

Hybrid Categories as Political Devices: The Case of Impact Investing in Frontier Markets

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From Categories to Categorization:
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ABSTRACT

Much of the current literature on category construction and maintenance has focused primarily on the disciplining effect of audiences that evaluate for conformity. This literature often characterizes categories as benign organizing devices that bring order to social life. However, categories are also contentious political and cultural productions. This is especially so when the categories are hybrid. Employing a qualitative case study of an impact investing organization operating in Sub Saharan Africa, we illustrate how the construction and maintenance of hybrid categories can have potentially advantageous effects for certain actors by shaping the architecture of knowledge and transferring legitimacy to otherwise illegitimate actors or nascent practices. The findings of this study highlight how some hybrid categories can be used to create and maintain unequal relations of power.

Keywords:

Categories, hybrids, power, markets

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Questions about categories have been at the foundation of social science for over a century. Sociologists, cultural anthropologists, economists and cognitive psychologists, amongst others, have long been concerned with the nature of categories: where they come from, how they are created and how they spread. Although classification systems have been acknowledged as a socially constructed process (Zhao, 2005; Glynn and Navis, 2013; Vergne and Wry, 2014), much of the existing categories studies literature has seldom focused attention on how power relations are implicated in the construction and maintenance of a new market category, especially those categories with hybrid forms. Much of the locus of debate in categories studies has focused primarily on the ‘imperative’ to reduce uncertainty (Zuckerman, 1999; Hsu, Hannan, Koçak, 2009) and the illegitimacy costs imposed on category spanning, hybrid organizational forms (Zuckerman, 1999; Hsu, Hannan, and Koçak, 2009; Polos, Hannan, and Carroll, 2002; Rao, Monin, and Durand, 2005), which often suggests that hybrids may not be desirable. Although recent work has begun to illuminate some of their benefits (Ruef and Patterson, 2009, Pontikes, 2012, Granqvist, Grodal, and Woolley, 2013; Paoletta and Durand, 2016), we still know little about the political processes that lead to the creation and leveraging of hybrid categories.

To redress this underexamined aspect within the categories studies literature, we employ a socio-cultural and political agency lens (Glynn and Navis, 2013; Bowker and Star, 1999) that emphasizes political contestation in category construction and the role of actors in manipulating cultural symbols, beliefs and norms to understand hybrid category construction and maintenance. In doing so, we take an expanded view of the existing socio-cognitive literature (Durand and Paoletta, 2013) and conceive of categories as cultural resources or toolkits (Swidler, 1986; Glynn and Navis, 2013) that shape how people understand the world (cf. Foucault, 1977; Khan, Munir, and Wilmott, 2007).

Our purpose in this chapter is to examine the construction and strategic use of hybrid categories and to explore the manner in which they act as political devices to legitimate nascent practices and in this particular case, objectionable discourses. We do this by asking the research question: how is a hybrid category constructed and employed for political advantage? To address this question, our research study looks at the case of ‘impact investing’, a hybrid investment category where organizational actors aim to achieve both social and economic returns. Specifically, our case focuses on the experience of the New Forests Company (NFC) in Uganda, a portfolio company of the Agri-Vie impact investment

fund. This is an instance in which a ‘socially responsible’ impact investing portfolio company was able to marshal resources from global investors, create unique social and political arrangements for its own strategic advantage.

We describe how membership in a hybrid category such as impact investing was used to perpetuate unequal power relations. In our case, organizational actors were able to achieve this accomplishment by strategically using the hybrid category as a political device to contest and exert power, to acquire resources, to shape audience perceptions, and to shape social and political arrangements.

In the remainder of the chapter we outline our theoretical position, describe our methods of data collection and analysis, present our case study and discuss our findings.

THEORETICAL FOUNDATION

Politics, Power and Categories

As powerful organizing devices, categories are political and cultural productions fraught with contention. They are significant sites of political and ethical work and are often spaces of political struggles and socially charged agendas, sometimes hidden under the guise of technical and bureaucratic rationalization (Bowker and Star, 1999: 196, 319). For instance, historians and sociologists have examined the tremendous increase in medical classifications in the late nineteenth century both as a political force and as an organizing rubric for complex bureaucracies; from studies that detail the individual categories linked to social movements such as the diagnosis of homosexuality as an illness and its de-medicalization after direct and vigorous lobbying by the Lesbian, Gay, Bisexual and Transgender (LGBT) civil rights advocates (Kirk and Kutchins, 1992) to the reclassification of GRID - Gay Related Autoimmune Disorder to AIDS- acquired immunodeficiency syndrome (Grmek, 1990).

While bringing social and moral order to human interaction, categories can give an advantage to some groups while rendering other groups to subjugation and abject suffering (Bowker and Star, 1999:6). In this vein, Foucault’s (1970; 1982) work focused on the concept of order and its implementation in categorical discourse, examining how the ubiquity of categories can appear like Weber’s iron cage of bureaucratic discipline. The most striking example of this is the case of racial classification, the typology at the core of physical anthropology (Bowker and Star, 1999). The conception of race as a ‘type’ is based on empiricist principles of classification taxonomy originally developed in the natural sciences

and it encouraged a belief in the existence of ideal categories and stressed difference and division over similarity and convergence (Bowker and Star, 1999). This was subsequently overlaid by “binary based notions of superiority and inferiority; the search for pure racial types could not easily be reconciled with the evident fact that in practice only hybrids existed” (Dubow, 1995:114-115 in Bowker and Star, 1999:202).

In order to understand the stability of such power relations in a variety of settings it is helpful to focus on how power operates in the first place. Khan et al (2007) suggest that such an analysis must be premised on a conceptualization of power as being conceived in ‘diverse formulations, as articulating competing politico-ethical projects and associated perspectives that render it meaningful and effectual in a variety of ways’ (Khan, Munir, and Wilmott, 2007:1058). Accordingly, in trying to understand the implication of categories in power relations, we depart from the application of an (more typically used) actor-centric lens and adopt a Foucauldian (1977) view that suggests:

‘there is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose or constitute at the same time power relations ... it is not the activity of the subject of knowledge that produces a corpus of knowledge, useful or resistant to power, but power/knowledge, the processes and struggles that traverse it and of which it is made up, that determines the forms and possible domains of knowledge.’ (Foucault, 1977: 27–28).

It is in this ‘constitution of a field of knowledge’ and the creation of different identities that categories play a crucial role; whereby, different domains of knowledge and activity are delineated and legitimated. They embody different meanings, evoke different associations and are vested with particular interests. For instance, racial or gender-based classifications, or official declaration of a particular site as a ‘heritage’ or a political group as ‘terrorist’ carry the potential to significantly alter existing social configurations and our behaviour and attitude towards the groups or artefacts in question.

Hybrid Categories and Power Relations

Interestingly, when different categories are merged to form new ones, such dynamics are not neatly reversed or added up in predictable ways. The new category has to be legitimated as well, not only because of the cognitive dissonance it causes, but also because of the agency required. Many new hybrid categories bridge previously disparate fields and serve as mechanisms to transfer knowledge across different domains—they include new categories such as social enterprises (Battilana and Dorado, 2010; Pache and Santos, 2010;

Tracey et al., 2010; Battilana and Lee, 2014), sustainable and ethical investment (Markowitz et al., 2011), and Fair Trade (Raynolds, 2002; Reinecke, 2010; Renard, 2003). These particular market categories are characterized by their hybridity meaning that they combine multiple organizational forms or institutional logics (Thornton and Ocasio, 2008; Greenwood et al., 2010; Thornton et al., 2012; Battilana and Lee, 2014) in unique ways and can often operate in complex institutional settings marked by heightened risk, ambiguity or uncertainty like biotech firms, nanotech firms or multi-strategy hedge funds in emerging markets (cf. Lounsbury and Rao, 2004; Markowitz et al., 2011; Tracey et al., 2010; Pontikes, 2012; Smith 2011).

These hybrids function as bridges between disparate categories and can often bestow legitimacy on nascent categories or practices that were previously considered illegitimate. Even though hybrids hold such intrigue, scant attention has been given towards understanding the mechanisms by which they might be exploited.

It is this process of combining categories, its antecedents and consequences that we explore in this chapter. Our examination of the construction, maintenance and strategic use of hybrid categories allows us to understand how the concept of power entangled with the process of category construction can also be understood as performative, as it participates in conveying particular perspectives that construct and depict the social world in distinctive power/knowledge frameworks.

