firm's performance structures.

Given the high workload and limited availability typical of the private equity industry, the firm granted us access to internal documentation outlining its impact strategy, as well as interviews with five individuals from four departments. Each of whom plays a central role in the development or use of the firm's accountability structures, including its impact measurement framework. To ensure these interviews were as focused and relevant as possible, we first conducted benchmarking conversations with an impact professional and a representative from a peer impact investing firm. These preparatory interviews provided a broader understanding of how accountability is typically approached in hybrid investment settings and helped us refine our interview guide without requiring extensive upfront mapping of the case firm's operations.

3.2 Data Collection

Data were collected in two distinct phases: a preparatory phase and a primary case study phase. The preparatory phase aimed to map and understand general accountability practices in for-profit hybrid organizations. This step was particularly important given limited access to internal actors and the need to ensure that our primary interviews could probe meaningfully into how accountability mechanisms influence the alignment of hybrid goals.

3.2.1 Preparatory Data Collection

In this phase, we conducted two semi-structured interviews – one with an impact professional and one with a representative from another impact investing firm (see appendix 8.1). These conversations helped us develop a broader understanding of how accountability is structured and enacted in similar hybrid investment contexts, particularly regarding the balance between social and financial goals. They also offered external perspectives that enabled us to frame our case study findings more critically. These insights were complemented by internal documents from the case firm, including its impact strategy and related reporting frameworks. Although neither the preparatory interviews nor the desktop research constituted primary data, they were instrumental in shaping our interview guide and providing a contextual foundation for interpreting the subsequent case findings.

3.2.2 Primary Data Collection

A total of six semi-structured interviews were conducted, each lasting between 30 and 60 minutes (see appendix 8.1). One individual – our primary contact at the firm – was interviewed twice. The first conversation focused on establishing a broader understanding of the firm's organizational context and its accountability structures, while the second addressed our research question more directly. The initial interview guide was informed by insights from the preparatory phase and designed to explore how accountability mechanisms were developed and used to manage hybrid goals. Subsequent interviews followed tailored guides aligned with each participant's specific role and responsibilities, while maintaining a consistent thematic structure (see appendix 8.2).

All interviews were conducted in Swedish, the interviewees' native language, to support a natural and fluent conversation. While this presents a potential risk of translation bias, the frequent use of English terminology within the industry and the participants' regular switching between languages when discussing professional implications helped mitigate this concern. Interviews were conducted via video conferencing platforms (e.g., Microsoft Teams, Zoom, Google Meet), recorded with informed consent, and transcribed in full using Klang AI for subsequent analysis. To protect the confidentiality of both participants and the case organization, all interview data were anonymized. A pseudonym is used for the firm, and individual roles are described in general terms to reduce the risk of identification.

3.3 Data Analysis

We adopted an abductive approach to data analysis, moving iteratively between the empirical material and existing theoretical frameworks to refine our understanding (Dubois & Gadde, 2002). This approach enabled us to adapt our analytical focus as new insights emerged and informed subsequent interviews throughout the process. While grounded in institutional logics theory, our analysis specifically explores how accountability mechanisms are enacted across different organizational functions, and how these mechanisms influence the degree of alignment between the firm's social and financial objectives.

A thematic approach was applied to the transcribed data, where initial codes and observations were grouped into broader categories reflecting how accountability mechanisms operate within the organization. These themes were then analyzed in terms of their influence on the alignment, or misalignment, of hybrid goals across departments. Rather than focusing solely on conflict or harmony between institutional logics, we examined how specific forms of accountability (e.g., formal reporting systems, internal review processes, or investor-facing metrics) either reinforced, bridged, or strained the coexistence of financial and impact objectives. This allowed us to explore where tensions arose, but also how certain accountability practices contributed to coherence across competing priorities.

3.4 Methodological Limitations

While this study provides an in-depth exploration of how accountability mechanisms influence the alignment of hybrid goals, several limitations should be acknowledged. Firstly, the single-case study design allows for detailed, context-rich insights but limits the generalizability of findings beyond the specific organizational setting of Equity Capital (Yin, 2018). The aim, therefore, is not to produce universally transferable results but to generate theoretically informed understanding that may inform future research in similar contexts.

Access to participants was secured through internal referrals, and data collection relied on snowball sampling. While this approach was pragmatic given the time constraints and nature of the field, it may have introduced bias by disproportionately reflecting the views of individuals aligned with certain institutional logics within the firm (Emerson, 2015). We remain attentive to this limitation in our analysis and interpretation of the findings. To mitigate potential biases, we sought representation across multiple functional departments and maintained a reflexive stance throughout the analysis. Moreover, the data primarily consist of self-reported narratives and internal documents, which reflect how accountability structures are described and represented, rather than directly observed in practice (Silverman, 2013). This issue might be exacerbated by the fact that we were unable to schedule any interviews with the deal teams where the final integration of logics is enacted.

While interviews formed the core of our analysis, we also cross-checked our interpretations against internal documents and preparatory interviews to ensure consistency across sources. Nonetheless, future research could benefit from ethnographic observation or longitudinal data to more closely examine how accountability is practiced over time and across decision-making contexts (Ahrens and Chapman, 2006).

4. Empirical Findings

This chapter presents the empirical findings from our case study of Equity Capital. It begins by introducing the case firm and its organizational structure (section 4.1), followed by an analysis of how impact is framed as a core competitive strategy (section 4.2). Next, we outline the dual logic system that underpins the firm's mission (section 4.3), before examining how these logics are managed through structural differentiation and selective coupling (section 4.4). The chapter concludes with an exploration of how hybrid identity operates as a cultural and normative force within the organization (section 4.5).

4.1. The Case Firm

Equity Capital is a European-based impact private equity firm. The firm currently manages more than €1 billion across three distinct investment strategies: Buyout, Venture Capital, and Microfinance. Given the higher uncertainty and performance ambiguity associated with

Venture Capital and Microfinance investments, this study focuses primarily on the Buyout strategy, which is both Equity Capital's original and largest focus area, representing roughly 65% active portfolio companies.

The firm is organized around its investment areas and managed by an executive management team (see appendix 8.3). The investment professionals are organized into three distinct deal teams – corresponding to each investment strategy. These teams are supported by core functional departments: Finance, Impact, and Investor Relations. The Finance department is responsible for collecting, analyzing, and managing financial data across all deal teams. This data informs investment screening, valuations, and performance monitoring. Similarly, the Impact department plays an equally prominent role, focusing on the collection and assessment of non-financial and impact performance data. It ensures that potential investments present a sufficiently strong "impact case" (explained in the subsequent section) and monitors ongoing impact outcomes. The Investor Relations department is responsible for capital raising activities and ongoing communication with the firm's limited partners. In addition, a more traditional support function handles operational areas such as communications, legal, and IT. Each functional unit is represented in the executive management team, which coordinates strategy and integration across the organization. Most of the firms' employees, with the exception of the impact team, come from traditional financial or consulting backgrounds with the common denominator of wanting to contribute more to society than they have in their career so far (interview 7).

The firm's investors or limited partners consist almost exclusively institutional entities. These include insurance companies, pension funds, philanthropic foundations and similar institutions with long term capital management strategies and are required to invest a minimum of €10 million. The fund does not target retail investors, primarily due to difficulties with scalability and regulatory reasons. Targeting non-professional investors would require compliance with a far more complex regulatory framework which the fund deliberately avoids (interview 7). The industry professional also explained that these firms benefit from fewer, larger investors such as institutional investors as that they tend to be more homogenous in their needs (both social and financial) which simplifies alignment and communication. Moreover, institutional investors generally possess a higher level of expertise, enabling them to clearly articulate their expectations and to better understand how an impact-focused private equity firm operates (interview 2).

