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From LP Mandates to Board Governance: Multi-logic Board Mediation in African Venture Capital — Evidence from Kenya and Nigeria

Carl Adams Kopati Gbali[1] and Antonio Andreoni[2]

Abstract

Venture capital governance is usually framed as an investor–founder agency problem. This paper argues that in ecosystems shaped by coexisting institutional logics, an additional, underexamined coordination problem arises among investors themselves. Drawing on a multiple-case study of 11 venture-backed startups and 27 interviews with founders, board members, and investment professionals in Kenya and Nigeria, the study examines how LP-derived mandates are interpreted by fund managers and carried through to investment selection and syndication, and into startup-board governance. It introduces multi-logic board mediation to explain how boards handle competing developmental and commercial logics. The analysis distinguishes board mediation capacity, the expertise, networks, access, and relational legitimacy expressed through capability brokering, from three modes of handling active disagreement: deliberative reconciliation, asymmetric override, and mediation breakdown. Capability brokering was most visible where governance remained relatively informal. As expectations became actively contested, disagreement was handled through deliberation or concentrated control rights, or remained unresolved. The paper extends institutional logics theory to board-level venture capital governance, conceptualises syndication as a transmission mechanism for mandate heterogeneity, and reframes African venture capital as a setting of coexisting institutional logics rather than as a deviation from mature-market norms. For investors, founders and policymakers, the findings suggest that co-investor selection and board composition are governance decisions as much as financing decisions.

Keywords: Venture capital; Limited partners; Board governance; Syndication; Institutional logics; Africa.

JEL classification: G24; G34; L26; O16; O55

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1. Introduction

Venture capital has emerged as a critical mechanism for financing high-growth startups, providing not only capital but also strategic guidance, networks, and governance oversight (Drover et al., 2017; Gompers & Lerner, 2004). However, venture capital governance is not only about investor–founder relations. It is also shaped by the composition of the investor side, particularly the mix of fund types assembled into an investment structure and the divergent mandates they carry.

This issue is especially salient in African venture capital, where funds frequently combine capital from VC, Development Finance Institutions (DFIs), impact investors, corporate venture capital, private Equity, high-net-worth individuals, and commercially oriented funds (Léon, 2025b; AVCA, 2024a). These actors bring distinct priorities: DFIs and impact investors often emphasise developmental outcomes, sectoral constraints, and social accountability, while commercial investors prioritise scalable returns, growth, and exit readiness (Agrawal & Hockerts, 2021; Höchstädter & Scheck, 2015; Léon, 2025a). The result is pronounced investor heterogeneity within the same fund structures, making African venture capital a revealing setting for studying how competing mandates shape governance.

The effects of this heterogeneity extend beyond fund formation. LP mandates shape fund strategy and define the investable universe within which General Partners (GPs) operate (Gompers & Lerner, 2004; Da Rin et al., 2013). When fund managers syndicate with co-investors carrying different mandates, those expectations are transmitted into shared governance structures, most visibly, startup boards. Governance in these settings becomes more than a monitoring device; it becomes an arena in which competing time horizons, return expectations, and developmental objectives are negotiated. We refer to this governance work as multi-logic board mediation: the process through which startup boards negotiate, reconcile, and operationalise competing developmental and commercial logics within shared decision-making structures. In this sense, the funds studied here operate within a moral economy of investment, in which capital allocation is shaped not only by financial return calculations but also by normative expectations regarding legitimate sectors, acceptable uses of capital, and forms of accountability (Sayer, 2000; Thompson, 1971).

Kenya and Nigeria provide a particularly informative empirical setting for examining these dynamics. They are among Africa's most active venture capital ecosystems and combine substantial DFI and impact-oriented participation with commercially oriented investment (AVCA, 2024a; Partech, 2025). This makes them analytically valuable contexts in which the coexistence of developmental and commercial logics is not peripheral but embedded in the structure of venture financing. Taken together, they offer complementary settings in which similar governance mechanisms can be observed across distinct but comparable ecosystems.

Despite the importance of these dynamics, three blind spots persist in the literature. First, research on venture capital syndication has concentrated on financial and informational rationales for co-investment, such as risk diversification, resource pooling, and deal access (Bygrave, 1987; Lockett & Wright, 2001), but has rarely examined syndication as a governance mechanism through which normatively divergent investor mandates are assembled into shared decision-making structures. Recent work on coordination frictions within syndicates (Nanda & Rhodes-Kropf, 2019) has not yet been theorised through institutional logics or extended to board-level governance. Second, research on venture capital governance has predominantly treated oversight as an investor–founder agency problem (Jensen & Meckling, 1976; Kaplan & Strömberg, 2003), leaving under-examined the governance dynamics that arise when investors themselves operate under competing institutional logics. Third, African venture capital has too often been benchmarked against a mature-market ideal rather than

understood as a setting in which developmental and commercial logics coexist within the same governance architecture.

This study addresses these gaps through three research questions. First, how do LP mandates, particularly those of DFIs and impact investors, shape fund strategy and investment boundaries in African venture capital? Second, how are LP-influenced fund strategies translated through syndication choices and board structures across different stages of startup development? Third, how do boards mediate competing developmental and commercial logics, and with what governance consequences across the startup lifecycle?

To answer these questions, the paper draws on a qualitative, interpretive multiple-case study based on 27 semi-structured interviews with founders, board members, and investment professionals in Kenya and Nigeria. It argues that African venture capital functions as a governance regime in which developmental and commercial logics coexist within a single governance architecture, and that startup boards serve as the primary arena for negotiating these competing pressures. The study identifies governance mechanisms and perceived causal pathways rather than estimating causal magnitude.

The paper makes three contributions. At the construct level, it reframes venture capital governance as a multi-logic coordination problem. It introduces multi-logic board mediation as the board-level governance work this coordination entails, extending institutional logics theory from fund-level analysis to board-level dynamics. At the process level, it develops a multilevel framework linking upstream capital heterogeneity to board-level governance through syndication. At the contextual level, it reconceptualises African venture capital as a setting of coexisting institutional logics, reframing investor heterogeneity as a structural feature of ecosystem formation rather than a deviation from an idealised market model. The remainder of the paper proceeds as follows. Section 2 develops the theoretical framework. Section 3 presents the methodology. Section 4 reports the findings. Section 5 discusses the implications. Section 6 concludes.

2. Literature review and theoretical background

2.1. Institutional logics and the governance of competing mandates

This study adopts institutional logics as its primary theoretical lens. Institutional logics theory argues that organisational behaviour is structured by broader systems of values, assumptions, and rules that define legitimate goals and appropriate action within a field (Friedland & Alford, 1991; Thornton et al., 2012). Where multiple logics coexist, governance involves navigating competing expectations rather than following a single coherent model.