METHODOLOGY

Research Context

Impact investing refers to the use of investment capital to help solve social or environmental problems around the world with the expectation of financial returns. The impact investing business model can take on a fund management structure where capital is invested indirectly in a company through a pooled investment vehicle known as a fund, or the capital can be invested directly into a company. Unlike ethical investing or socially responsible investing (SRI) which focus on the negative screening of alcohol, tobacco, and firearms, and a range of businesses and activities which do not damage society, impact investing is positioned by its practitioners as taking a proactive approach; actively identifying businesses with the intent to achieve both a financial return and to create a positive social or environmental impact.

Impact Investors Look to Africa: For most impact investments, the intended impact is usually focused on underserved populations whereby the impact is likely delivered through the business operations, processes employed by the business, or the products or services produced. Given the need to maximize social impact, Sub Saharan Africa has the largest concentration of impact investment projects. Despite receiving less than 5 percent of global foreign direct investment (FDI), it represents over 40 percent of impact investment projects globally (Simon and Barmeier, 2010), as shown in Figure 1.

Insert Figure 1 about here

The recent increase in capital flow towards the continent in the last ten years can be attributed in part to the growing discourse around private capital investment to address social and economic development problems. With over US\$50 billion in FDI now flowing toward Africa (as shown in Figure 2), the data suggests a continent that may be experiencing a resurgence of foreign investor interest and now serves as a new destination for capital.

Insert Figure 2 about here

The impact of the international global financial crisis dramatically changed the perspective of investors regarding investment opportunities around the world, especially in places like Africa. The focus shifted away from Western markets, many of them devastated by the crisis, to emerging and ‘frontier’ markets. For most of the twentieth century, the conventional conception of the African continent was that of a ‘basket case’ consumed by war, violence, and disease; the continent was mostly seen as the primary destination for Western aid and ‘synonymous with failure and poverty’ (Ferguson, 2006: 5). Undoubtedly, the continent had suffered from endemic issues of extreme poverty and intractable political conflict. However, over the last 10 years, private investment in Africa steadily rose. During this period, a new narrative of “Africa Rising” and individual countries as ‘frontier’ markets was promoted by investment bankers, investors, African governments and development finance institutions operating on the continent. This new narrative emphasized Africa’s growing macroeconomic and political stability combined with growth in consumer markets and

enhanced regional integration. The new narrative was instrumental in changing mind-sets about investment opportunities on the continent and led to a growing diversity in the composition of impact investors, ranging from foundations, investment banks and private equity funds.

Increasingly, development finance institutions (DFIs) such as the International Finance Corporation (IFC), the World Bank's private lending arm, the European Investment Bank (EIB), and the African Development Bank (AfDB), to name a few, began to cultivate strategies to boost investment, especially agricultural investment. One key strategy they employed was to increase investment to financial intermediaries such as private equity investment funds, as one way to tackle food security issues and poverty alleviation. At least 15 private equity funds were established, with the specific objective of investing in agricultural production and processing in Africa. These private equity funds represented potential investment inflows of more than US\$2 billion (AVCA, 2011); such examples included the Actis Africa Agribusiness Fund, African Agricultural Capital and the Phatisa African Agri Fund.

Another such fund was the Agri-Vie Agribusiness Fund (Agri-Vie), an agribusiness focused private equity fund created with the purpose of making growth equity and equity-related investments in food agribusiness companies in Sub-Saharan Africa. From inception, the fund was created to make investments in commercially attractive agribusiness projects with sound environmental and social practices.

Agri-Vie reached financial close in November 2010 at a size of US\$110 million, the fund was oversubscribed and closed 10 per cent higher than originally anticipated. Agri-Vie's oversubscription during the challenging economic climate following the financial crisis demonstrated the investor appetite for agribusiness and impact investments. Table 1 provides an overview of investors in Agri-Vie.

Insert Table 1 about here

We explore this particular phenomenon in great detail as we examine the case of the New Forests Company (NFC), a portfolio company of the Agri Vie impact investing fund. NFC invests in sustainable timber processing and operates in parts of East Africa. The case focuses primarily on the NFC operations in Uganda and their land dispute with local communities.

This context provides insight to a central conflict in the case between NFC and the claims made by the local communities of Kiboga and Mubende in the central region of Uganda. The NFC case in Uganda serves as an extreme example of how membership within the impact investing category can be used for political advantage, especially in a complex institutional setting. The African context of this case provides examples of identity politics, unequal power relations and a complex regulatory environment, all of which serve to demonstrate how a hybrid category can be utilized for political advantage. There are several actors and events within the case; to provide more clarity, Table 2 provides a list of key acronyms that appear throughout the case.

Insert Table 2 about here

Data Sources and Data Collection

This chapter is part of a larger research study on the emergence of impact investing and its growth in Sub-Saharan Africa. Table 3 provides an inventory of the type of data collected over the course of the larger research project.

Insert Table 3 about here

Documents, Media Reports and Archives: The primary source of data were documents. To develop an understanding of the dynamics within impact investing at the societal and field level, we gathered (i) media reports and press releases, in addition to, (ii) organizational brochures and annual reports from impact investing organizations. We used *Factiva* as a data source for media reports because it is a public, comprehensive, and primary outlet for news on the research subjects (Navis and Glynn, 2010: 447). We also gathered articles, press releases, and archival interviews from the Global Impact Investing Network (GIIN), a global impact investing industry association. To understand the details of the New Forests Company case in Uganda, we gathered documentary evidence from organizations such as Oxfam, the International Finance Corporation (IFC) and the World Bank. We also gathered supporting documents on hearings, legal archives, public fact-finding reports,

Internet documents, and research published by NGOs and multi-lateral development organizations. In total, this comprised over 10,000 text pages.

Semi-structured Interviews: We employed a purposeful sampling technique (Kumar et al., 1993), relying initially on the Global Impact Investing Network database to identify key informants who have insight into the emergence of impact investing or unique knowledge about the history, strategies, and practices of the emerging investment category and its growth in Sub-Saharan Africa. The overarching objective was to interview a cross-section of people representative of diverse participants in the field and also those who may have had direct knowledge of the New Forests Company case. We developed an interview database and relied primarily on the interview notes and transcripts from 35 key informants and 27 archival interviews with industry participants accessed from the GIIN database.

Data Analysis

Analytical Approach: Our analytical approach for the study was open-ended, iterative and inductive (Strauss and Corbin, 1998; Glaser and Strauss, 1967; Langley, 1999). The goal was to build and refine theory from rich case study research (Eisenhardt, 1989; Yin, 2003). We sought to construct an analytic narrative of the formation and evolution of the impact investing market category and the emergence of new funds like Agri-Vie in addition to understanding the events of the New Forests Company in Uganda. We proceeded with the analysis by first following recommendations for case-based research (Yin, 2003) and the detection of patterns in process studies; this strategy involved the construction of a detailed narrative from the raw data (Langley, 1999). Following these guidelines, we first created a case archive database and a chronological narrative of the brief history of impact investing and its emergence.

Through this analysis we established a timeline of the main events within impact investing and the historical, social, and organizational contexts within which these events took place. In this step, we identified the year 2007 as a key initial point of the emergence of impact investing, when the term was first coined. We also collected archive information on key actors (organizations and individuals), investment trends and information regarding specific investment vehicles and events surrounding them such as the creation of the Agri-Vie investment vehicle and the subsequent events surrounding its portfolio company, the New Forests Company (NFC).

The analysis subsequently followed established techniques and procedures for naturalistic inquiry (Dacin et al., 2010) and a grounded-theory approach (Glaser and Strauss,

1967; Locke, 2002), whereby we could engage in an iterative process of collecting and analyzing data while continually comparing existing and new data along emerging dimensions of interest (McPherson and Sauder, 2013).

From a constructivist ontology (Dyer and Wilkins, 1991; Guba and Lincoln, 1994), the narrative described in this chapter serves as one of the principal outcomes of this process oriented research. The objective here was to achieve an understanding of organizational phenomena not through formal propositions but by providing to the reader, a “vicarious experience”; thus the contextual detail in the narrative (“thick description”) allows the reader to “judge the transferability of the ideas to other situations” (Langley, 1999: 695).

The study employed established strategies which scholars have adopted for the analysis of field data in an effort to avoid the risk of imposing an overly simplistic and inaccurate framework on social reality (Barley, 1990) while maintaining the narrative fidelity of the actors and the research context.