> "A lot of our customers are insurance companies, they are pension funds, they are foundations […] those are our primary customers. They often have a long-term perspective in their return needs. They have allocation budgets where they should have a diversified portfolio, where [Private Equity] is a part of it. They also have real-estate infrastructure and credit products. They also have excess cash so that they slowly can build up their own capital. We are a subcategory of that […] which is not their public investments. And within [that subpart] there are a lot of different asset types. Midmarket buyouts are our primary subcategory. So, you could say that we are a subcategory of a subcategory". (interview 7)

The investor relations manager highlights that the investors have clear strategies for diversification within alternative asset classes. Private equity and especially leveraged buyouts constitute only a small part of these strategies which puts pressure on the actors to stand out. To integrate impact hence becomes a differentiation strategy in a niched part of the investor's portfolio.

4.2 Impact as a Competitive Strategy

Equity Capital is positioned in the segment of Bridges Spectrum of Capital where both financial returns and measurable impact is considered equally important. As the senior impact manager explains it:

> "The Bridges Spectrum of Capital basically shows what type of capital is suitable for certain investments. On one end, you have pure philanthropy and on the other, traditional, return-maximizing investments. Equity Capital is somewhere in the middle where we need market-rate or actually above-market returns but also would never invest in a company without a strong impact case. Impact […] is a tool for value creation and not a tradeoff from value" (interview 3)

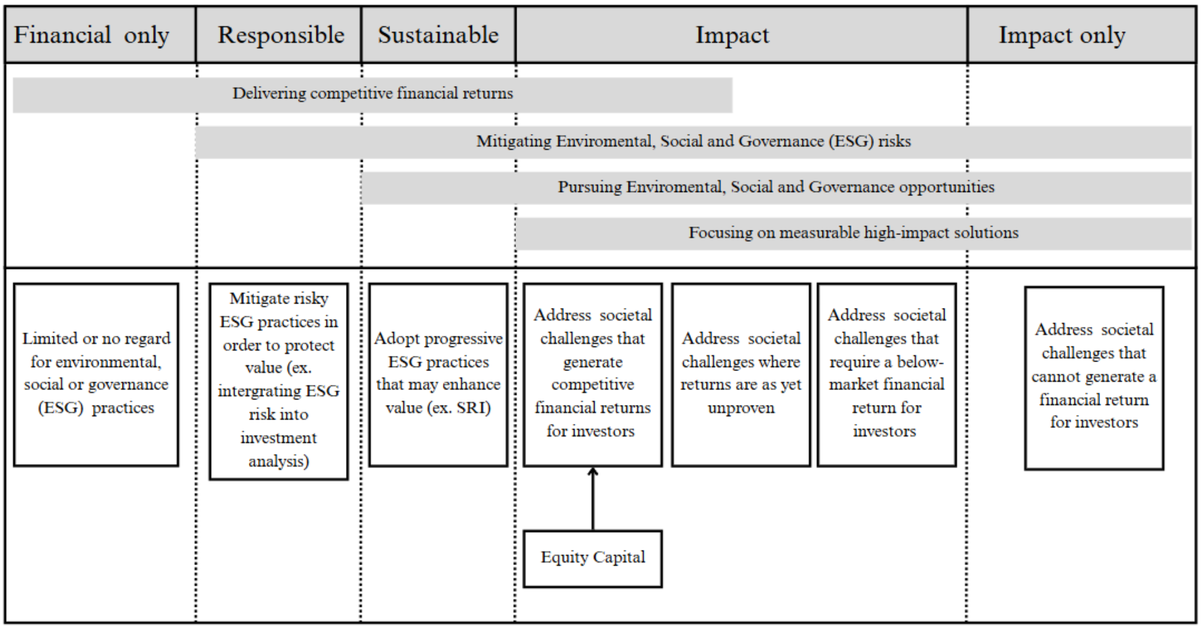

Figure 2. Adapted from the Bridges Spectrum of Capital (Bridges Fund Management, 2015)

When asked, the senior impact manager stays firm on the opinion that impact and profits are correlated, repeating multiple times that "there are no contradictions between profits and impact" and "it is important to keep a non-binary perspective". Despite this, he admits that not all types of social contribution-initiatives fit with commercial business models.

> "We are aware of that there sometimes exist contradictions but during our short holding period of five to six years, we will focus on those areas where both economic benefit and impact move in the same direction. We do not have time to make those more complex tradeoffs but instead focus on initiatives where there is a positive effect. As soon as you do the right thing for the environment or social outcomes, or something else, economic benefit follows." (interview 4)

This view is clearly anchored in the investor relations perspective too as he explains in interview 7 that "We view impact as a part of the value creation. That is how we will be able to generate excess return". In other words, impact is seen as a strategic tool to drive extra value rather than an ethical or regulatory burden.

The senior impact manager from interview four also emphasizes that the impact itself is not abstract or symbolic, but concrete, product specific and operationally useful. He explains that they intentionally avoid measuring at a "stratospherically high level", stating that "We draw the KPIs to the other end of the spectrum where we can tie them as closely as possible to the operations" (interview 4). This creates a clearer decision basis and makes it possible to implement incentive structures where threshold levels of impact can be connected to carried interest.

The tools used to measure and report impact can be divided into two separate categories: legal directives and impact frameworks. These are "quite explicitly articulated in our impact report" and as the senior impact manager put it "We try to align with the rest of the world and only adjust [the reporting] a little to our ways of working" (interview 4).

The benchmarking interviews indicated that this method is widely used. The head of impact reporting at a similar firm to Equity Capital explained that they have essentially "set their own words on current industry standards" and that "Our reporting framework is based on several externally created reporting frameworks, especially theory of change which most firms in the industry uses" (interview 1).

Similarly to them, Equity Capital uses a wide range of impact frameworks to define and report impact. Except for the previously mentioned theory of change which is used to motivate and describe impact development, the most notable are the Impact Management Project (IMP), Accounting Standards Board's (SASB) standards, IRIS+, Operating Principles for Impact Management (OPIM) and Principles for Responsible Investment (PRI). The Impact Management Project (IMP) lays the foundation for the structure of their impact activities and the Sustainability Accounting Standards Board's (SASB) standards defines subsets of sustainability issues which are most relevant for financial performance. Additionally, IRIS+ is GIIN's generally accepted system for measuring, managing and optimizing impact. Lastly, they are also signatory of two additional impact frameworks, namely Operating Principles for Impact Management (OPIM), which ensures that the impact investments are managed responsibly, and Principles for Responsible Investment (PRI), which is used to analyze and understand the investment implications of ESG factors.

Regarding the legal directives, they comply with the EU Taxonomy, Sustainable Finance Disclosure Regulation (SFDR) and Corporate Sustainability Reporting Directive (CSRD). The EU Taxonomy, and especially "Do No Significant Harm" defines which economic activities are considered environmentally sustainable and the Sustainable Finance Disclosure Regulation (SFDR) was introduced to create transparency on the financial market and prevent greenwashing. Lastly, the Corporate Sustainability Reporting Directive (CSRD) requires companies to report sustainability uniformly and SEC Marketing Rules which affect how they are allowed to market their funds to investors.