Where multiple logics coexist, organisations face institutional complexity, competing prescriptions that cannot be reconciled within a single set of practices (Greenwood et al., 2011). Whether this complexity surfaces as overt conflict depends on how compatible the logics are and how central each is to the organisation (Besharov & Smith, 2014). Prior work has largely examined how a single organisation accommodates such competing logics internally (Battilana & Dorado, 2010; Pache & Santos, 2013), leaving open how they are coordinated within shared governance bodies whose members remain affiliated with different mandate-bearing organisations, the setting this study examines.

This perspective is particularly relevant to African venture capital, where investment rounds bring together actors with distinct mandates. Commercial investors typically prioritise scalable returns, rapid growth, and exit opportunities, whereas DFIs and impact investors combine financial objectives with developmental goals such as inclusion, job creation, and social impact (Agrawal & Hockerts, 2021; Höchstädter & Scheck, 2015; Léon, 2025b).

In this study, a developmental logic treats capital as legitimate when it advances inclusion, local capability building, and accountable developmental outcomes over longer horizons, whereas a commercial logic

treats capital as legitimate when it maximises scalable returns, accelerates growth, preserves exit optionality, and prioritises financial performance and market expansion. These are competing belief systems rather than investor categories, prescribing distinct goals, time horizons, legitimacy criteria, and governance expectations (see Table 1). These two logics are treated here as the primary axis of tension; other investor-specific motives, such as the acquisition-driven objectives of some strategic corporate investors, can introduce secondary tensions that sit outside this binary, a possibility the findings return to.

Table 1. Ideal-typical dimensions of developmental and commercial investment logics.

Dimension	Developmental logic	Commercial logic
Conception of capital	Instrument for inclusion; legitimacy through social accountability.	Instrument for risk-adjusted return; legitimacy through market discipline.
Investment goal	Inclusion, local capability building, accountable impact.	Scalable returns, valuation growth, exit readiness.
Legitimate startup profile	Sector eligibility, local relevance, mission fit.	Large market, fast growth, strong unit economics.
Time horizon	Patient capital, tolerance for slower institution-building.	Fund-cycle discipline, faster scaling, clearer exit timing.
Success metric	Developmental outcomes with financial sustainability.	Financial return, follow-on funding, exit outcome.
Governance emphasis	Accountability, compliance, impact reporting.	Strategic flexibility, control rights, speed of execution
Board behaviour	Caution on pace, oversight, conditionality.	Pressure for growth, capital deployment, exit planning.

Source: Authors' synthesis based on Thornton et al. (2012); Agrawal & Hockerts (2021); Höchstädter & Scheck (2015); Léon (2025b).

Scott's (2014) institutional pillars framework extends this argument by showing that, where regulative institutions are weaker or unevenly enforced, governance depends more heavily on normative and cultural-cognitive pillars such as trust, legitimacy, and relational authority. Boards therefore become key sites of coordination because investor representatives carrying different mandate-derived expectations must interpret and negotiate them in interaction.

Three complementary mechanisms help specify how governance operates within this architecture. Agency theory (Jensen & Meckling, 1976) explains why investors seek monitoring and control rights, although a commercial VC may pursue board control for exit readiness while a DFI uses similar tools for developmental compliance. Resource dependence theory (Pfeffer & Salancik, 1978) explains how board members contribute expertise and networks, with those contributions filtered through each investor's logic. Financial contracting theory (Kaplan & Strömberg, 2003) explains the progressive formalisation of governance across stages. Institutional logics explains why tensions emerge, while these mechanisms help specify how they are managed.

2.2. LP heterogeneity as the upstream source of governance complexity

Venture capital firms are organised as limited partnerships in which General Partners (GPs) raise capital from diverse Limited Partners (LPs). LPs do not merely supply capital; they shape the strategic boundaries within which funds operate, including sector focus, geographic scope, stage orientation, and time horizon (Da Rin et al., 2013; Gompers & Lerner, 2004). When developmental and commercial imperatives coexist within a single fund, they embed competing normative expectations into the investment architecture. Building on the broader moral economy tradition (Sayer, 2000; Thompson, 1971), we treat the developmental logic as embedded in a *moral economy of investment*: a framing in which capital allocation is bounded by obligation rather than optimisation, producing sectoral exclusions, accountability beyond investors, and time horizons tied to developmental purpose. These operate as moral claims about what capital is for, not as adjustable preferences.

Syndication is typically explained through financial, informational, and network-based motivations such as risk-sharing, resource pooling, and improved deal access (Lockett & Wright, 2001; Wright & Lockett, 2003; Manigart et al., 2006), and VC selection research highlights recurring criteria such as founder quality, market attractiveness, and strategic fit (Block et al., 2019; Ferrati & Muffatto, 2021). Process-based accounts of syndicate formation have similarly shown that deal structuring and post-investment relationships among multiple co-investors and entrepreneurs are more dynamic and iterative than static contracting models suggest (Steier & Greenwood, 1995). These functional explanations remain incomplete in institutionally heterogeneous settings. Recent work has begun to identify coordination frictions within syndicates (Nanda & Rhodes-Kropf, 2019), but has not theorised how divergent investor mandates are carried into firm-level governance.

In African ecosystems, syndication functions as a governance transmission mechanism through which heterogeneous investor mandates are assembled into a single investment structure. Lead investors negotiate valuation, governance terms, and board arrangements; co-investors contribute capital, expertise, networks, and legitimacy. The resulting syndicate shapes not only financing, but the logics carried into firm-level governance. Governance becomes not simply a matter of aligning owners and managers, but of coordinating among investors with different views of what success entails.

2.3. The board as arena of multi-logic mediation

If LPs are the upstream source of heterogeneity and syndication is the transmission mechanism, the startup board is the arena in which these differences become operational. Venture boards are well-studied as sites of professionalisation (Hellmann & Puri, 2002), monitoring (Bernstein et al., 2016), and resource provision (Garg & Furr, 2017), with engagement intensity varying by investor type (Bottazzi et al., 2008) and with independent directors increasingly acting as tie-breakers in later-stage governance (Erikson et al., 2022; Li & Garg, 2025). Within this literature, board conflict is not inherently dysfunctional; its consequences depend on how it is mediated and on the capabilities and process available to the board (Forbes et al., 2010). Yet this body of work offers a sophisticated account of what venture boards do and how investor–founder dynamics evolve while treating investor representatives as relatively homogeneous in their normative orientation. Even recent institutional-logics-informed accounts of venture relationships have extended this lens to the investor–entrepreneur dyad, showing that similarity in the two parties' institutional logics helps sustain the post-financing relationship (Xiao et al., 2025), rather than to the board itself, where multiple investors must coordinate with one another under potentially divergent logics. Where investors operate under competing institutional logics, board governance involves an additional layer of coordination this literature does not theorise: not the alignment of owners with managers, but the reconciliation of investors with one another.