CASE STUDY

Birth of a Hybrid Category: The Emergence of Impact Investing

In the late 2000s, several key societal factors converged to generate an increasing interest in the creation of a hybrid market category by the name of ‘impact investing.’ To begin with, the 2008–2009 global financial crisis triggered panic among investors regarding the risk of their investment decisions. Investors began looking for alternative investment opportunities, while banks and fund managers looked to create new investment offerings. After the financial meltdown, the financial sector participants were actively looking for ways to redeem themselves and create new bonds of trust and legitimacy with investors and the public. These concerns came together in the form of a new realization that the financial sector should somehow be seen as acting for the public good as well. Figure 3 below provides an overview of key events in our case.

Insert Figure 3 about here

Creating New Knowledge and Defining a New Collective Identity

In October 2007 the Rockefeller Foundation¹ hosted a series of international meetings at their Bellagio Center in Italy with high net worth individuals, entrepreneurs, foundations, government agency representatives, banks, fund managers and non-profit organizations that had been engaged in a set of similar activities whereby they invested or made philanthropic contributions in order to achieve social or environmental impact. Many of these participants engaged in activities such as corporate social responsibility, socially-responsible investing, blended-value investing, and venture philanthropy. This group gathered to discuss the similar approaches and challenges they faced in their investment practices. It was at this meeting that the term ‘impact investing’ was created, a composite label that reflected the collective desire to achieve both social impact and financial return from investment.

One Foundation Manager, who recalled the meeting during an interview, described the ubiquity of the term:

I think the point was to create a term that lots of different people can self-identify with. So whether you were active in microfinance in India or energy investing in the US or low-income housing development in Mexico, there was an overarching set of concepts that were drafted together under one tent. And there was, I think, a legitimate critique that there was already a tower of Babel in the space, so we needed a new term (ID16, Foundation Manager).

The term impact investing thus reflected a ‘compromise identity’ (Fligstein and McAdam, 2011), that could bring many groups together and in the process, each group’s identity and interests could be transformed to align with the broader collective identity.

While comprehensive in scope, the term was contentious. Some investors and fund managers claimed that it was not possible to achieve attractive returns while promoting social impact. Similarly, many argued that their primary fiduciary responsibility was to provide financial returns. One U.K fund manager was quoted as saying: “*We are not here to be philanthropic, that’s someone else’s job: government, charities and foundations*” (quoted in Williams and Carter, 2010); others argued that it was not appropriate to mix social issues with investment decisions as it may lead to mission drift or strategic confusion while others wanted more data driven results; as one investor contended: “*there is no hard evidence that taking social investment criteria into account will lead to better returns*” (Williams and Carter, 2010). That such objections arose, reflects the motive behind the creation of an impact investing hybrid category. A key plank of the strategy was to suggest that organizations could reap attractive returns while investing in socially worthwhile sectors. What kind of returns, and which sectors, however remained to be determined.

Notably, the hybrid category took visible material form with a strategic partnership between the Rockefeller Foundation and J.P. Morgan. With these two organizations as the central leaders and key pioneers of impact investing, it became evident that these well-resourced, highly skilled social actors could garner the legitimacy and attention necessary to institutionalize impact investing as a legitimate investment category and promote it as a new, differentiated asset class.²

Through the creation of the impact investing category, these actors created a new architecture of knowledge. In combining disparate categories, a new boundary was drawn around a set of activities that had already been in existence. Moreover, new standards, ratings systems and performance metrics for how to measure impact came into being. In addition, these institutional entrepreneurs created a new certification system, the B Corporation or 'B Corp'³, to safeguard against the dilution of the impact investing identity. In the same way that the Fair Trade label or the USDA Organic label helps consumers to differentiate between food products, a B Corp label makes it easier to differentiate between the 'good companies' and those that are just good at marketing. The 'pioneers' of the category also created the Global Impact Investing Network (GIIN) to generate research reports to disseminate this new knowledge and to protect the integrity of the new category. In other words, a whole institutional field gradually emerged around the new hybrid category.

New Forests Company and the Politics of Identity

The New Forests Company (NFC) was originally founded in 2004 by Julian Ozanne, an entrepreneur from the UK who partnered with institutional shareholders to build one of only two, plantation forestry and timber companies of enterprise scale in East Africa. NFC was set up as a for-profit, commercially focused enterprise with commitments to sustainability and stakeholder engagement. In an interview with one of the authors, the head of corporate social responsibility for NFC explained the company's approach to community engagement:

In each of our countries we have the CSR program manager who's our national level senior official for this department who manages a lot of high level relationships and then who manages the team of community development officers.

Then we have a community development officer on every single plantation and his or her job is really solely to be the liaison between the company and the communities. They live in the community, they sleep in the community, they understand the issues. They have their fingers on the pulse of the buzz and what's happening so that they can

start to identify issues before they really blowup. I would say that's a really important part of our risk mitigation protocol (ID115, NFC Manager).

The CSR head noticeably emphasized community engagement to demonstrate the importance NFC placed on social responsibility and positive environmental impact. This emphasis reflects the importance they placed on abiding by the membership characteristics of impact investing organizations.

Around the time impact investing was beginning to emerge as a formal investment category, the New Forests Company was growing into a highly successful player in the plantation market. The company grew and cultivated plantations for local and regional export markets and was a key player in the emerging multibillion-dollar market for trading carbon-credits under the Kyoto Protocol. By growing forests in African countries, NFC could sell credits from the carbon dioxide soaked up by its trees to polluters abroad (Kron, 2011).

In Uganda, NFC had more than 20,000 hectares of forestry land and operated three pine and eucalyptus plantations in the Mubende, Kiboga and Bugiri districts of central Uganda. In 2004, NFC began negotiating with the Ugandan Government for a commercial timber deal. NFC was welcomed because of its plan to invest US\$47 million over ten years in the country. It had already planted around 12 million pine and eucalyptus trees on 9,300 hectares employing more than 1,400 people. As a licensee of the land, NFC did not own or lease the land in the Mubende or Kiboga districts. Its license came with strict conditions, including not to grow food crops or allow cattle grazing and to 'strictly defend the boundaries of the reserves'.⁴ The land was 'gazetted', which meant it was considered constitutionally protected land within the Namwasa and Luwunga Central Forest Reserves (CFRs). Land delineated as CFRs according to the National Forestry and Tree Planting Act of 2003,⁵ was protected by the government and only specific activities could take place, such as conservation of indigenous forests, wildlife conservation and tourism or forestry. In Mubende, the gazetted land that the state licensed to NFC was the Namwasa Forest Reserve (8,958 hectares), and in Kiboga, it was the Luwunga Forest Reserve (9,383 hectares). There are also special laws governing forest reserves that make it illegal to grow crops, graze cattle, or erect buildings⁶. Based on these laws, NFC claimed it was not required to offer any villagers living on the government land any compensation in the event of removal⁷.

Unsurprisingly, the government granted the company a 50-year license to develop three timber plantations in the Mubende, Kiboga, and Bugiri districts, with the expectation that it could earn up to US\$1.8 million a year⁸. By 2005, the Ugandan National Forestry

Authority granted licenses over the plantation areas to NFC and then subsequently embarked on the procedures to remove the former residents of the land, which NFC claimed were 'illegal encroachers'.⁹

The forced removal of the inhabitants was defended by NFC, along with reputable international organizations such as the International Finance Corporation (IFC), an investor in Agri-Vie, and the Forest Stewardship Council (FSC), on the basis that the people on the land were 'illegal encroachers'. This is a term Oxfam argues is 'dangerously loaded' because it pre-judges people's rights and dehumanizes them, making it easier to justify violent tactics against community members and in their view, is arguably a highly misleading term because the people maintain that they did in fact have lawful entitlement to the land and were testing that argument in ongoing legal cases (Grainger and Geary, 2011:4). While cloaking themselves under the safety of membership within the impact investing category, it appeared as if NFC delegitimized the claims and rights of the local people to the land.

Beginning in 2006 until 2010, the government of Uganda removed more than 20,000 people from their homes to make way for NFC's telephone-pole and construction-material venture. Police and army troops deployed by Uganda's National Forestry Agency (NFA) reportedly burned homes and destroyed crops and livestock to get people to leave land that had been licensed by the government to the New Forests Company (McGroarty, 2011).