Next, the senior impact manager clarified (interview 4) that they avoid oversaturated markets such as solar energy. Instead, they create competitive advantages and differentiation by "throwing the net wider and trying to think a bit further about what the impact is and why". It is already in the investment phase that they ensure that the companies fulfill Equity Capital's criteria regarding financial and impact potential. The finance manager notes that "Equity Capital is very good at thinking about the impact part already in the beginning when we are acquiring a company" (interview 6).

Ultimately, Equity Capital's approach demonstrates how impact can be strategically leveraged, not just as a compliance requirement or a reputational asset but as a core driver of differentiation and excess return. By embedding measurable impact at the heart of their value creation model, they aim to outperform the market by contributing meaningfully to global challenges. To fully understand how this strategy is implemented in practice, it is essential to examine how Equity Capital has structured its internal teams and processes to support and sustain these conflicting logics throughout the organization.

4.3 Dual Returns – The Financial and Impact Logics

Given the explicitly stated strategy to create both financial and impact returns without compromise, Equity Capital faces clear hybrid goals which need to be achieved. As these goals do not align naturally they materialize into two distinct logics, a financial and an impact logic. Across functions interviewees repeatedly brought up the same theme – that the impact created was important for the firm as a whole, exemplified by statements such as "we view impact as a part of value creation" (interview 7) and "we always try to consider our theory of change, a framework about what we do today and how it impacts tomorrow" (interview 4).

However, "in the end it is the returns which are, [and] will be the most important – one way or another. Without that we will not be able to survive" (interview 7). This existential demand is enacted primarily through the market norms and investors and indicates a clear presence of a financial logic. The communications manager emphasized this further claiming that: "Investors are generally more interested in the progress of financial performance." (interview 5). These quotes suggests that if the logics are left unchecked and allowed to compete freely the financial logic would be likely to dominate the impact logic.

While these are the two main logics, we make no reservations regarding the possible influence of demands not encompassed by such logics. However, the financial and impact logics are the most prominent within the organization and, importantly, are actively reinforced through both the organizational structure and the performance measurement systems in place (consistent with Carlsson-Wall, (2016)).

4.4 Managing Competing Logics Through Structural Differentiation

4.4.1 The Organizational Structures Impact on Dual Accountability

At the core of Equity Capital's operations are its deal teams, which are responsible for both sourcing and managing investments. During deal screening, it is essential that both the financial and impact cases are assessed. Referring back to the Bridges Spectrum of Capital, suitable potential investments should exist in the intersection where creating impact is a core part of the business model. Pursuing deals that are attractive financially but with ambiguous impact potential (or vice versa) would mean forsaking the firm's competitive strategy. Hence, both cases need to be sufficiently strong to warrant an investment. If conflicting demands from both logics are not managed, the stronger (higher identity) financial logic would likely be prioritized (Brandl & Bullinger, 2017). In an effort to ensure that both objectives are given equal space and attention, the firm has opted for having a department dedicated to each. This represents a structural differentiation and the creation of two separate accountability logics, which the deal teams (and other functions) must navigate. Equity Capital's separation of financial and impact accountability is enacted both on an organizational level and on a reporting/communicative level. This structural differentiation facilitates the development of two distinct accountability regimes (Kraatz & Block, 2008): one financial, aligned with fiduciary duty and market expectations, and one impact-oriented, tied to social performance and legitimacy (Ebrahim et al., 2014). When questioned regarding the reasoning behind such a divide, interviewees alluded to more effective communication and a higher degree of specialization. One interviewee described how this separation is communicated to external stakeholders:

> "We talk about them in parallel, but still like two separate parts … in our fund-report to our investors we have one page with impact and ESG KPIs and the next page will cover financial KPIs … it is about balance, letting both get their space. " (interview 5)

Another interviewee emphasized how the division is mirrored internally, noting that "most of our focus is on, for example, cost controlling […] we have our impact team which continuously monitors the agreed upon impact-KPIs" (interview 6).

4.4.1.1 Financial Accountability as Part of Structural Differentiation

As the investment relations manager stated (section 4.1.3), strong financial performance is a non-negotiable for Equity Capital. Consisting of nine members, the finance team shoulders the main responsibility for monitoring, reporting, and analyzing the firm's finances. Their primary role is to support the individual deal teams in financial projections and analysis.

> "The deal teams are responsible for their own companies and have all the information about them. They understand the revenues and costs of the firm on a completely different level than we do. What we as the finance team do is secondary […] we receive their reports which are then used in our quarterly reports." (interview 6)

Rather than making investment decisions directly, the finance team ensures that the financial targets set out are being met and maintained. Although financial health is monitored continuously, more detailed reviews are conducted quarterly during meetings with the deal teams. During these meetings, the valuations of potential investments are also reviewed to ensure that projections are both reasonable and robust enough to meet the fiduciary duty to the firm's limited partners. While financial performance is closely tracked, the finance manager reported minimal friction with the deal team – possibly reflecting strong alignment on the importance of financial rigor or the secondary advisory role of the finance team. However, the manager expressed doubt in the natural alignment between the impact and deal teams – stating that the likelihood of disagreement over what to (and not to) measure was higher than for financial KPIs.

4.4.1.2 Impact Accountability as Part of Structural Differentiation

In parallel to financial accountability, Equity Capital has developed a distinct structure for ensuring accountability towards its impact objectives. The creation of a dedicated impact team institutionalizes a separate accountability regime, rooted in a core belief of creating concrete and quantifiable impact. In order to ensure that impact is valued and pursued to its fullest extent, it is integral that it is measured in a credible, relevant and robust manner. As the impact manager put it, "what gets measured – gets managed" (interview 3). Much like the finance team – the impact team is tasked with monitoring, evaluating and reporting on the non-financial impact performance of portfolio companies. According to the interviews (3 & 4) the team is involved early in the deal-sourcing process, helping the deal team assess the impact case – thus ensuring that the business model aligns with Equity Capital's investment theory.

> "When we evaluate an investment, we look at whether the impact is intrinsic to the business model. Is the impact a byproduct, or is it at the core of the operations? If it's not baked in, it's not for us." (interview 3)

This embedded-yet-independent role allows the impact team to uphold accountability to the firm's impact objectives without being sidelined by financial priorities. Once these criteria are satisfied, the involvement of the impact team transitions into supporting the identification of relevant impact KPIs that align with each company's theory of change, and which will be tracked throughout the holding period. The alignment with the theory of change is pointed out as being extra important by the impact manager – emphasizing that investors need to get a clear understanding of the causality between the investments operations and the impact it sets out to create. This ties back into the notion that the impact created has to be clear, quantifiable and trustworthy. Utilizing and reporting to the multitude of acknowledged sustainability and impact frameworks (section 4.1.2) helps create an accountability structure for impact that signals credibility to their investors. This form of specialized integration reflects broader findings in the literature on hybrid organizing, where designated roles help protect the integrity of competing logics within the same organization (Kraatz & Block, 2008; Ebrahim et al., 2014).

4.4.1.3 Selective Coupling Enabled by Structural Differentiation

Subsequently this means that the logics are independent from an accountability standpoint and that the integration therefore falls on the deal teams. Although the firm maintains structural separation between financial and impact functions, the investment process requires simultaneous fulfillment of both goals. Rather than integrating or mediating these logics, the firm pursues a strategy akin to selective coupling (Pache & Santos, 2013), whereby only investment opportunities that naturally satisfy both logics are pursued (see figure 3). While traditional selective coupling involves extracting compatible elements from conflicting logics, Equity Capital takes an inverse approach. Rather than constructing alignment internally, the firm self-selects into investment opportunities where the two logics already align. This achieves similar effects in practice – maintaining coherence between logics – without requiring the same interpretive skill or ongoing negotiation typically described in the literature (Greenwood et al., 2011). This allows the firm to uphold the integrity of each logic without reconciling them internally, instead selecting contexts where alignment is externally present.