These logic contrasts translate into conflicting board-level demands across four recurring domains: growth pace (responsible local expansion versus accelerated scaling), capital allocation (mission-aligned investment versus market capture), reporting and compliance (impact measurement versus financial-return metrics), and exit timing (patient horizons versus fund-cycle pressures). We introduce multi-logic board mediation to capture the governance work this entails: the process through which startup boards negotiate, reconcile, and operationalise competing institutional logics, especially developmental and commercial logics, carried into shared decision-making by heterogeneous syndicated investors. The African setting extends prior work on investor-type differences by showing that variation lies not only in the intensity of governance engagement (Bottazzi et al., 2008), but in its normative content: DFI, impact, and commercial investors govern for different ends.

2.4. Research gaps and analytical contribution

Three distinctions clarify the contribution this paper seeks to make. First, prior VC governance research has established that venture boards drive professionalisation, monitor performance, mediate stage-financing transitions, and provide expertise and networks (Bernstein et al., 2016; Garg & Furr, 2017; Hellmann & Puri, 2002; Kaplan & Strömberg, 2003), and that intra-board dynamics shape decision quality (Erikson et al., 2022; Forbes et al., 2010). This body of work convincingly explains how boards operate within an investor–founder agency frame.

Second, this literature does not theorise the normative content of investor heterogeneity, that is, how investors carrying different definitions of legitimate goals, time horizons, and accountability negotiate within the same board. Agency, resource dependence, and contractual control theories explain why investors seek monitoring rights, why expertise matters, and how governance formalises across stages, but none accounts for why investors in similar governance positions still clash over what the firm should optimise for. Institutional logics supplies this missing layer.

Third, existing venture board research does not capture the proposed construct. Recent work on venture boards (Erikson et al., 2022; Forbes et al., 2010; Garg & Furr, 2017; Li & Garg, 2025) examines intra-board trust, conflict, and the evolving role of independent directors, but frames these as investor–founder dynamics or as questions of board process. Multi-logic board mediation specifies a distinct phenomenon: the coordination work among investor representatives carrying divergent mandate-derived expectations into shared decision-making. This investor–investor coordination problem is logically prior to, and analytically distinct from, the investor–founder dynamics that dominate the existing literature.

Within the African context, three streams have begun to engage these dynamics. Adongo (2011) and Léon (2025b) show how institutional context shapes investment structures and DFI intermediation, but do not trace how those structures translate into firm-level governance. Mkalama and Ouma (2025) examine allocation inequalities, and AVCA (2023, 2024a, 2024b) documents the prominence of DFI and impact capital, but neither addresses how heterogeneous mandates interact within shared governance. Mutua and James (2023) examine board composition across funding rounds, but centre on investor–founder control dynamics rather than coordination among investors under competing logics.

The central gap that remains is the absence of a process-based explanation linking upstream capital heterogeneity to downstream governance outcomes. This study addresses that gap by developing a multilevel governance transmission framework that traces how LP heterogeneity is operationalised through syndication into board-level governance, and by introducing multi-logic board mediation as the board-level work this transmission entails.

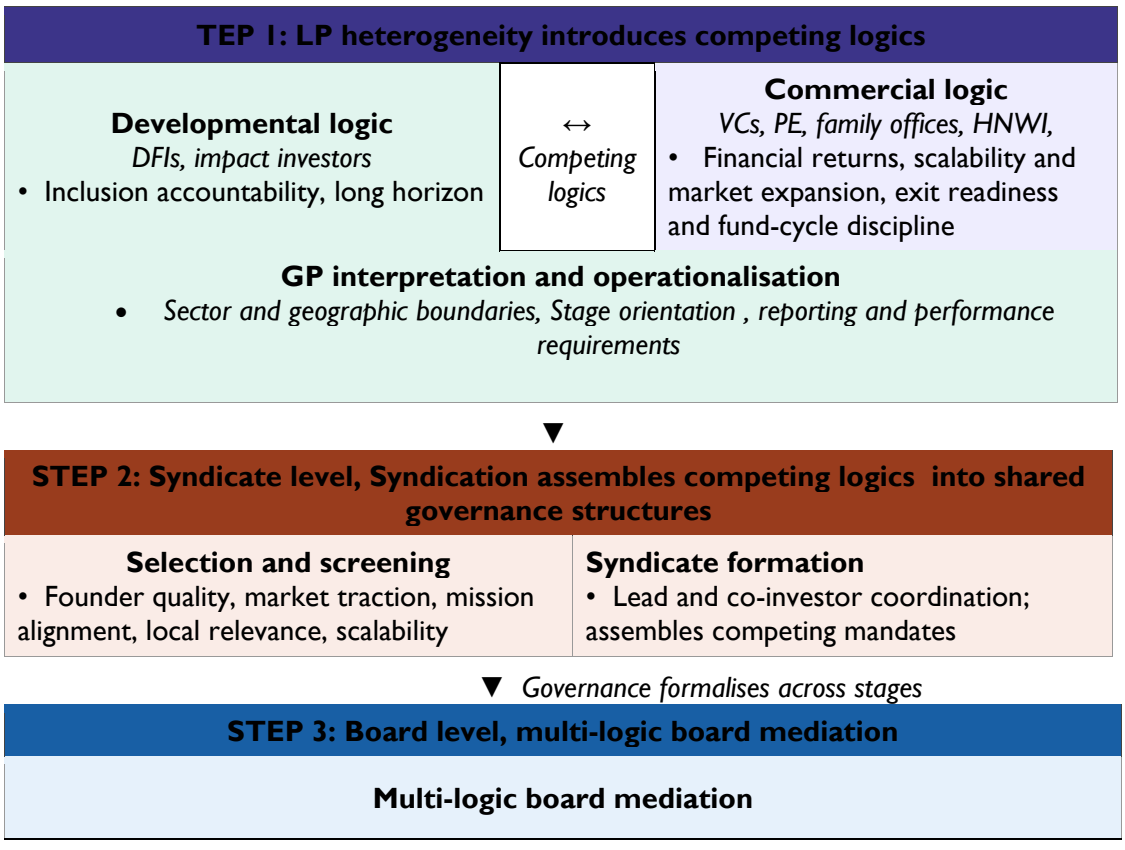
2.5. Conceptual framework

This study advances a multilevel framework for analysing governance in African venture capital, centred on multi-logic board mediation. Developed abductively through engagement between institutional-logics theory and the interview evidence, the framework distinguishes board mediation capacity, expressed through capability brokering, from three modes of handling active disagreement: deliberative reconciliation, asymmetric override, and mediation breakdown.