During an interview, an NFC executive told us:

In Uganda, one of the major challenges we had from the beginning is that we got licensed to grow trees on two central forest reserves [...] Our instructions were in no uncertain terms, "Thank you very much, that's very nice of you. But you're a guest in this country and you will not be compensating Ugandans, that's the government's job if we see fit" (ID115, NFC Manager).¹⁰

According to Oxfam, NFC stated in its 2010 Sustainability Report that:

Using the law is not always the appropriate course of action as it is always the poorest who suffer most and irrespective of the legal position we have a moral obligation, and a pragmatic need, to win hearts and minds and mitigate negative consequences of our investment.¹¹

Conversely, in this case however, NFC argued that: "*no party has proven that the land was de-gazetted and thus the encroachers are illegally occupying land leased to an independent third party*" (NFC)¹². The company seemingly relied upon an 'extensive and exhaustive government-driven authentication process', which it says confirmed that only 31 families were on the Namwasa Reserve, and none in the Luwunga Reserve had legal rights to remain

on the land.¹³ NFC responded that it was respecting the rights of these families and that dealing with ‘illegal’ settlers is the sole mandate of the NFA.¹⁴

Moreover, NFC claims the people left the land in a peaceful and voluntary manner. Our key informant at NFC insisted during an interview that: *“A lot of people moved off the reserves [...] willingly when they knew the company was coming and that was partially because they understood the company was going to create jobs and invest in the communities and provide other kinds of opportunities”* (ID115, NFC Manager).

Weak Institutional Setting

A close examination of the case suggests that the Ugandan government at both local and national levels appears to have played a central role in the evictions in Mubende and Kiboga given that they allocated land to NFC that was already legally occupied by community members.

NFC was licensed land by the Ugandan government for timber development in the region; however, up until the mid-2000s, the Ugandan national authorities had seemed to allow or even endorse the local communities’ rights to the land in which they occupied. According to Oxfam, in Mubende, descendants of war veterans were offered land with approval of the local government authority, and people’s applications to convert from customary to leasehold title, or to register public land for agricultural purchases, were being processed by government authorities; and in Kiboga, local councils and administrative structures representing the evictees were recognized by the government (Grainger and Geary, 2011:9).

According to the Ugandan NGO, ACODE which studied the role of the National Forestry Authority (NFA) towards local community members, this generally accepting attitude towards the people in the reserved land began to diminish, particularly with the creation of the NFA in 2003 and the growing demand for private sector development (Mugeyeyi et al., 2005). At which point, the government began to sanction the forced evictions of people on the land to make way for private enterprise development. The government authorities also failed to assist evictees with compensation or securing alternative land.

Many land transactions in this context can often lack transparency. As the Uganda Land Alliance noted, *‘the details of these big land acquisitions are often shrouded in secrecy, particularly the really big ones, which seem to be negotiated at a very high level’* (Esther Obaikol, Executive Director, Uganda Land Alliance quoted in Oxfam, 2011:26). In cases

where local communities are consulted, consultations tend to be biased against the equal participation of women, even where the (primary and secondary) ‘use rights’ of women are heavily affected because in many cases women often have no formal land ownership rights (Oxfam, 2011:23). We have seen parallels to this in other contexts around the world. For instance, in Sialkot Pakistan, we observed how the long-standing practice of child labor was eliminated from the world’s largest soccer ball manufacturing cluster by progressive industry and NGOs activists without fully understanding the local context only to result in the unintended consequence of disrupting families and communities, plunging them deeper into poverty (Khan et al, 2010).

Despite the rhetoric about the moral obligation to intervene on behalf of communities irrespective of the legal framework, NFC seemed to play the weak institutional context in Uganda to its advantage, while maintaining legitimacy through membership within the impact investing category. During an interview with our key informant, she explained the difficulty they experienced with the government and maintained that:

It became very difficult, you can imagine a very difficult scenario for us because international standards state that a company must engage with communities and talk about compensation. Then the government’s rules and regulations [...] say you may not, as a guest in this country, start compensating people and raising expectations across the country. That was what started the issue in Uganda (ID115, NFC Manager).¹⁵

Although NFC could communicate the impact investing and sustainability ideal to investors to ensure their legitimacy with the international audience, in the local context of Uganda, they were seemingly unable to use the privileges of their membership in the category for the benefit of local community members.

Strategic Use of Hybrid Category Membership for Political Advantage

How was NFC allowed to maintain its forceful stance against those who lived on the land it wanted to cultivate? To understand this, we need to look into the creation and performance of a particular identity by NFC and its membership within the impact investing hybrid category.

Much of the protection NFC enjoyed could be attributed to its identity as a bona fide member of the impact investing community. This identity was confirmed when international organizations such as the International Finance Corporation (IFC), HSBC, and the European Investment Bank (EIB) invested in it either directly or through the Agri-Vie impact investment fund. Despite the challenges with the local communities, NFC had positioned

itself so well as a sustainable, socially responsible company that by 2010, the Agri-Vie impact investing fund made a US\$6.7 million investment into the company. Its organizational identity as a sustainable ‘impact investing’ portfolio company of Agri-Vie conferred special membership benefits within the investment category. Our informant from Agri-Vie described their investment approach: “*We anchor our investment in these companies, and our role is to work with these companies to help make them even more successful, to grow them, and get them to an even more sustainable and successful level [...]*”(ID24, Fund Manager).

As a recipient of capital from Agri-Vie and other global investors, NFC was subject to the International Finance Corporation’s safeguards. In fact, as part of its due diligence of the investment in Agri-Vie, the IFC also conducted due diligence on NFC and its operations. The IFC claims to have strict criteria to determine which projects it invests in, including community consultation and social and environmental safeguards. Indeed, many other public and private financial institutions refer to these performance standards.¹⁶ For instance, IFC’s standards form the basis of the Equator Principles.¹⁷ International financial institutions, extractive industry companies, and socially responsible investment fund managers have expressed growing support for the principle of free, prior, and informed consent in recent years, these principles and standards undergird the foundations of impact investing. Our informant at NFC referred to it as “*the bible*” and asserted, “*That’s what we’re driven by and what we’re governed by*” (ID115, NFC Manager). The affiliation with IFC standards provided NFC with legitimacy and shielded the company from deeper scrutiny and criticism from international investors.

Similarly to the IFC, the Forest Stewardship Council (FSC) has standards relating to the rights of local people facing ‘involuntary resettlement’. The FSC certifies forestry investments that adhere to best operating practices regarding labor, social, and environmental issues; its standards state that special attention will be paid to social issues of land acquisition for plantations, especially the protection of local rights of ownership, use, or access.¹⁸

In 2010, over 120 million hectares were certified by the FSC in over 80 countries around the world, the equivalent of roughly 5 per cent of the world’s production forests. While the FSC’s Principles and Criteria require the protection of local rights of ownership, use or access, the certification of operations sometimes falls short of this requirement, as in the case of NFC’s plantation in Mubende (Oxfam, 2011:36).

Quite notably, the New Forests Company proclaimed that it got FSC certification even though it did not really require it given that its business strategy does not include the export of timber products to Europe, Asia, or the Americas. NFC acknowledged that the

primary motivation to secure certification was the perception that the FSC represented the ‘gold seal of approval’ for responsible and professional forest management, stakeholder involvement, consultation and conservation (NFC Sustainability Report, 2013:13). Ultimately, this revealed whom NFC considered as its primary stakeholders: investors, regulators, international media and other audiences in Europe, Asia and the Americas, not necessarily local community members. FSC certification provided a clear signal to these audiences about the identity, experience, and track record of the company, while giving it a shield against any potential threats to its performed identity as a socially responsible company and maintaining its position of power, legitimacy and privilege.

Although it operates in East Africa, the FSC certification places the New Forests Company in the same category as world-class timber operators in Europe and North America; the certification allows the company to assume the legitimacy afforded to all other socially responsible companies operating in developed countries. Thus, it provides credibility and legitimizes their operations, opening the floodgates for investor capital. This was an effective strategy considering how NFC, as a new, pre-profitability company was able to attract investors such as Agri-Vie, EIB, and HSBC. NFC was also able to rely on its FSC certification to obtain carbon credits from the Clean Development Mechanism (CDM) and referred to its plantation in the Mubende district in its application to obtain them¹⁹ (Oxfam, 2011:38).