However, while selective coupling offers a pragmatic solution to institutional complexity, it is also plagued with challenges; it demands constant vigilance in identifying and evaluating alignment between logics, limits the pool of eligible investments, and risks organizational rigidity if external expectations shift or the logics become less compatible over time (Pache & Santos, 2013). The inherent difficulty of this approach demands a strong organizational commitment to maintaining both logics over time, as well as the internal capacity to consistently identify suitable opportunities.

This analysis is based primarily on formal structures and explicit accountability systems; however, as Battilana and Dorado (2010) note, the day-to-day reconciliation of competing logics often occurs informally through individual agency and interactional work, which may remain outside the scope of our data.

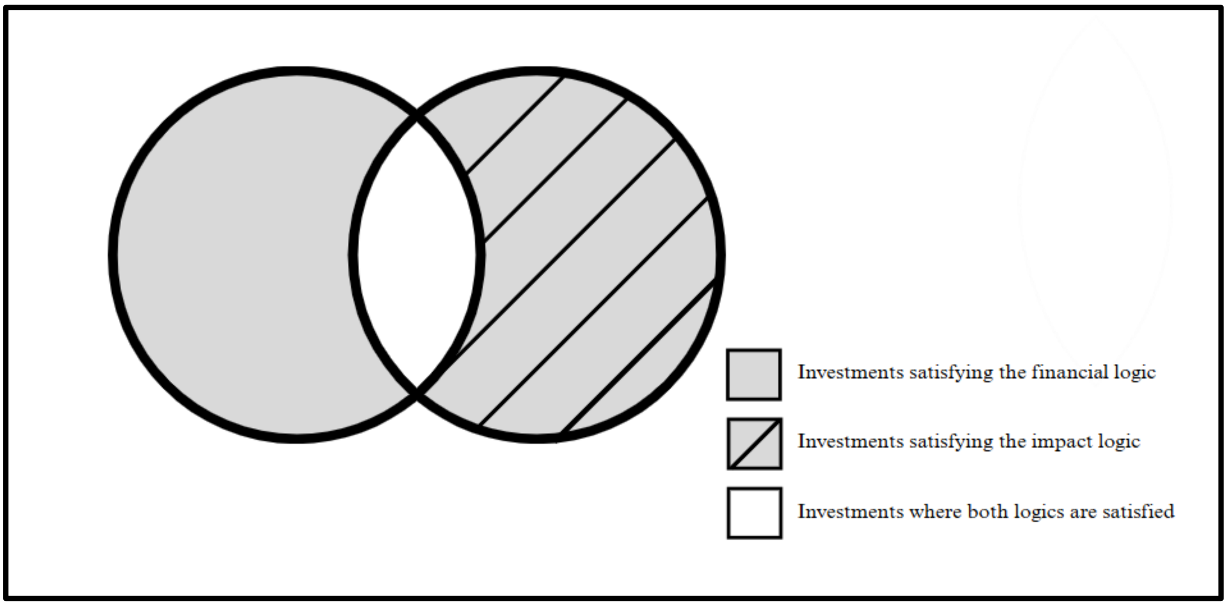

Figure 3. Investment opportunity venn diagram

4.4.2 Structural Differentiation in Reporting

In addition to the clear structural differentiation on a functional level, Equity Capital also maintains a clear separation between financial and impact logics in both its external and internal communication and reporting practices. The firm’s three main audiences are investors (both current and potential), portfolio companies (both current and potential as well) and potential employees/talent. Although certain outputs – such as investor reports – are coordinated by shared roles like investor relations, the content related to financial and impact performance is presented in parallel, but independently from each other. As the communications manager described, “we talk about them in parallel, but still like two separate parts […] in our fund report to investors, we have one page with impact and ESG KPIs and the next page will cover financial KPIs” (interview 5).

This separation is not coincidental. Rather, it reflects both practical and regulatory motivations. Financial communication faces much stricter regulations than its impact counterpart –

regulations which prohibit any public communication that can be interpreted as the marketing of their funds. Hence, financial performance is only communicated to internal investors. Meanwhile, the publication and communication of impact performance is described as a rather free process where they are able to publish anything that they want. Therefore, the external communication exclusively focuses on their impact methodology and performance. This asymmetry in communicative freedom makes impact performance a vital tool for shaping how the firm is perceived externally. For potential investors, it serves as a signaling mechanism – demonstrating alignment with ESG expectations and reassuring limited partners that the firm is both impact-credible and institutionally sophisticated. For both portfolio companies and prospective investments, it signals Equity Capital's approach to impact investing – reinforcing their hybrid goals and making them attractive business partners. Finally, for potential employees and talent, publicly shared impact results reflect the firm's broader mission and identity (see section 4.3). However, separating the two types of performance is beneficial for more reasons than regulatory constraints. As the communication manager remarks "the investors that have chosen to invest in our portfolios, they believe in the impact created and that it is important" (interview 5). While also maintaining that the financial performance is of more interest to the investors.

Beyond external communication strategies, the separation of financial and impact reporting has clear internal benefits as well. Most notably, it enables role clarity and specialization. With clearly defined responsibilities, the individual teams can develop their expertise within their respective domains, unburdened by any demands for accommodating the competing priority. As the communications manager emphasized, "it creates very deep knowledge, our impact-specialists are truly specialists" (interview 5), a sentiment echoed by the investment manager, who stated that, "we cannot have a standard set of KPIs on the impact side. The type of impact is immensely different in the different companies. So we set up tailored impact-KPIs depending on the business" (interview 7).

This separation not only reduces the potential for internal conflict over metrics or priorities but also allows each team to create credibility on its own terms. Additionally, the separation supports efficiency and process discipline. By operating with their own frameworks and timelines, performance tracking can proceed without interdependence or delays. For example, the impact team is heavily involved in establishing impact-KPIs aligned with the specific theory of change during the early deal stage, while the finance team monitors traditional financial indicators throughout the holding period. When asked if the time horizons for the finance team and impact team's differed, the finance manager confirmed that their work focused more on the current financial health and that the impact team took a longer perspective when analyzing impact.

The firm's communication strategy is described as effective, with minimal tension perceived between the logics. The communications manager attributes this success to presenting the two goals as "hand in hand" and "parallel, but still two separate parts" (Interview 5). In keeping with the organization's broader structural approach, this represents a form of process-based differentiation: rather than separating functions or roles, the firm separates the communication and reporting processes themselves, ensuring that neither logic interferes with the framing or legitimacy of the other.

4.5 Identity

4.5.1 Organizational Self-Understanding

Across interviews, employees describe Equity Capital as a firm which combines financial and societal missions. This duality is not presented as a trade-off, but as a defining feature of the organization. According to the communications manager, the founder's vision is "To be able to prove that you still can make good deals […] at the same time as you have created a positive impact". She continues by saying: "It's not either or. It's equally important. They go hand in hand" (interview 5). Several others, as previously shown, have expressed the same message, suggesting that the approach for structuring logics is well established within everyone's identity.