Figure 1 presents four linked stages. First, LP-derived developmental and commercial mandates are interpreted by fund managers and shape fund strategy, investment boundaries, reporting expectations, and time horizons. Second, startup selection and syndication assemble investors with potentially different mandate orientations within shared ownership and governance structures. Third, these expectations enter board-level decision-making, where disagreement may arise around growth pace, capital allocation, reporting and compliance, and exit timing. Fourth, the way in which disagreement is handled shapes perceived governance consequences for the venture.

Board mediation capacity consists of the expertise, networks, market and regulatory access, and relational legitimacy available to directors. Capability brokering refers to the mobilisation of these resources to support the venture and coordinate actors with different expectations. Where disagreement becomes active, boards may respond through deliberative reconciliation, asymmetric override, or a breakdown of mediation. These modes are associated, respectively, with constructive coordination, hierarchical resolution with reduced autonomy, or unresolved and immobilised governance.

The framework identifies interpretive mechanisms and perceived governance pathways rather than estimating causal magnitudes or venture performance effects.



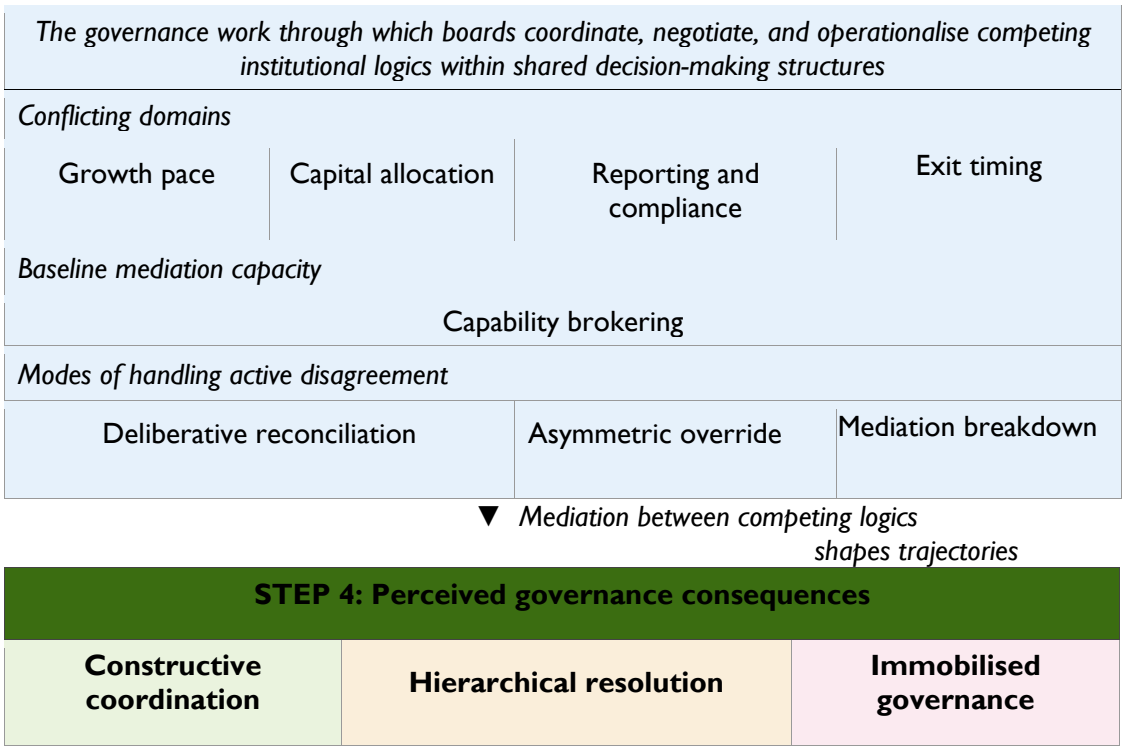


Figure 1[3]. Conceptual framework: from LP mandates to board governance

Source: Authors' conceptualisation

3. Methodology

This study adopts a qualitative, interpretive case study approach (Walsham, 1995; Yin, 2009) consistent with an institutional logics framework. It traces how heterogeneous investor mandates shape the governance of VC-backed firms across interactions among limited partners, investors**,** startup boards, and founders. The design is theory-building rather than theory-testing: it identifies governance mechanisms and patterns of multi-logic mediation rather than estimating prevalence or causal magnitude.

3.1. Ethical considerations and researcher positionality

Ethical approval was obtained from the Centre for Sustainable Structural Transformation (CSST) at SOAS, University of London. All respondents provided informed consent, and organisational and individual names are anonymised.

The lead researcher works closely with a major VC firm operating in Kenya and Nigeria, which has enabled access to senior investors and founders who are difficult to reach through cold recruitment, but has also created risks of selection bias and curated responses. To mitigate these, recruitment was expanded beyond the partner firm through referrals, ultimately covering 10 VC firms; a reflexive journal was maintained; emerging interpretations were discussed with the research supervisor; and preliminary findings were tested at a January 2026 multi-stakeholder member-checking event, which refined rather than validated the interpretation.

[3] Figure 1 traces the governance transmission from LP mandates (developmental and commercial) through VC selection and syndication into board-level governance and onward to startup outcomes. Feedback loops at each stage represent learning and impact data that inform subsequent investment cycles.

3.2. Case selection: Kenya and Nigeria

Kenya and Nigeria were selected as analytically relevant field settings rather than as country cases in a symmetric comparative design. Both are among Africa's leading venture capital ecosystems but differ in the relative prominence of development- and impact-oriented capital versus commercially oriented capital. Nigeria is the continent's most active VC market by deal count, with 103 of 534 disclosed deals in 2024 (Partech, 2025), while Kenya is a regional hub for impact investing, with especially strong DFI and impact participation (AVCA, 2024a; GIIN & Open Capital Advisors, 2015). This contextual variation allows the recurrence and boundary conditions of governance mechanisms to be examined across different investor configurations (Eisenhardt & Graebner, 2007). Because several sampled startups operate across both countries, country is treated as a contextual characteristic within the cross-case analysis rather than as the principal basis of comparison.