Interestingly, according to their own Sustainability Report, NFC’s quest to get an FSC accreditation started with an ‘FSC Mission’ to Africa in August of 2012, when NFC hosted the FSC Board of Directors on a 10-day tour through the Uganda and Tanzania forestry operations, together with three other East African commercial forestry companies.²⁰ NFC was able to marshal resources to host the entire board of directors of FSC. NFC suggests that:

The aim of the mission was to expose the FSC to the challenges facing commercial forestry companies in East Africa – challenges which were observed to be dramatically different from Asia, Brazil and even the Congo basin. One result of this mission was the pledge that FSC would establish a regional FSC office in East Africa. This mission was hugely successful, with establishment of offices and recruitment of FSC representatives underway (NFC Sustainability Report, 2013:13).

Beyond the hosting of the FSC Board of Directors, the senior leadership of the New Forests Company also frequently engaged with the FSC Director General, Mr. Kim Cartensen, to ensure that the focus and momentum of FSC was maintained in East Africa (NFC Sustainability Report, 2013:13).

This close affiliation with FSC ostensibly allowed the NFC to manage and frame its own identity and construct the narrative of how the events in the Mubende and Kiboga communities transpired. The firm appeared to have been able to wield its influence with the FSC, where the local communities lacked the social capital and material resources to shape audience perceptions in the same way and directly frame their own narrative for the FSC to consider.

Hybrid Category Membership for the Transfer of Legitimacy

On the surface, the New Forests Company appeared as the gold standard for sustainable investment, one that any impact investor would seriously consider. In 2008, the Uganda Investment Authority named NFC an ‘Investor of the Year.’²¹ The company garnered financial support from blue-chip international investment firms and development institutions and accumulated accolades, certifications and ratings; markers that send all of the right signals to global impact investors. As late as 2012, NFC garnered a coveted five-star rating (the highest possible) from the Global Impact Investing Rating System (GIIRS). GIIRS claims to be a ‘comprehensive and transparent system for assessing the social and environmental impact of companies and funds with a ratings and analytics approach’ that is supposed to be analogous to rating systems found in traditional finance and investment management (i.e. Morningstar investment rankings).²² During an interview, one of our key informants from B Lab, the non-profit that manages GIIRS and helped to craft the methodology for the rating system, explained:

The whole idea behind GIIRS was to provide a platform from where investors, funds, and companies can measure what matters to them. That gets pegged to a specific score that translates into a star rating for companies and for fund managers; they get an overall score based on how their underlying portfolio works (ID114, Ratings Associate, B Lab).

The process for obtaining such a rating is intended to be rigorous, transparent and analytically driven; the aim is to shape investor behavior by directing them towards GIIRS-rated companies and the impact investing space in general. So, for NFC, this was another imprimatur that helped it to mobilize capital and gain legitimacy from institutional investors. The company was very proud of this certification, especially because it was considered as a GIIRS Pioneer Company, among the first 200 rated companies, ‘setting the standard as a leading, mission-driven business creating positive social and environmental impact in the forestry and value-added timber products sectors.’²³ NFC went to great lengths to promote

this five-star rating, it appeared prominently within the first couple pages of the FY2013 Sustainability Report and boldly on the website.

Achieving this five-star rating further shaped the identity of the company with internal and external audiences and solidified its membership within the impact investing category. Despite the threats looming from the harrowing events that occurred in Uganda, to the global investment community, NFC looked like the prototype for the impact investing hybrid category. The certification from GIIRS was another stamp of approval; it differentiated the company from other comparable investment opportunities and legitimized it with international investors.

It is important to note that Agri-Vie was also rated by GIIRS and received a five-star rating in 2012 with the added distinction of being a GIIRS Pioneer Fund and Agribusiness Investment Initiative of the Year.²⁴ This award was given even as the International Finance Corporations' CAO Ombudsman was still conducting its investigation and assessment regarding the affected communities in Uganda. The overwhelming focus on standards, metrics, and ratings routinely left many potential impact investors blind to what was really happening on the ground. Companies like NFC and investment funds like Agri-Vie have gone to great lengths to 'pioneer' impact investing and sustainability standards so that they can in turn mobilize more capital, presumably to achieve commercial and social and/or environmental returns.

Our informant on the core team at B Lab was asked about how they incorporate the perspectives of local communities into the rating process. Her response about the case was revealing about the challenges of inclusive engagement with the local communities:

The issue in Uganda is something that did come up during the rating process. It's something that we highlighted in the report. Having the disclosure questionnaire, there are additional questions around local engagement. We have questions that are more around client engagement, client satisfaction, quality management. Those are things that we are developing as it moves forward. But, as I said, it's a work-in-progress (ID114, Ratings Associate, B Lab).

Despite the efforts to create the most intricate metrics and reporting systems, there seems to have been a failure to include the voices of those who were to be directly affected by the impact investments; effectively, their voices were muted because they lacked the economic and political capital to shape the new knowledge architecture of impact investing, specifically its definitions, standards and metrics. Within the architecture of the hybrid category, investors and other well-resourced actors carried disproportionately more power

and legitimacy. NFC was able to strategically use their position as an impact investing portfolio company with strong political affiliations and certifications to gain legitimacy with international investors while delegitimizing the voices of community members affected by their operations. Figure 4 depicts the process and mechanisms by which NFC was able to strategically use the hybrid category of impact investing.

Insert Figure 4 about here

To be sure, we do not argue nor assume that NFC was acting with purposeful intent to harm the local people in Uganda. What the data does suggest is that NFC was seemingly able to take advantage of the privileges of membership within the hybrid category of impact investing. Thus, NFC was able to employ three primary strategies which allowed it to use the hybrid category as a political device for strategic advantage: i) with capital from Agri-Vie, NFC could take advantage of the new architecture of knowledge created by the hybrid category of impact investing; by positioning itself as an impact investing portfolio company, NFC employed a sustainability ethos that served to legitimize its activities while delegitimizing threats to its performed identity; this form of identity politics was a mechanism that placed the company above reproach from global investors; ii) the company also used its position as a sustainable impact investing company to circumvent the weak institutional and regulatory setting of the Ugandan context for strategic advantage, portraying itself as socially responsible to investors, while the outcome of its operations played out very differently in the local context; and finally, the company iii) promulgated its membership and political affiliations with impact investors and certification bodies in order to legitimize its activities while delegitimizing the position of community members who opposed their activities, further maintaining unequal relations of power. Table 4 summarizes the time line of key political actions and outcomes in the case.

Insert Table 4 about here

DISCUSSION AND CONCLUSION

For many, impact investing emerged as a new investment category at a time of global crisis. It brought coherence to a set of already existing but disparate activities. It held the promise of a new way to invest, a way to harness the power of private capital and deploy it for the greater good. Not only did this hybrid approach to investing allow participants to ‘do well and do good’ it also appealed to hard-nosed investors. It seemed as if there was finally a way to attract the attention of big institutional investors and provide them with more than just anecdotal stories about social impact but instead provide them with data-driven evidence of sustainable impact alongside commercial returns. Impact investing appeared as the way to gain legitimacy for a set of investment activities taking place in new, risky frontier markets.

Consequently, the category was conceived and ostensibly used as a political resource to gain legitimacy. As we saw in this case, NFC was able to assume the hybrid category identity, allowing the company to shape audience perceptions and maintain their association with the broader investment category. They used the hybrid category of impact investing as a shield to protect against surmounting threats and challenges to their performed and constructed identity.

The impact investing field constructed international standards and metrics for measuring social impact and defining membership within the category. Organizations like the NFC relied on their membership within the impact investing category as markers of legitimacy with global investors and government leaders. This membership also afforded them great political influence, privilege and strategic advantage against the poorly resourced villagers in Uganda.

The principal point we are making is that membership within the investment category conferred certain privileges, affording NFC the license to engage in certain practices while relatively protected from active scrutiny. Organizations often offer in their defense the fact that they have all the necessary credentials and membership within the right categories. As with all institutions, the criteria defining membership requirements are duly embodied with interests of the powerful. The parameters that define categories then, in turn, become implicated in creating asymmetries of new knowledge and ‘regimes of truth’ which underpin and sustain such interests. While well-resourced investors and managers are protected from reputational risk, there is little to protect vulnerable communities. The NFC case demonstrates how investors, managers, governments, regulatory and certifying agencies can align themselves around a hybrid category to create politically advantageous social

arrangements and political affiliations to achieve specific interests. It reveals the power of hybrid categories as a means to create a new architecture of knowledge and a mechanism to transfer legitimacy among actors. In weak institutional and regulatory settings, where governments are not necessarily representing the interests of those who risk being displaced, hybrid categories such as impact investing can be availed for political advantage.