This shared sense of dual commitment does not remain abstract or strategic but is closely connected to everyday routines, behaviors and decisions throughout the organization. In several interviews, they expressed an increased drive based on the conviction that they can contribute to something bigger. As the investment relations manager put it, "everyone who works here thinks that […] to only make white middle-aged men richer isn't always as motivating" (interview 7) and added that "it is always fun to find an area where you can feel like you are making a concrete impact on the world too […] that you contribute to something" (interview 7). The communications manager similarly explained, "I saw that they were looking for a communications manager and that Equity Capital's niche is impact and to support companies which take their responsibility serious. So then I applied for the job and got it" (interview 5).

Interview 5 then proceeds to establish that "we really want to express ourselves as a potential employer for the right type of audience or candidate", that the "employer brand is very strong towards new employees" and that "if you meet us in an employment interview, we want to be consistent in our language and expression". This cultural aspect signals that the firm is made up of and seeks to attract competent individuals whose basic views aligns with the firm's identity. They also elaborate by comparing themselves to other traditional PE-firms where only the market logic is present and showing what they do not want and who they do not want to be. The impact logic is then valued as equally important.

The same foundational values are also implemented when choosing investments. As the communications manager explained, "it can look very good on every other front but if we don't have a strong enough impact-case, then it is not an investment for Equity Capital" (interview 5). The finance manager similarly noted that "we are very good at already from the beginning when we are acquiring a company, think about the impact part which makes it very easy when the company is acquired to follow up on the impact goals that we have" (interview 6). This view was pointed out similarly by the investment relations manager, who stated that "the underlying product in the companies we invest in must have a net positive effect on the planet," and added that "we have three different impact-themes which all companies must be within" (interview 7).

All these quotes show that across the organization, everyone has these values and feels a duty to express them, using similar language. This consistent language indicates more than internal alignment. It reflects a culture in which values are operationalized. The firm's identity is not only something to be articulated externally but something that is enacted in everyday decisions and embedded in structures. Recruitment processes, for instance, are not just about addressing skills, but about evaluating alignment with purpose. As the communications manager noted, interviews are designed to "be consistent in our language and expression" (interview 5), underscoring how value congruence is treated as a prerequisite, not a bonus. The mission driven approach continues into how investment decisions are made and governed. The decision to walk away from deals even if they indicate high future returns if the impact case is insufficient is not treated as controversial but as obvious. This signals a strong set of informal norms about what is acceptable and desirable, shaping behavior without the need for formal enforcement.

4.5.2 Embedded Cultural Practices

Except for explicitly stated information about motivation, recruitment and investments, Equity Capital's identity also comes to show in a line of subtle integrated norms, actions and thought processes. An important aspect of the lived identity is what they regard as unthinkable, rather than what is sought after. A clear example of this is the cultural norm which dismisses greenwashing. The investor relations manager is clear with that “We are not trying to ‘put makeup on a pig’” (interview 7). Impact may not become a cosmetic layer on top of a financially motivated investment. This core belief acts as a cultural guiding principle, even in borderline cases where an investment could be justified with a more creative storytelling. The same message is communicated when they, as described in section 4.2, avoid investments within overexposed impact-areas, such a sun-energy, which mirrors an implied rule where they move away from the conventional. To "throw the net wider" as the senior impact manager put it (interview 4) is seen as a strategic choice but also a cultural norm which signals seriousness and long-term orientation.

This cultural norm of valuing impact equally as high as profits is, except for the formal policies, sustained through a common mindset. Several of the interviewees expresses a more holistic perspective of the effect of investments. For them, it is not only about what the company does, but what role it plays in a larger ecological or societal context. An example of this is when the senior impact manager explains the reasoning behind the impact-motivation for a portfolio company which develops specialized irrigation nozzle for agriculture. Instead of only focusing on an isolated technical solution, they think further about the impact of the product. By optimizing the precision in the division of water (neither too much nor too little), several sustainability dimensions are addressed simultaneously.

> “We have invested in an irrigation company which are very good at maximizing profitability without overwatering, making it a question about cost and that you get as much water as possible from the ground, which means that one, everything else given, probably can use much less pesticide. […] And also save quite a lot of biodiversity that way.” (interview 4)

Through this type of mindset, it becomes clear how impact is understood as a multidimensional phenomenon which demands contextual understanding and complex reasoning and that assigning a concrete financial value to it would be useless. It is hence evident that they are motivated by a trust-based conviction that the impact drives financial value, even if it is too complex to concretize, especially since they have not made an exit yet. The communications manager says that “We haven’t been around for a long time, and we haven’t made an exit yet” (interview 5), which means that their conviction cannot be based on previous success and calculations but instead a common belief which contributes to the firm’s identity.

The identity is also expressed through the internal use of language. Terms like “theory of change”, “net positive impact” and “do no significant harm” is used regularly throughout the interviews which shows that they are internalized and not only used in external and formal communication. The frequently used impact-terms signal that they constantly keep the impact logic in mind even if stakeholders (such as LPs) that they communicate with are more interested in financial aspects of the company, leaving equal room for both logics even when others disagree about their relative importance.

This is even more evident when they discuss their approach towards future exit-processes. Even though they have not had an exit yet, the communications manager explained that "it's not until [our first exit] that it is actually proven that […] their impact KPIs has developed [positively]. And that it also has developed purely financially" (interview 5). In this view, exits does not become a financial goal, but a symbolically loaded situation where the organization's identity as an impact investor is at play. The exits are also affected by their notion of what a responsible exit constitutes. The senior impact manager put it like this:

> "We will try, when we make our first divestment to give [the company] over with a continued palette of [impact] initiatives […] so that one doesn't leave a cleared table for the next [investor], but that there will still be left, not only crumbs but quite large bites to take on" (interview 4)

The quote shows that impact is not regarded as a project, limited to the holding period, but something that will live on and continue to develop alongside financial returns. At the same time, the communication is steered by the regulations around financial disclosure. The communications manager mentions:

> "If we show a strong development for company X in our public communication, it will seem like we are promoting that company […] so that the day that we make an exit and sell the company, it has been become boosted and we are unfortunately not allowed to communicate like that publicly" (interview 5)

It underscores the tensions between financial legitimacy and the upholding of their identity. Even if exits are crucial for them to demonstrate how impact and financial results work together, they need to be careful in how this is presented externally.

Together, this shows that the exit-process is not seen as a technical transaction but a culturally significant action where values, responsibility and long-term orientation constitute what is considered legitimate action. The identity is here expressed through expectations which govern future action and how the organization already creates norms for what a "good" exit entails.

The case of Equity Capital illustrates how organizational identity can be shaped and sustained through a deep integration of values into everyday practices. Rather than balancing competing goals, the firm constructs a coherent hybrid identity, an identity where financial and societal logics are mutually reinforcing. This identity is enacted especially through cultural codes, language and informal norms that guide behavior and decision-making. It becomes clear that identity here is not static or symbolic but continuously constructed through what is said, done and considered unthinkable.

5. Discussion

This chapter discusses how accountability is enacted and sustained within a hybrid organization operating under symmetrical institutional pressure. It begins by analyzing how structural differentiation and selective coupling allow Equity Capital to align financial and impact goals without compromise (section 5.1). It then explores how hybrid identity stabilizes this alignment by embedding shared norms and expectations across the organization (section 5.2). Finally, it integrates these insights to show how structure, strategy, and identity work together as a mutually reinforcing system of hybrid accountability (section 5.3).