This contrast allows the paper to examine whether similar board-level governance mechanisms emerge across ecosystems that share coexisting developmental and commercial logics but differ in their relative salience. The two-country design serves a theory-building function in this sense: observing similar mechanisms across structurally comparable but institutionally varied contexts strengthens confidence that the patterns identified reflect the coexistence of competing logics rather than country-specific effects (Eisenhardt & Graebner, 2007). A single-country design would have risked conflating mechanisms with country characteristics, while extending beyond two cases would have reduced the interpretive depth needed to trace the chain of transmission from LP mandates to board outcomes.

Contextual variation in investor composition between the two ecosystems, including DFI participation and commercial scaling pressure, is examined further in Figure 2 and treated as background rather than as a focus of comparison.

3.3. Data collection

Data were collected between April and September 2025 through 27 semi-structured interviews: 14 startup-side interviews across 11 cases and 13 interviews with investment professionals across 10 firms, including seven startups operating across both countries. Sectors span agritech, fintech, health-tech, edtech, logistics tech, energy tech, HR tech, and IT services; the VC sample covers early-, growth-, and cross-stage mandates. Seventeen interviews were conducted in person in Nairobi and Lagos, while 10 were conducted online using Microsoft Teams, Zoom, and Google Meet. Interviews lasted approximately 45 minutes. All 27 interviews were conducted by the lead researcher, audio-recorded with participants' informed consent, and transcribed using Otter.ai. The lead researcher reviewed and corrected each transcript against the corresponding recording, after which a senior researcher rechecked the transcripts for accuracy. The protocol is provided in Appendix 2. No LP representatives were interviewed. LP influence is therefore analysed through the accounts of GPs and other investment professionals, supported where possible by fund documentation and publicly available materials.

Respondents met three criteria: (i) direct involvement in board-level governance of a VC-backed startup; (ii) experience with at least one investment round involving heterogeneous investor types; and (iii) willingness to discuss governance dynamics, including conflict and power asymmetries. Sampling followed a snowball approach (Döringer, 2021)**,** beginning with the lead researcher's network, including the partner firm, and then widening to 10 VC firms so the evidence base is not confined to any single fund. Recruitment was diversified across investor types, stages, sectors, and gender to mitigate network-insider bias, and continued until thematic adequacy was reached (Section 3.5).

Interview evidence was classified by the respondent's relationship to the process described. *Direct case evidence* came from respondents who personally participated in the relevant startup, investment round, board, or decision, and was used to reconstruct individual cases. *Portfolio-pattern evidence* consisted of

investors' accounts of recurring practices without identifying a sampled startup. *Contextual evidence* consisted of broader observations about VC practices and institutional conditions. Portfolio and contextual accounts supported cross-case interpretation but were not used to fill missing elements of an individual case.

Because evidentiary coverage varied across cases, focal cases were assigned different analytical roles. Multi-source process cases connected several elements of the governance process within the same startup and included at least two relevant perspectives, or one direct account supported by substantial documentary corroboration. Corroborated thematic cases contained a direct account supported by documentation or another knowledgeable source but did not reconstruct the full governance process. Single-source direct cases relied primarily on one respondent who had personally participated in the relevant startup, investment round, board, or governance decision. Illustrative cases relied principally on one retrospective account with more limited process detail. Claims concerning the fuller LP-to-board transmission process were based primarily on multi-source process cases, while the remaining cases were used to establish recurrence, variation, and boundary conditions.

Interview data were triangulated with secondary materials (fund reports, company and investor websites, AVCA, Crunchbase, Partech) to corroborate factual claims such as funding rounds and board composition, but not to infer confidential board conflict where no respondent provided direct evidence.

3.4. Supplementary investor-composition dataset

A supplementary descriptive dataset was compiled for 47 VC-backed startups, comprising 21 associated with Kenya and 26 associated with Nigeria, to illustrate variation in the relative presence of development-oriented and commercially oriented investors across the two field settings. Startups were identified through AVCA directories, Crunchbase, company disclosures, and investor websites, and had completed at least one disclosed VC round between 2018 and 2024. Investors associated with the sampled startups were classified by declared primary mandate as development finance institutions, impact investors, commercial VC firms, corporate venture investors, private-equity investors, angel investors, or accelerators; DFIs and impact investors were grouped as development-oriented investors and the remaining categories as commercially oriented. The unit counted was an investor–startup association; an investor associated with more than one sampled startup could therefore appear more than once. Ambiguous hybrid investors were recorded separately and reclassified into alternative plausible categories as a sensitivity check, which did not materially alter the Kenya–Nigeria distribution. The resulting percentages describe investor composition only; they do not measure influence, board control, or the intensity of developmental or commercial pressure. The dataset is contextual, and the theoretical claims derive from the interview and case evidence.

3.5. Data analysis

Data analysis followed an iterative, abductive process (Charmaz, 2006), moving between the institutional logics frame and the interview material. Interviews were transcribed verbatim and analysed in NVivo following the Gioia methodology, from first-order codes to second-order themes and aggregate dimensions (Gioia et al., 2013; see Table 2). Coded material was then reorganised by startup case, and a case-by-code matrix supported within-case reconstruction and cross-case comparison.

This distinguished *board mediation capacity,* the capabilities and relational conditions enabling boards to manage heterogeneous expectations, including capability brokering, sector expertise, regulatory and market access, and independent-director legitimacy, from *modes of handling active disagreement*. Capability brokering is therefore treated as an enabling capacity, not as a co-equal mode of resolution. Three modes emerged through cross-case comparison rather than through predetermined coding:

deliberative reconciliation (discussion, transparency, negotiation), *asymmetric override* (concentrated voting rights, vetoes, stacking rights), and *mediation breakdown* (competing demands that are neither integrated nor resolved). Alternative explanations based on investment stage, investor seniority, contractual power, and strategic acquisition motives were retained and compared with the institutional-logics interpretation.

Coding was led by the lead researcher, who retained interpretive responsibility. Consistent with interpretive standards (Lincoln & Guba, 1985), rigour rested not on inter-coder agreement but on transparency and challengeability: an NVivo audit trail, the evolving code structure, the case-by-code matrix, supervisory scrutiny of emerging interpretations, documentary triangulation, and retention of disconfirming evidence. Two disconfirming instances, GP resistance to individual LP influence (VC3) and pre-aligned LP structures producing minimal downstream conflict (VC5), were retained as boundary conditions rather than outliers. Thematic adequacy followed Saunders et al. (2018): new codes declined substantially after interview 18, and the final three generated no new codes. Single-coder analysis remains a constraint; the practices above are reported so the basis for each interpretive move is open to scrutiny.