Contributions

While institutional theorists have examined the processes by which legitimacy is acquired and transferred through various mechanisms conferring social acceptance (DiMaggio and Powell, 1983; Suchman, 1995; Zucker, 1977, 1989, 1991), there has been less attention focused on the use of hybrid categories as a political device for strategic advantage and to transfer legitimacy. In our case, membership within the impact investing hybrid category was conferred through the allocation of capital from the Agri-Vie investment fund to the New Forests Company. That being said, we do not suggest that a mere association was sufficient to ensure the transfer of legitimacy from Agri-Vie to the New Forests Company. NFC garnered broader audience legitimacy by strategically using the hybrid category. It engaged in identity politics to protect against perceived threats to its performed identity and benefited from the knowledge architecture (Foucault, 1977) created by the new hybrid category.

Unequal relations of power arise when new knowledge architecture is created that separates those within the hybrid category and those outside of it. In this case, NFC's ability to gain advantage from membership within the hybrid category of impact investing conferred social and political capital that could be wielded to marshal additional resources and to safeguard against identity threats. We posit that this process is most acute when audiences share similar world-views and when organizations operate within weak or complex institutional settings.

To be sure, we do not imagine that the organizational actors described in the case conspired to inflict harm on vulnerable people. Our point is simply that these effects are integral to our case of category construction and maintenance, which relied upon, operated through, and reproduced what may be characterized as naturalized, taken-for-granted relations of power (Khan et al., 2007) and politics.

As Durand and Paoletta (2013) convincingly noted, the literature on categorization has overemphasized the stability of categories and the inertia of classificatory systems,

overlooking category dynamics and their development and evolution. Our primary focus was on category emergence and its related social and political dynamics. We contribute to literature on the emergence of new market categories (Rosa et al., 1999; Lounsbury and Rao, 2004; Weber et al., 2008; Khaire and Wadhvani, 2010; Navis and Glynn, 2010). Our aim in this study was not to substantiate or invalidate prior work in this research stream but to uncover some of the tensions inherent within extant literature. In an attempt to redress what we perceived to be an imbalance in the literature, this study examined how social actors construct, perform and strategically use hybrid categories.

In an attempt to broaden the perspective in categorization studies, recent work has focused on issues of membership, sameness, and distinctiveness, primarily examining the exogenous factors contributing to market category construction rather than an overt focus on the political contestation and social dynamics of category emergence (Navis and Glynn, 2011; Rindova et al., 2011; Wry and Lounsbury, 2012; Wry et al., 2011; Glynn and Navis, 2013).

Navis and Glynn (2010) pose the question of how social actors navigate between sameness and distinctiveness in the emergence of a new market category. Though the nuanced and temporal insights offered by this study broaden our understanding on the process of legitimation, its research scope is limited in explaining how organizational actors or market participants might employ an identity associated with a particular category for strategic and political advantage. In contrast, the data from this study reflects how the hybrid category functions as a political device to engage in identity politics. Membership within the hybrid category conferred special privileges for organizational actors and allowed them to use the category to shield themselves from criticism and threats to their performed identity. Moreover, it allowed members to exercise influence with well-resourced, high-status actors that shared similar interests.

Secondly, we examined the social and political arrangements of social actors in the construction and maintenance of a hybrid category. This study revealed how high status, sophisticated social actors, with specific goals and interests were able to carefully construct partnerships, shared standards, metrics and other political arrangements for their strategic advantage. Through these arrangements, constructed within the architecture of the hybrid category, these actors were able to transfer knowledge and legitimacy from disparate categories and from diverse audiences and institutions. We observed how the hybrid category functioned as a powerful political device for legitimizing a new investment practice that otherwise could have been deemed illegitimate, and allowed organizations to marshal

resources and exercise political influence especially in weak institutional settings. Moreover, NFC's adherence to the standards and tenets of membership to the hybrid category served to further institutionalize it, thus revealing the possibility of the co-construction of legitimacy between the category and the category member, an under-theorized phenomenon. The findings from the study suggest that this process might be most acute in weak or complex institutional settings where actors can perpetuate unequal power relations and asymmetries of knowledge; or where audiences have different world-views. The limits of this were reflected in a public relations campaign waged by Oxfam International against the operations of the New Forests Company, after which, NFC eventually agreed to a dispute resolution process and compensation agreement with the affected communities in Uganda and introduced new community development engagement programs.²⁵

Finally, it is also important to note the contribution this study makes to the general understanding of financial markets and investment behavior (Zuckerman, 1999). From the study, we observe how the creation of hybrids changes the architecture of knowledge (Foucault, 1977). Contrary to the dominant paradigm in financial economics (Markowitz, 1952; Friedman, 1957; Sharpe, 1963, 1964; Gompers and Lerner, 1998), the proliferation of financial innovation often serves as a tool to create opacity and asymmetries of information, which serve as a means to evade regulation, and ultimately as a mechanism to increase the power/knowledge distance between those who have the privilege of membership within the category and those who do not. In similar fashion, the creation of hybrid categories, especially within finance creates similar asymmetries of knowledge and power, resulting in (unintended) consequences of the 'power' and legitimacy that is attributed to those actors who have membership within the category (cf. Khan et al., 2007). Viewed from this sociological perspective, finance thus becomes an activity, where the goals, perceptions, investment decisions, and capital allocation activities of investors are acknowledged as endogenous, socially constructed, and shifting; therefore discounting notions of economic value as objective and stable (cf. Maurer et al., 2010; Berger and Luckmann, 1967, Meyer and Rowan, 1977; Scott, 2008; Weick, 1969), and consequently affecting investment decisions and practices.

Further Research

As new hybrid categories and organizational forms emerge, future research could illuminate our understanding of the strategies and practices managers can employ to manage competing identities, values and logics in new market categories. As the study suggests,

hybrid categories may create information and power asymmetries, making them inherently prone towards strategic use. This requires greater examination and thus additional exploration of this phenomenon could focus on the role of government and regulation. Governments are responsible for regulating industry to maximize long-term social benefit. However, many governments do not understand the approach that impact investors take and are ill-prepared to regulate investments that operate at the intersection of profit and public good. In one recent example, former U.S. Supreme Court Justice Antonin Scalia, reflecting the majority opinion in the ruling in support of the *Hobby Lobby* case in 2014, wrote: “Recognizing the inherent compatibility between establishing a for-profit corporation and pursuing non-profit goals, States have increasingly adopted laws formally recognizing hybrid corporate forms”. Over half of the States, for instance, now recognize the ‘benefit corporation,’ a dual-purpose entity that seeks to achieve both a benefit for the public and a profit for its owners.” In this ruling, Scalia and the court found it reasonable to blur the line between non-profit and for-profit jurisprudence; thus, the court reasoned that a for-profit organization (Hobby Lobby) could in fact act like a religious non-profit organization and in so doing, exercise their religious objection by limiting its insurance coverage of contraception for female employees, going against a progressive shift in society towards greater women’s reproductive rights.²⁶

Future research in this area could explore the nature of government regulation in such markets. As other scholars have noted, cultural and political institutions vary in their vulnerability to challenge and change, thus the emergence of new hybrid categories may present an opportunity to understand ‘political opportunity’ and ‘open moments’ for policy and regulatory change (Kennedy et al., 2010; Gamson and Meyer, 1996).

There remains substantial research to be conducted in understanding the emergence and dynamics of new hybrid categories especially in new institutional contexts. Future research could examine variations across different audiences and their response to new market categories. Scholars could develop innovative measures for a hybrid category’s coherence (a category’s meaning) and valence (category’s appeal), reflecting two intrinsic aspects of category currency (Kennedy et al., 2010) and how this shifts as the hybrid category matures over time.

As we see the growing financialization (Davis, 2009) of the non-profit sector which is becoming increasingly ‘data-driven’ and inclined towards financial engineering and financial innovation to solve social problems, and the proliferation of quantitative measures of performance (Espeland and Sauder, 2007), it would be beneficial to understand the effect of market oriented values and logics in the social sector. How does it shape the cultural

construction and cultural toolkits appropriated for use within the category (Swidler, 1986; Glynn and Navis, 2013)? And to what extent do we observe increased ‘decoupling’ between claims made by members of the category and the actual practices performed within the category (e.g. Hsu and Grodal, 2015; Granqvist et al., 2013).