5.1 Rethinking Accountability Under Symmetrical Institutional Pressure

The case of Equity Capital challenges prevailing assumptions in the accountability literature on hybrid organizations, which often examine settings where one logic dominates such as market logic in B-Corps (Baudot et al., 2022) or in corporatized universities (Gebreiter & Hidayah, 2019) and public-sector logic in municipal housing (Maine et al., 2024) or in public healthcare organizations (Rautiainen et al., 2022). The domination of one logic over the other in previous studies thus provide a clear anchor for accountability structures in those organizations (Busco et al., 2017). In contrast to such cases, Equity Capital's competitive strategy establishes two clear goals – impact and financial returns – while explicitly stating that they are of equal importance and thus both are integral to the firm's success. If this strategy is enacted and the dual priorities are upheld without sacrificing the pursuit of one in favor of the other, this would mean that neither is allowed to dominate. However, this symmetry is not naturally occurring since in the absence of deliberate structuring, indicated by Busco et al. (2017) and Grossi et al. (2022), organizations tend to drift toward the stronger logic. The financial logic would in Equity Capital's case likely dominate – as reflected in several interviewees' framing of returns as the existential priority for the firm. Thus, it falls on Equity Capital to create structures and processes that reinforce the dual accountability needed to fulfill both goals without compromise.

Like many other researched hybrid organizations, Equity Capital uses structural differentiation in order to separate the logics and give them equal room in its practices (Busco et al., 2017; Rautiainen et al 2022; Grossi et al., 2022). By creating separate finance and impact teams, each responsible for their own sets of KPIs and reporting, they are able to ensure that both logics are evaluated and pursued independent of the other. Subsequently, having two separate sets of demands helps preserve the integrity of each logic by not introducing acceptable trade-offs or other methods for reconciliation, which could otherwise endanger the hybrid character of the organization according to Busco et al. (2017). This elevates the firm’s accountability standards in response to its hybrid goals. Although this structural differentiation is beneficial for the previously mentioned reasons, this alone does not explain how the higher degree of accountability enables fruitful integration of both logics. As Greenwood et al. (2011) argue, even when institutional logics are structurally differentiated, organizations must still establish integration points where actors navigate and respond to multiple, sometimes conflicting demands.

As reflected in section 4.2.2.3 the integration of the two logics takes place in the deal teams in what effectively resembles selective coupling (Pache and Santos, 2013). The accountability structures that arise as a product of the structural differentiation creates boundaries which the deal teams have to operate within. Therefore, even if the deal teams reserve autonomy in finding and managing their investments, they are restricted to an investment pool of potential companies where both logics are satisfied. Noteworthy is that the satisfaction of these logics is enacted on a threshold level and therefore not the basis of compromise or negotiation. Here is where our findings deviate from those of studies such as Busco et al. (2017), O'Dwyer & Unerman (2008) and Maine et al. (2024) which all observe structural settings where logics are kept separate. Whereas prior studies describe how structural boundaries are complemented by tension-management mechanisms – such as boundary objects (Busco et al., 2017), internal negotiation within the strategic apex (Maine et al., 2024), or staff dialogue and managerial discussion channels (O’Dwyer & Unerman, 2008) – our findings suggest a different pathway: boundaries are used to filter out potential conflict altogether. Rather than enabling negotiation, structural differentiation at Equity Capital supports a strategy of pre-emptive alignment, where only investments satisfying both logics independently are pursued. Hence, in the case of Equity Capital, the structural differentiation leads to a pseudo selective coupling approach where any investments must be made in the intersection where both logics align and thereby are not in conflict. In effect, the structural differentiation acts as structural accountability shaping what becomes the firms strategy, resembling selective coupling. This is why the firm emphasizes identifying investments where both the business and – critically – the impact case are independently strong enough to meet established thresholds.

Thus, our study demonstrates that high degrees of structural accountability can facilitate the alignment of logics which, in many organizational contexts, are typically in tension. By holding financial and impact goals to equally rigorous standards, the organization is compelled to operate within a strategic space where the two logics reinforce rather than contradict one another. However, structural accountability alone cannot fully explain how this logic alignment is sustained in practice; to understand how these formal boundaries actually guide behavior, it is necessary to consider the role of socializing accountability (Roberts, 1991) – how norms, identities, and shared purpose shape action within the organization.

5.2 The Role of Hybrid Identity in Sustaining Accountability Tensions

Much of the literature on hybrid organizations suggests that the coexistence of multiple institutional logics leads to divergent or conflicting identities across organizational groups (Busco et al., 2017; Rautiainen et al., 2022) – or to identities that must be actively negotiated and reshaped in response to competing accountability demands (Maine et al., 2024; O'Dwyer & Unerman, 2008). The previous research most resemblant of Equity Capital's case is however described by Badout et al. (2022), where formal certification creates a unified hybrid identity by incorporating both social and economic values into formal accountability structures. In their study, identity functions as a legitimizing device that aligns stakeholder expectations and reduces the tension between competing logics. However, unlike Equity Capital – where identity operates as a proactive filter that shapes strategic and operational decisions – Badout et al. (2022)'s case centers on symbolic legitimation (associated with hierarchical accountability) rather than internalized alignment (which resembles socializing accountability). While both organizations display dual commitment, the former institutionalizes hybridity through external signaling, whereas Equity Capital integrates hybridity into the evaluative criteria that govern daily practice. Hybrid identity functions not as a site of conflict but as a stable, interpretive frame that renders financial and impact logics inherently compatible. Rather than seeing these logics as competing, employees across the organization consistently describe them as mutually reinforcing which shapes what is even perceived as legitimate organizational activity. The firm's identity operates as a gatekeeping mechanism: both investment decisions and hiring practices are filtered through a dual-value lens, excluding cases or candidates that do not reflect the hybrid mission. As such, identity both reduces internal conflict and defines what is organizationally thinkable. It is embedded and proactive identity orientation that allows logics to coexist without the need for negotiation or compromise. This lays the foundation for the selective coupling found in the organization's deal teams.

As explained in section 5.1, selective coupling as a strategy is clearly visible in Equity Capital's investment process. Yet, what enables this coupling to occur seamlessly, without internal negotiation or trade-offs, is not structure alone but also the hybrid identity. Because financial and social value are culturally framed as co-dependent, only investments that align with this shared worldview are seen as viable. This reveals that identity is not merely interpretive but performative as it pre-selects what is actionable by delineating the space of legitimate decision-making. This contrasts research such as Maine et al. (2024) and O'Dwyer & Unerman (2008) which argues that the identity instead is formed through negotiation between logics. In Equity Capital's case however, it shapes which metrics are prioritized, what kinds of investments are considered legitimate, and what compromises are culturally off-limits. It becomes an internal compass for action, allowing employees to uphold both logics without requiring formal integration. Identity also projects forward through the firm's long-term view on exit strategies where emphasis is put on sustained post-divestment impact and hence shows how identity governs both present-day choices and future conduct. In this sense, hybrid identity serves as a cultural infrastructure that stabilizes the selective coupling over time through expectation.

Beyond shaping processes, Equity Capital's hybrid identity is also embodied at the individual level. We find that employees across all functions internalize and enact both logics in their language, decisions and moral reasoning. This occurs even in the finance and impact teams which are units where the actual work only involves one of the two logics. The individuals serve as carriers of hybrid values, aligning personal motivations with organizational goals and thereby creating a cultural standard that prevents either logic from dominating. A testament to the successful socializing accountability systems of equity capital is how employees from all departments can accurately describe and argue for its dual performance (Shearer, 2002; Messner, 2009). This internalization of identity is central to how accountability operates, again relating to Roberts (1991)'s concept of socializing accountability. A comparable dynamic is observed in Badout et al. (2022), where managers express strong normative commitments to hybrid goals. However, the authors also caution that such value alignment may, in practice, be shaped more by certification standards than by truly present cultural norms, again referencing hierarchical accountability.