Table 2. Data structure, from representative quotes to aggregate theoretical dimensions

Representative quotes	First-order codes	Second-order themes	Aggregate dimensions
"*A strategic LP really shapes your direction. DFIs prefer diversified portfolios, while high-net-worth individuals look for diversification at the fund level. These differences influence how VCs structure their funds.*"	LP type shapes fund strategy and sector focus	**Influence of LPs** on fund direction	**LP mandates and** fund governance **(RQ1)**
"*There are businesses DFI simply cannot invest in, such as gambling, because DFI partners do not permit development capital to be allocated to such sectors.*"	DFI sector restrictions		
"*It's really about the quality, or the perceived quality, of the founders. People look at whether these founders can execute, attract top talent, build strong systems.*"	Founder credibility and expertise	**Selection criteria** and context-specific logics	
"*The next important factor is the size and growth potential of the market they're going after.*"	Market traction and attractiveness		
"*Sometimes people go after very innovative ideas, but when you look closely at the market, you realize the infrastructure required to deliver that product simply doesn't exist.*"	Product–infrastructure fit		
"*At the early stage, companies typically don't have formal boards. We maintain informal channels, monthly brain sessions, WhatsApp groups to exchange ideas.*"	Informal governance in early stage	**Board governance**	**Syndication and**

"Company-related matters are resolved by full board consensus. Some issues require what we call major investor consent, though boards may label these matters differently."	Consensus decision-making	formalisation across stages	board enactment across stages **(RQ2)**
"Later-stage investors gain more influence due to higher risk exposure."	Investor rights and stacking		
"Conflicts arise from differing investment horizons and strategic priorities. I've seen boards with too many investors and not enough independence. Founders lose control."	Divergent mandates and asymmetric influence	**Board conflict and** power asymmetries	
"If there's no conflict, then the board isn't working properly, because at any given point, everyone on the board is fighting for something different."	Constructive conflict as governance vitality		
"At the early stage, the founding team are the real experts in their sector, while the VC brings growth expertise. As the company matures, the focus shifts toward bringing in investors with deeper industry knowledge."	Evolution of board expertise with company	**Board influence on** startup trajectories	**Board dynamics** and startup trajectories **(RQ3)**
"They have a network of other founders you can lean into. If I need a CFO, chances are they have recommendations. A huge benefit comes from the networks and data they have access to."	Network access and resource provision		
"Companies should be extremely careful about how they treat and compose their boards. The board can materially impact the trajectory and overall success of the business."	Professionalisation and scaling discipline		

(adapted from Gioia et al., 2013)

Source: Authors' compilation from interview data

3.6. Unit of analysis and analytical levels

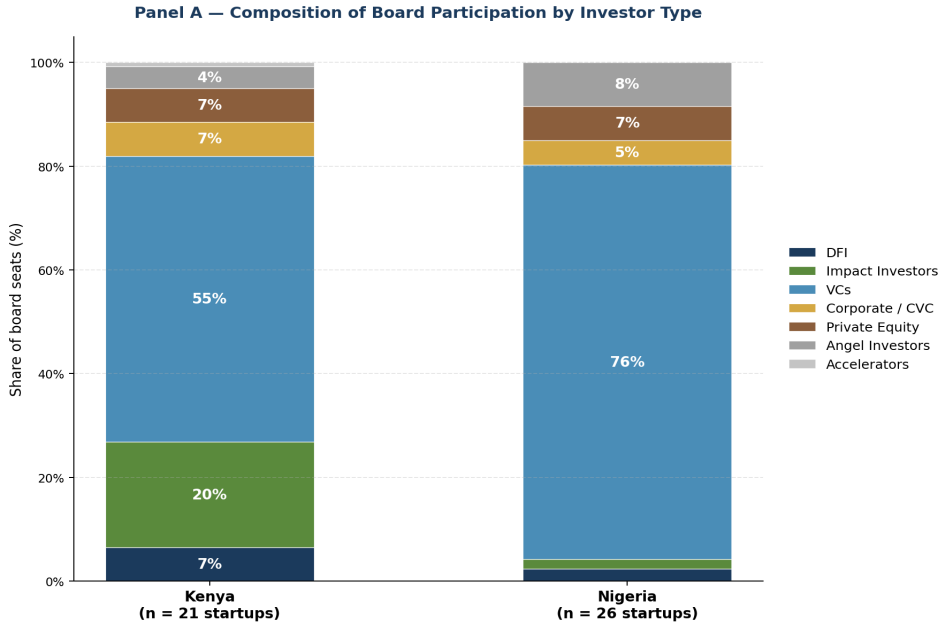
The unit of analysis is the venture-backed startup (n = 11), with the board as the central arena where LP mandates, VC strategies, and founder interests intersect. Evidence was drawn from four nested levels, LP/fund, VC/syndicate, board, and startup, to trace the transmission process. The 11 startups are the cases; the 10 VC firms are evidentiary sources, not additional cases. VC respondents provided LP- and fund-level evidence; investor and founder respondents together provided board-level evidence on conflict, mediation, and capability complementarity; founders also provided startup-level evidence on perceived consequences. The board is the nexus through which upstream and downstream governance pressures are mediated (Garg & Furr, 2017).

4. Results

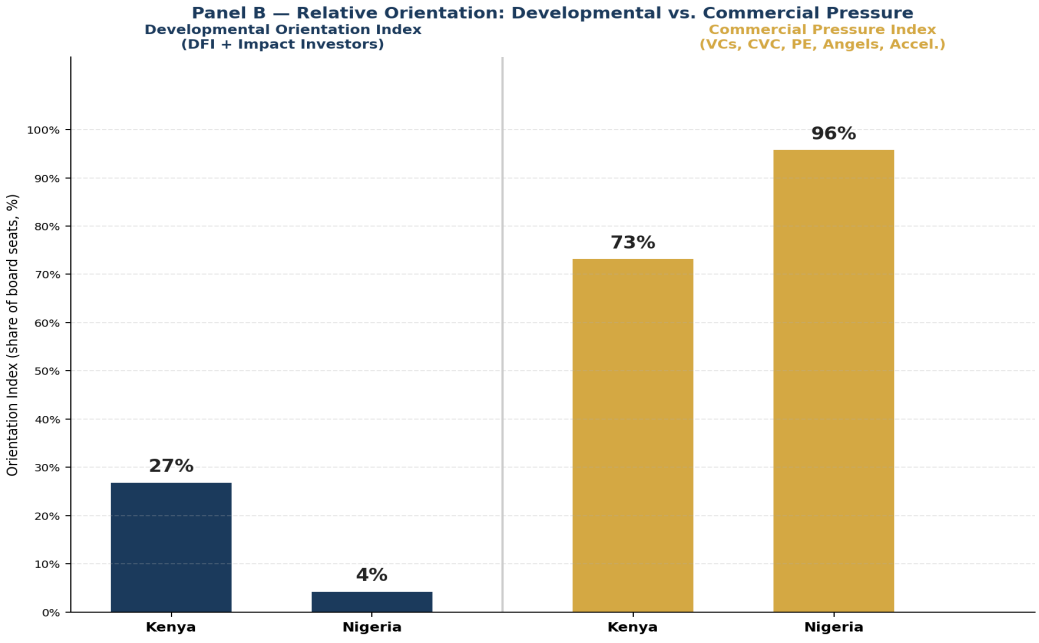
The findings are organised around the transmission chain presented in the conceptual framework and the three research questions: how LP mandates shape fund strategy and selection; how syndication and board governance evolve across stages, including board conflicts; and how board composition and capabilities shape startup development.