By examining the emergence of impact investing and the events surrounding the Agri-Vie investment vehicle and the activities of the New Forests Company in Uganda, the study revealed the potency of hybrid categories as a new form of knowledge. Ultimately, they are powerful political devices that serve as a bridge between disparate categories and can function as a mechanism to confer legitimacy, transfer knowledge across diverse audiences and in the worst instances, to justify unequal relations of power.

Given the prevalence of this new organizational form and the growing interest of category studies as a rich research program, it remains the task of future research to discover the additional nuances and intricacies of this engaging and dynamic field of study.

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Comment [a3]: Not sure what the 201 refers to

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FIGURE 1.
Global FDI Flows and Social Impact Projects ²⁷

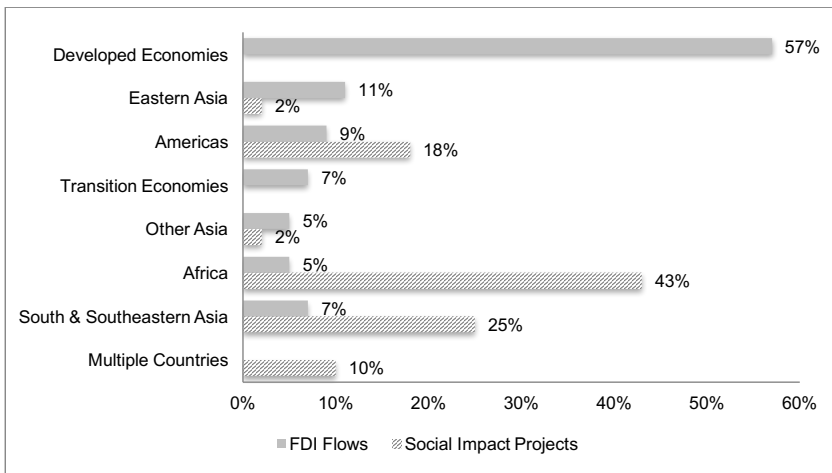


FIGURE 2.
Foreign Direct Investments to Africa (billion USD, current) ²⁸

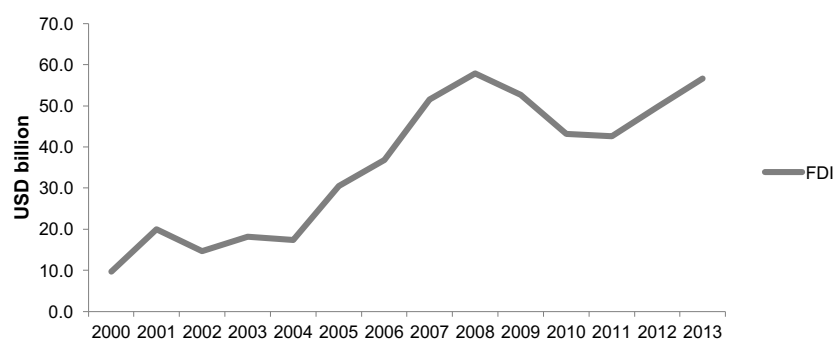


TABLE 1.
Investors in Agri-Vic

Investor	Type of Investor	Investment Amount
Sanlam Life	Publicly Listed Financial Services Company	Undisclosed
W.K. Kellogg	Foundation	US\$18.3 million
European Investment Bank (EIB)	Development Finance Institution	US\$12 million
African Development Bank (AfDB)	Development Finance Institution	US\$15 million
Norfund	Development Finance Institution	US\$ 8.6 million ²⁹
International Finance Corporation (IFC)	Development Finance Institution	US\$12.2 million ³⁰
Industrial Development Corporation (IDC)	Development Finance Institution	Undisclosed
Development Bank of South Africa (DBSA)	Development Finance Institution	US\$10 million ³¹

TABLE 2.
List of Key Acronyms

ADOA	Additionality and Development Outcome Assessment	CDM	Clean Development Mechanism
AfDB	African Development Bank	CFR	Central Forest Reserve
AIDS	Acquired Immunodeficiency Syndrome	CSR	Corporate Social Responsibility
AVCA	African Venture Capital Association	DBSA	Development Bank of Southern Africa
BEE	Black Economic Empowerment	DFI	Development Finance Institution
CAO	Chief Advisor/Ombudsman	DFID	Department for International Development
CDC	Commonwealth Development Corporation	EIB	European Investment Bank
CDFI	Community Development Finance Institution	ESG	Environmental, Social and Governance

FDI	Foreign Direct Investment	LGBT	Lesbian, Gay, Bisexual and Transgender
FSC	Forest Stewardship Council	LRA	Lord's Resistance Army
GIIN	Global Impact Investing Network	MIGA	Multilateral Investment Guarantee Agency
GIIRS	Global Impact Investing Rating System	NFA	National Forestry Agency
GRID	Gay-related Immune Deficiency	NFC	New Forests Company
HSBC	Hong Kong and Shanghai Banking Corporation	NGO	Non-Governmental Organization
IFC	International Finance Corporation	SOCAP	Social Capital Markets Conference
ILC	International Land Coalition	SRI	Socially Responsible Investing
IMF	International Monetary Fund	SSA	Sub-Saharan Africa
IRIS	Impact Reporting and Investment Standards	ULA	Uganda Land Alliance

TABLE 3.
Data Sources and Use in Analysis

Data Type	Quantity	Original Data Source	Use in Analysis
Media reports & Press Releases	224	Factiva, GIIN	Examine media perceptions about organizational and field level identity
Annual reports, development impact reports, brochures	122	Impact investor organizations	Investigate organizational claims; familiarize with organizational history, strategy, practices, structure, origins and evolution
Conferences, Forums & Workshops	21	Compilation of notes from conference attendance	Examine investor and manager dynamics; triangulate investor and manager claims
<i>Private Equity in Africa; CSFI Impact Investing Round Table; Social Capital Markets Conference (SOCAP); Fund Manager Annual Investor Meeting; Policy Roundtable Discussions; Wilson Center-Forum on Social Entrepreneurship & Hybrid Value Creation</i>			
Industry research reports	187	Consulting firms, non profit organizations, foundations	Triangulate facts and observations; familiarize with industry trends, market data, history, and origins

Semi-structured/Informal Interviews & Conversations	35	Informants	Examine individual and organizational understanding of impact investing motivations and objectives; verify timeline of key events; contextualize observed processes
Archival Interviews	27	GIIN Archives	Examine individual and organizational understanding of impact investing motivations and objectives; verify timeline of key events; contextualize observed processes