At Equity Capital, employees express a moral obligation to uphold both impact and financial goals, often referencing “net positive” outcomes or refusing to “put makeup on a pig”, signaling implicit boundaries for acceptable action. Importantly, certain decisions are not just discouraged but culturally unthinkable, such as compromising on impact in exchange for higher returns. This normative clarity enables accountability to function as a lived ethic rather than a reporting obligation, reinforcing shared values through everyday practice. Whereas much prior work, such as O'Dwyer & Unerman (2008) and Lusiani et al. (2023) frames, hybrid accountability as a balancing act between more hierarchical types of accountability and socializing forms of accountability, the case of Equity Capital demonstrates how such demands can become mutually reinforcing when embedded through shared identity. Accountability here is not externally imposed but enacted from within.

In previous literature, hybrid organizations are characterized by the dominance of one institutional logic which steers accountability in a single direction, often upward toward funders or regulators (O'Dwyer & Unerman, 2008). Our findings challenge this assumption by showing that hybrid identity at Equity Capital is not passively shaped by external demands or internal structures. It actively constitutes the conditions under which logics coexist, treating them with equal importance. Rather than mediating between conflict, identity in this case redefines the logics themselves as compatible and desirable. This reconfiguration has direct implications for accountability. Whereas structural differentiation enables formal separation of logics and selective coupling manages strategic alignment, it is identity that embeds accountability culturally and normatively. In contrast to perspectives that frame legitimacy as a function of external alignment such as accountability research building on Suchman (1995) and Power (1999), our case suggests that internal coherence across values, language and expectations can itself function as a source of legitimacy. We thus extend existing theories of hybrid organizing by positioning hybrid identity as a foundational mechanism that sustains accountability tensions, not by resolving them but by enabling their coexistence.

5.3 How Structure, Strategy and Identity Reinforce Each Other

While previous sections have treated structure (through differentiation), strategy (through selective coupling) and identity (through a shared belief in compatible logics) as separate enablers of hybrid accountability, our findings suggest that their relationship is more recursive than parallel.

5.3.1 Structure Enabling Strategy and Identity

At Equity Capital, structural differentiation – through the separation of financial and impact functions, distinct KPI systems, and parallel reporting channels – provides the foundation for managing dual logics without direct conflict. This mirrors conventional expectations where structural boundaries reduce friction between incompatible logics (Busco et al., 2017; Maran & Lowe, 2022; Grossi et al., 2022). However, beyond minimizing friction, these structures actively enable the firm's strategy: by clearly assigning responsibilities, they create an operational space where selective coupling can occur within safe, predefined boundaries. At the same time, structure stabilizes identity by embedding dual-accountability into everyday routines – ensuring that financial and impact goals are treated with equal rigor and visibility. Without such structural reinforcement, the hybrid identity might remain abstract, lacking traction in practice, while strategy could drift into ad-hoc compromises.

5.3.2 Identity Enabling Structure and Strategy

Yet, structure alone does not guarantee hybrid coherence. What prevents functional silos and enables the organization to act as an integrated hybrid is the presence of a shared identity, framing financial and impact logics as inherently compatible. This identity aligns the organization normatively, ensuring that structural differentiation fosters specialization without fragmentation. In turn, this shared belief system gives the strategy its deeper purpose: selective coupling becomes not just a pragmatic sorting mechanism but a value-driven practice that reflects the organization's dual mission. Identity thus acts as the glue that binds structure and strategy into a coherent hybrid configuration, preventing them from pulling in different directions.

5.3.3 Strategy Enabling Structure and Identity

While structure and identity create the conditions for strategic selectivity, strategy itself plays a vital role in reinforcing both. Through selective coupling, the organization operationalizes its hybrid identity: every investment decision embodies the dual accountability commitments, ensuring continuous enactment of hybrid values. This not only reinforces the shared identity through practice but also validates the structural arrangements that support specialization without conflict. Similarly, in recruitment, strategy translates identity into concrete selection criteria, further embedding hybrid norms across organizational levels. Over time, this recursive dynamic – where selective coupling sustains and reproduces both identity and structure – ensures that hybrid accountability is not merely aspirational but becomes an enacted, stable practice.

6. Conclusion, Limitations and Future Research

This chapter concludes the thesis by summarizing the key findings and their practical implications (section 6.1), reflecting on the study's methodological limitations and constraints (section 6.2), and outlining avenues for future research (section 6.3). Together, these final reflections clarify how the study contributes to ongoing conversations around hybrid accountability and suggest how further inquiry might extend or challenge its insights.

6.1 Key Findings and Practical Implications

This study set out to examine how accountability is structured in a hybrid private equity firm where financial and impact logics are equally central. In doing so, it contributes to a more nuanced understanding of how hybrid organizations organize under conditions of symmetrical institutional pressure – a context that remains underexplored in the current literature. Thereby, it extends O'Dwyer & Unerman (2008) and Busco et al. (2017), who primarily focus on managing asymmetrical tensions between dominant and subordinate logics, by illustrating how structure, strategy, and identity can mutually reinforce each other in maintaining hybrid accountability without ongoing conflict or negotiation.

More specifically, the research highlights how three interconnected mechanisms – structural differentiation, selective coupling, and hybrid identity – work together to uphold dual accountability and ensure alignment between competing logics.

The first – structural differentiation – enables the firm to maintain separate accountability systems for financial and impact performance. By assigning dedicated teams, KPIs, and reporting processes to each logic, Equity Capital ensures that both are evaluated independently and without trade-offs. Then the second – selective coupling – occurs within the deal teams, where investment opportunities are only pursued if they independently satisfy both financial and impact criteria. Such a threshold-based approach avoids negotiation between logics and limits the need for reconciliation and thereby supports consistent alignment from the beginning of the holding period. Finally, the hybrid identity reinforces this structure by framing financial and social values as inherently compatible. Employees across departments internalize both logics and express a shared sense of responsibility for upholding them, embedding accountability in formal systems, as well as in daily practices and through decision-making norms.

Together these mechanisms interact in a recursive relationship where each one enables the other two. This interaction allows the firm to operate effectively under symmetrical institutional pressure and maintain legitimacy in both financial and social regards.

For practitioners operating in similar hybrid settings where multiple logics must be kept balanced, this study offers several practical lessons. The findings suggest that aligning competing goals is less about resolving tensions and more about designing organizational conditions that allow those goals to coexist with integrity. When accountability is distributed across clearly defined roles, filtered through shared decision rules, and embedded in a coherent organizational identity, hybrid functioning becomes more sustainable. Rather than constantly managing trade-offs, organizations can operate within a space of pre-aligned action, where tensions are addressed through design rather than compromise. Practitioners should therefore focus not only on building formal systems, but also on cultivating internal coherence that makes balancing logics feel more natural rather than negotiated.

6.2 Limitations

This study draws on a single, in-depth case of an impact private equity firm operating under dual financial and social mandates. While this design enabled a rich, context-sensitive understanding of accountability structures and logic management, it necessarily limits the transferability of findings. The observed practices may be specific to firms employing mid-market buyout strategies or operating under European regulatory frameworks, particularly those influenced by EU-level sustainability disclosure requirements.