Cases are identified using the codes in Appendix 1: S1–S11 for startups and VC1–VC10 for venture capital firms. The findings are presented as cross-case patterns, with variation in investor composition across the Kenya- and Nigeria-associated settings treated as contextual background rather than as the principal basis of comparison. As Figure 2 shows, development-oriented investors, DFIs and impact investors, accounted for 27 per cent of observed investor–startup associations in the Kenya-associated sample and 4 per cent in the Nigeria-associated sample. Commercially oriented investor categories accounted for the corresponding 73 per cent and 96 per cent. These distributions describe differences in investor composition across the contextual samples; they do not indicate differences in board control, investor influence, or the intensity of developmental or commercial pressures.

The findings are based on recurring patterns identified through cross-case coding. Quotations are used as representative illustrations of these patterns rather than as standalone evidence from individual interview scripts. Respondent categories are identified where analytically relevant, while case codes are reserved for claims concerning specific ventures or governance episodes.



Panel A: Distribution of investor–startup associations by primary investor mandate in Kenya and Nigeria



Panel B: Relative distribution of development-oriented and commercially oriented investor associations

Figure ~~2~~. Investor composition of the Kenya- and Nigeria-associated samples

Source: Authors' compilation based on Crunchbase investor-type data for VC-backed startups in sample (n = 47 startups; Kenya = 21, Nigeria = 26).
Note: Investor types classified by primary institutional mandate.

4.1. LP influence on fund direction

The interviews indicated that LP composition shaped fund strategy by establishing boundaries around sector, geography, investment stage, time horizon, and reporting expectations. Investment professionals described strategic corporate LPs as directing funds towards sectors aligned with their commercial interests, while DFIs and other LP types introduced different expectations regarding diversification, developmental outcomes, and accountability:

> *"Having a strategic LP really shapes your direction. You often have what we call an anchor LP, investors like Visa or Siemens who guide the fund toward sectors that align with their interests, like fintech or climate tech."*

Several respondents described DFI-linked mandates as particularly consequential because they restricted eligible sectors, geographies, and uses of capital:

> *"There are businesses we simply cannot invest in, such as gambling, because our DFI partners do not permit development capital to be allocated to such sectors."*

Respondents also linked available LP capital to the formation of fund theses. One investment professional explained:

> *"The thesis is not necessarily being informed by the conviction of the fund manager. It's being informed by what money is available in the market."*

However, LP influence was not uniform. VC3 described using an independent investment committee and broad mandate parameters to protect GP discretion, while VC5 described selecting LPs with compatible mandates during fundraising. These cases show that LP influence could be moderated through fund-governance arrangements or reduced through prior mandate alignment.

Across the interviews, LP influence operated through three channels: thesis formation during fundraising, continuing constraints within LP agreements, and the selection of mandate-compatible capital providers. Within the portfolio companies examined, this influence was indirect: LP-derived expectations were interpreted by GPs and subsequently carried into investment selection, syndication, and board governance.

4.2. VC selection criteria

VC selection criteria were broadly consistent across fund types but varied in emphasis across investment stages. Early-stage investors focused primarily on the founding team, product–market fit, market potential, and initial traction, while later-stage investors placed greater emphasis on scalability, governance discipline, and financial performance.

Founder quality was especially salient where reliable performance data remained limited:

> *"It's really about the quality of the founders… whether they can execute, attract top talent, and build strong systems. Then you look at the market size and traction.*"

As shown in Figure 3, founder quality was the most frequently cited selection criterion, followed by market attractiveness, traction, and scalability. Figure 4 presents the corresponding red flags, including concerns about founder integrity, limited domain expertise, poor product–market fit, weak scalability, and limited alignment with African operating conditions. These patterns indicate that investors used a broadly shared selection vocabulary, although the relative weighting of particular criteria differed.

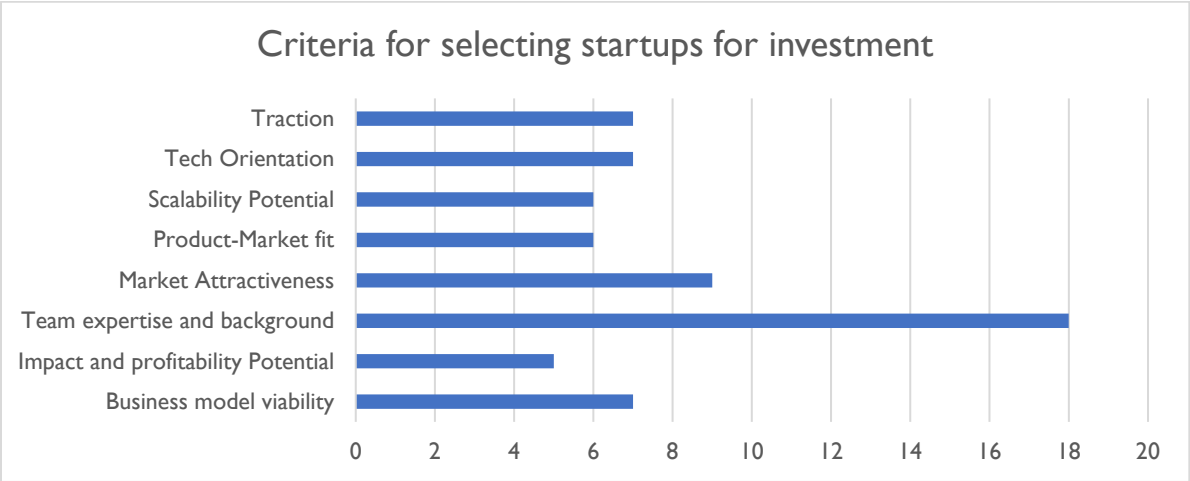


Figure 3. Criteria for selecting startups for investment

Source: Authors' compilation (NVivo coded frequency counts)