**FIGURE 3.
Key Events**

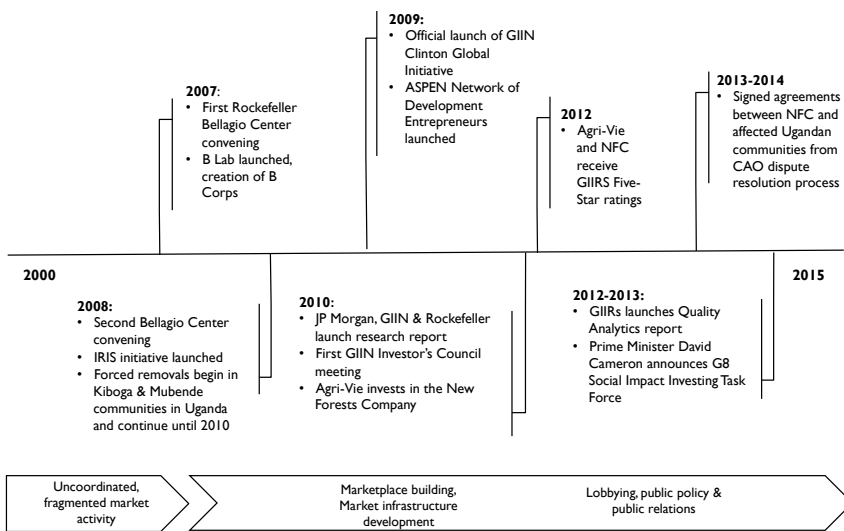


FIGURE 4.
Hybrid Categories as Political Devices

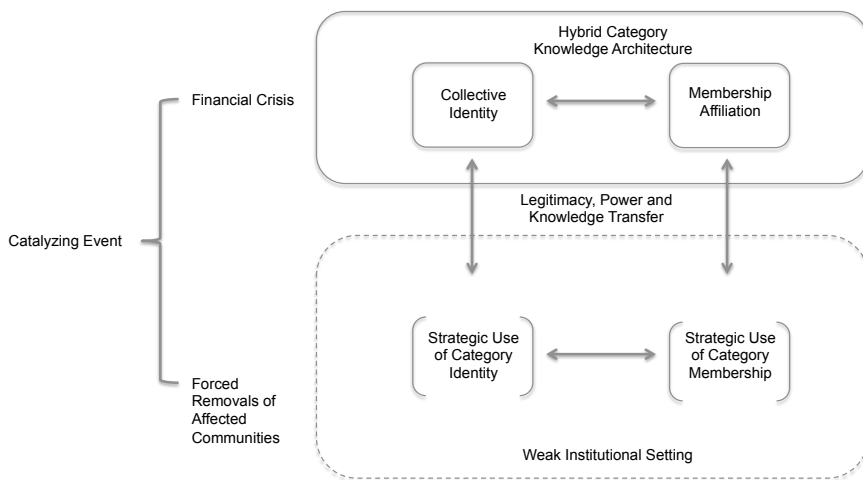


TABLE 4.
Timeline of Key Political Actions and Outcomes

Timeline	Hybrid Category as a Political Device	Outcome
2004	Invoked sustainability and environmental impact to attract resources (i.e. political	Granted 50 year license to develop timber

	and monetary capital)	plantation in Uganda
2006 - 2010	Engaged in identity politics, referring to local community as ‘illegal encroachers’; benefitted from a weak regulatory environment	Forced removal of local community without compensation
2010	Invoked impact investing to attract resources (i.e. monetary capital)	Received investment capital from Agri-Vie and other international investors
2012	Invoked impact investing membership/affiliation for legitimacy (i.e. FSC Mission to Africa, political and social capital)	Forest Services Council (FSC) certification and GIIRS 5-star rating

NOTES

¹ A private U.S. based foundation founded in 1913 by John D. Rockefeller, an oil industrialist, to promote well-being throughout society. Today, the foundation mission is focused on building greater resilience and advancing more inclusive economies around the world.

² The primary mechanism to announce this to a wider audience was the release in November 2010 of a report entitled, *Impact Investments: An Emerging Asset Class*; this report was released in partnership by J.P.Morgan, the Rockefeller Foundation, and the Global Impact Investing Network.

³ Created by B Lab, a non-profit organization that works in close association with the Global Impact Investing Network

⁴ Email from Julian Ozanne, CEO of NFC, to Oxfam, dated 15 August 2011 cited in Grainger and Geary (2011), Oxfam Report

⁵ As stated http://faolex.fao.org/cgi-bin/faolex.exe?rec_id=071603&database=faolex&search_type=link&table=result&lang=eng&format_name=@ERALL, [Accessed September 4, 2014].

⁶ Section 33 of the National Forestry and Tree Planting Act 2003, cited in Grainger and Geary (2011) Oxfam Report

⁷ Email from CEO of NFC to Oxfam, dated 5 September 2011 cited in Grainger and Geary (2011) Oxfam Report

⁸ A figure referenced by Kron, J. September, 21, 2011. ‘In Scramble for Land, Group Says, Company Pushed Ugandans Out’ <http://www.nytimes.com/2011/09/22/world/africa/in-scramble-for-land-oxfam-says-ugandans-were-pushed-out.html>, [Accessed August 30, 2014].

⁹ According to a 2011 Oxfam report by Grainger and Geary, the term ‘illegal encroachers’ was used in an email to Oxfam from the NFC CEO, dated 5 September 2011, cited in Grainger and Geary (2011) Oxfam Report. Subsequent reference to the term by NFC are based on meetings between Oxfam and the Acting Executive Director and the Deputy Director of the National Forests Authority and also the IFC ‘Back to office report on The New Forests Company (Uganda) following an IFC Mission’, dated 16–19 March 2010, provided to Oxfam by NFC, refers to NFA statements on ‘encroachers’ on the land (Oxfam, 2011).

¹⁰ Our informant indicated that in other countries where the legal framework is more transparent, they have experienced less issues. For instance, in Tanzania they paid over US\$1.5 million of compensation to local communities for land.

¹¹ NFC Sustainability Report FY10: July 2009 – June 2010; in Grainger and Geary (2011)

¹² Letter from NFC to Oxfam, dated 9 September 2011; in Grainger and Geary (2011)

¹³ Written feedback from NFC to Oxfam dated 15 September 2011. Plaintiffs claim rights to the land in the legal cases referred to above and these claims have not yet been determined by the courts. Oxfam has copies of the pleadings filed by the claimants from Mubende, as well as documents demonstrating allocation of land to war veterans, and has interviewed the lawyers representing the Mubende evictees. These arguments were also reflected in focus group discussions and individual interviews with evictees conducted by Oxfam and its partner organizations in July 2011; in Grainger and Geary (2011)

¹⁴ Letter from NFC to Oxfam, dated 9 September 2011

¹⁵ Our informant indicated that in other countries where the legal framework is more transparent, they have experienced less issues. For instance, in Tanzania they paid over US\$1.5 million of compensation to local communities for land.

¹⁶ IFC, (2011), 'Press Release: IFC Updates Environmental and Social Standards, Strengthening Commitment to Sustainability and Transparency', Washington, D.C.: IFC, 12 May 2011.

¹⁷ For further information regarding the Equator Principles see <http://www.equator-principles.com/>. [Accessed August 29, 2014].

¹⁸ For more, see FSC Principles and Criteria available at, <https://ic.fsc.org/principles-and-criteria.34.htm>

¹⁹ CDM Executive Board (2011), see: Standards in Value Chains above for an explanation of Oxfam's concerns relating to FSC certification of NFC, Oxfam, 2011

²⁰ Other companies were also on the mission, including Green Resources, Global Woods and KVTC (Kilombero Valley Teak Company).

²¹ Uganda President Museveni gives the New Forests Company 'Investor of the Year' award', 18 January 2008, www.forests.com/news, in Grainger and Geary (2011).

²² The GIIRS audit process has apparently been used in assessing the social and environmental impact and practices of companies and funds using a methodology that has now been used by over 6,000 companies.

²³ According to the NFC website, http://www.newforests.net/index.php/hmd_article/the-new-forests-company-receives-5-star-rating-on-the-giirs [Accessed August 30, 2014].

²⁴ As promoted on the Agri-Vie website and promotional materials, <http://agrivie.com/>. [Accessed: August 30, 2014].

²⁵ In December 2011, affected community representatives, with the support of Oxfam International, Oxfam Great Britain, and the Uganda Land Alliance (ULA), submitted a complaint to the Office of the Compliance Advisor Ombudsman (CAO), the independent recourse mechanism for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group, on behalf of community members affected by the New Forests Company's Namwasa plantation in Mubende District and Luwunga Plantation which straddles the Kiboga and Kyankwanzi Districts in Uganda. In the terms of the Agreement, the parties will launch a joint program of sustainable development aimed at benefiting the affected community. According to the CAO, the details of the Agreement are to remain confidential to the parties and their advisors. For more, see: CAO, Agreement between Mubende Community and New Forests Company in Uganda sees Community Resettled on New Land, (May 6, 2014; www.cao-ombudsman.org). [Accessed August 30, 2014].

²⁶ This reflects an on going debate about the interpretation and unintended implications of B Corporations, Morey, M. (2014), The Rockefeller Foundation's Hand in Hobby Lobby, Stanford Social Innovation Review, http://www.ssireview.org/blog/entry/the-rockefeller-foundations-hand-in-hobby-lobby?utm_source=Enews&utm_medium=Email&utm_campaign=SSIR_Now&utm_content=Title, [Accessed September 5, 2014].

²⁷ Simon, J. and Barneier, J. (2010), More than Money: Impact Investing for Development., The Center for Global Development.

²⁸ UNCTAD WIR; IMF World Economic Outlook; African Economic Outlook

²⁹ Approximate conversion figure, the investment was for 54.7 million Norwegian Krone (MNOK)

³⁰ IFC's equity investment of \$12.2 million was for an 11.5 per cent stake. According to IFC's procedures the project is categorized as environmental category FI (financial institution), http://ifcext.ifc.org/ifcext/spiwebsite1.nsf/projectdisplay/spi_dp27674 [Accessed August 30, 2014].

³¹ Approximate conversion figure, in 2008, the investment was for 100 million rands (ZAR)