Moreover, the study relies primarily on semi-structured interviews and internal documents, which focus on formal organizational structures, performance systems, and strategy narratives. While these sources provide valuable insight into how accountability is articulated and designed, they may not fully capture the informal or interactional dynamics that shape how accountability is practiced in everyday decision-making. As Battilana and Dorado (2010) argue, the integration of competing logics is often sustained through socialization, tacit norms, and role modeling – dimensions that are difficult to access without observational or longitudinal data.

In terms of the data that was gathered it is based on self-reported accounts from employees. As such, their narratives may be selectively framed to reinforce coherence, legitimacy, or strategic positioning. For instance, the communications manager's emphasis on employer branding suggests that identity claims may serve both internal and external functions. While this does not invalidate the insights gained, it underscores the importance of considering the performative nature of such accounts.

Finally, as with all interpretive research, our conclusions are shaped by the researchers' analytical lens. The application of institutional logics theory guided both data collection and analysis, which may have foregrounded certain themes (e.g., structural differentiation, logic compatibility) while downplaying others. We acknowledge that alternative theoretical frameworks could yield different insights.

6.3 Future Research

To deepen the understanding of accountability in hybrid investment organizations, future research could adopt ethnographic or longitudinal designs to observe how accountability practices unfold over time and across decision-making moments. Such approaches would be particularly useful in exploring the dynamics within deal teams – currently a black box in this study – where financial and impact logics must be reconciled in real-time. Examining how these actors negotiate trade-offs, resist pressures, or adapt under shifting conditions would extend insights from studies such as Carlsson-Wall et al. (2016), which highlight the temporal and situational nature of logic alignment.

Another option would be comparative case studies across multiple impact private equity firms, which could further illuminate how accountability mechanisms vary based on organizational scale, fund strategy, investor composition, or regulatory context. Such studies might explore whether firms with less formalized identity structures or looser impact measurement regimes face greater risks of mission drift or legitimacy loss.

7. References

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8. Appendix

8.1 Interview Lists

Preparatory			
Interview number	**Role**	**Duration (minutes)**	**Date**
1	Head of impact reporting	42	2025-03-10
2	Head of sustainability (former impact consultant)	63	2025-03-11

Primary			
Interview number	**Role**	**Duration (minutes)**	**Date**
3	Senior impact manager	47	2025-03-14
4	Senior impact manager	59	2025-04-08

5	Communications manager	44	2025-04-28
6	Finance manager	37	2025-04-29
7	Investor relations manager	39	2025-04-29

8.2 Interview Guide Template

The following is the approximate structure that the interview guides followed. This template was then tailored to fit the specific interviewee.

1. Introduction of the Researchers and the Project
2. Background and Role:
   - Can you tell us a bit about yourself and your background before joining [Firm Name]?
   - What is your current role at [Firm Name] and what does it primarily involve?
   - Which aspects of your role are most central to the organization's strategy or operations?
3. Stakeholder Expectations:
   - Who are the key stakeholders you interact with (e.g., investors, portfolio companies, public, regulators)?
   - What kinds of expectations do these groups have in terms of performance and responsibility?
4. Accountability and Measurement
   - Which KPIs or frameworks are most important in your work?
   - Who is involved in defining these KPIs, and how much influence do you have over them?
   - Do you use different metrics for internal control vs external reporting?
   - Are there frameworks or external standards you align with (e.g., SFDR, IMP, IRIS+)?
5. Tensions and Integration
   - Do you ever experience tensions between financial and impact objectives?
   - If true, how are those tensions managed – are goals separated, integrated?
   - Can you think of a time when financial and impact goals aligned particularly well (or didn't)?

6. Internal Collaboration
   - How do different teams (e.g., impact, finance, investment) collaborate in your organization?
   - Are there situations where priorities between teams differ?
   - What makes collaboration across functions work smoothly (or not)?
7. Reflection and Aspirations
   - Are there tools, data, or types of information you wish you had better access to?
   - If you could change one thing about how accountability is managed, what would it be?

8.3 Firm Structure

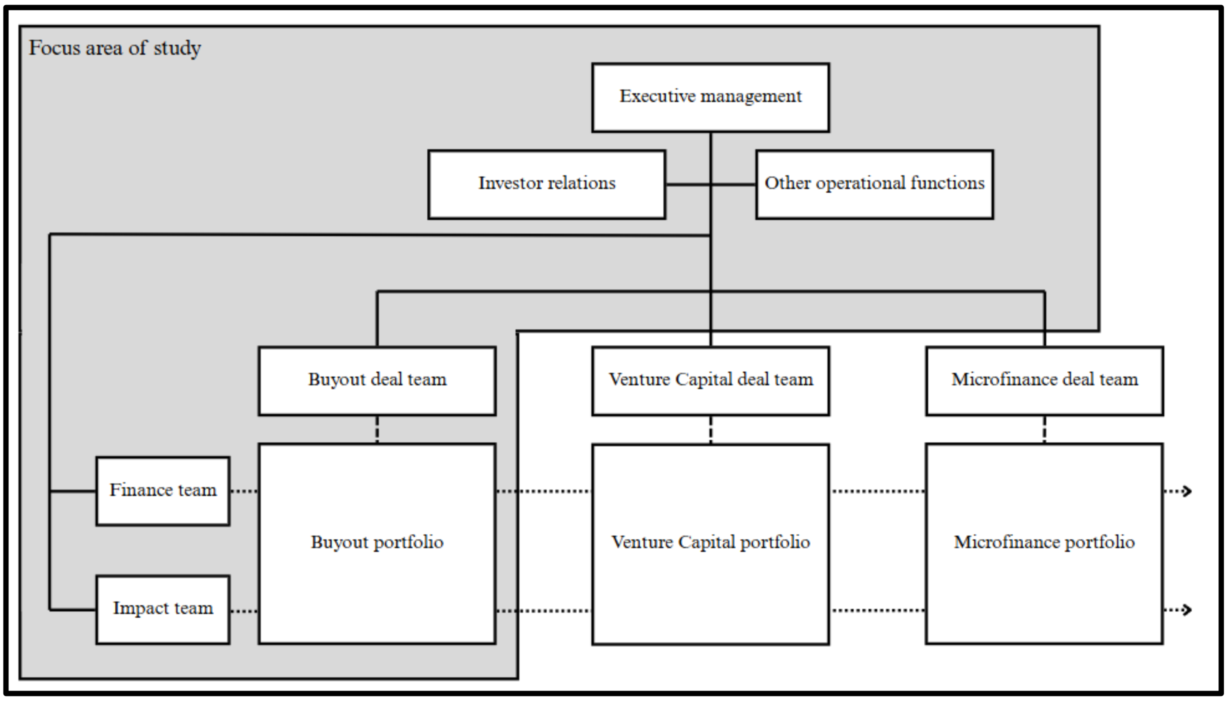

Figure 1. Firm structure

8.4 Use of Generative AI

In accordance with the guidelines set by the Stockholm School of Economics, we made limited and responsible use of generative AI tools – specifically version 4.0 of the large language model ChatGPT. These tools were used primarily as a source of inspiration and for digital brainstorming during the early stages of the research process, particularly to explore alternative formulations, improve clarity, and enhance language flow. We also occasionally used AI to review grammar, sentence structure, and coherence in the final stages of writing.

However, no AI-generated content was directly inserted into the thesis without critical reflection and adaptation. All outputs were carefully evaluated, modified, and integrated to ensure that the work fully reflects our own thinking, academic judgment, and independent research. At no point was AI used for data analysis, coding, or interpretation of empirical material.