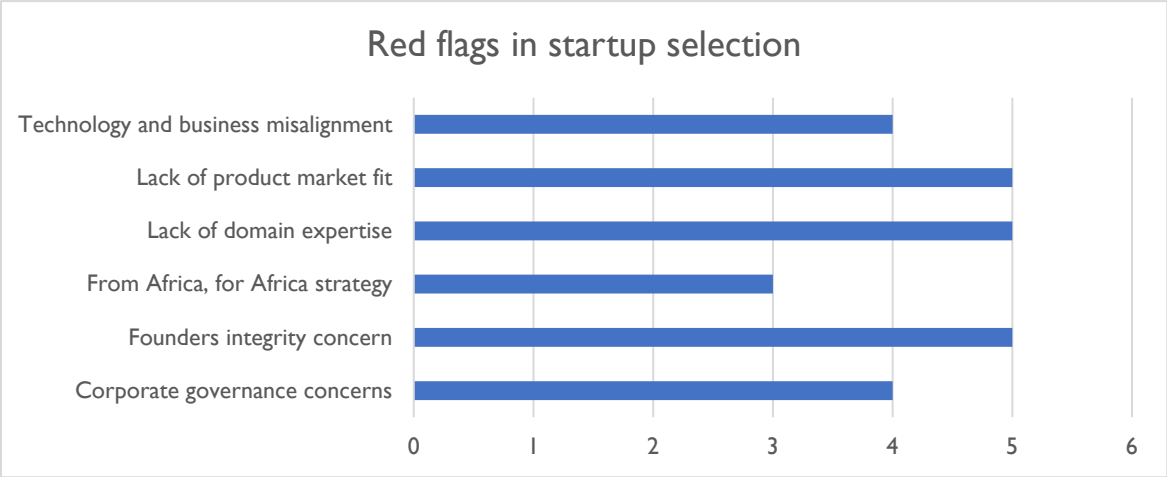


Figure 4. Red flags in startup selection
Source: Authors' compilation (NVivo coded frequency counts)

A recurring theme was the importance of alignment with local market conditions, expressed by respondents through a "From Africa, for Africa" orientation:

> *"As long as most of your staff are based on the continent and revenues are generated locally, you're innovating for Africa, that's what I look for."*

The orientation itself was not treated as a red flag. Rather, respondents expressed concern when a startup's business model lacked alignment with the infrastructural, regulatory, consumer, talent, or revenue conditions of its intended African markets. This orientation did not constitute a separate institutional logic. Rather, it provided a contextual lens through which founder quality, market attractiveness, product–market fit, and scalability were evaluated. Respondents assessed whether business models reflected African operating conditions, including local infrastructure, regulation,

consumer behaviour, talent availability, and revenue generation. Models that appeared innovative but depended on unavailable infrastructure were considered less viable:

> *"Sometimes the idea is innovative, but when you look closely, the infrastructure required simply doesn't exist."*

Selection therefore depended not only on formal criteria, but also on how those criteria were interpreted in context. Founder capability was particularly important at early stages, while measurable performance, governance readiness, and scalability became more salient as ventures matured. DFI-backed and impact-oriented investors placed greater emphasis on mission alignment, sector eligibility, local relevance, and developmental outcomes alongside commercial viability. Commercially oriented investors placed comparatively greater weight on scalability, financial performance, market expansion, and exit potential. These differently weighted expectations subsequently entered syndicate formation and board-level governance.

4.3. Board decision-making across stages

Board decision-making varied across observed funding stages. In early-stage settings, formal boards were often absent, and governance occurred through informal exchanges between founders and investors:

> *"At the early stage, companies typically don't have formal boards… we maintain informal channels, monthly 'brain sessions,' WhatsApp groups, to exchange ideas and analyse opportunities quickly."*

As ventures entered growth and expansion stages, decision-making became more structured. Respondents described collective deliberation as the usual approach, although certain matters required approval from investors holding specific contractual rights:

> *"Company-related matters are resolved by full board consensus. Some issues, however, require what we call major investor consent."*

Respondents generally distinguished strategic oversight from day-to-day management. Annual budgets, major strategic changes, and financing decisions were typically treated as board matters, while operational responsibility remained with management.

Formalisation also introduced vetoes, investor-consent provisions, and rights linked to the timing and size of investment. Later-round investors were sometimes perceived as holding greater influence:

> *"People who take risks early get less preference than those who come in later… later-stage investors hold greater influence."*

Across the cases, governance tended to shift from informal coordination towards formal decision rights and contractual controls as ventures matured. This was a stage-associated tendency rather than a uniform progression. Table 3 identifies the cases in which active mandate disagreement was documented and the observed response modes. Capability-brokering evidence is examined separately in Section 4.5.

Table 3. Active mandate disagreement and board response modes by focal case

Case	Stage at which governance was observed	Active mandate disagreement documented?	Observed response mode	Evidence role
S1	Early	No	Not applicable	Multi-source process case
S2	Early	No	Not applicable	Single-source direct case
S3	Early	No	Not applicable	Single-source direct case
S4	Early	No	Not applicable	Single-source direct case
S5	Growth	Yes	Deliberative reconciliation	Multi-source process case
S6	Growth; later	Yes	Deliberative reconciliation at growth stage; asymmetric override at later stage	Multi-source process case
S7	Growth; Series B	Yes	Deliberative reconciliation; asymmetric override at Series B	Single-source direct case
S8	Growth	Yes	Deliberative reconciliation	Single-source direct case
S9	Growth/later	Yes	Deliberative reconciliation	Illustrative case
S10	Growth/later	Yes	Deliberative reconciliation	Single-source direct case
S11	Growth/later	Yes	Deliberative reconciliation followed by asymmetric override	Single-source direct case

Note: Response modes are reported only where active mandate disagreement was documented. "Not applicable" indicates that no active disagreement was established at the stage observed; it does not indicate the absence of governance activity or capability brokering. Evidence roles follow the classifications defined in Section 3.3. Capability brokering is analysed separately as an expression of board mediation capacity rather than as a response mode. Mediation breakdown is excluded from the focal-case table because it derives from one portfolio-pattern account and is retained as a diagnostic failure mode rather than as a recurring focal-case pattern.

***Source:** Authors' compilation from interview data.*

4.4. Board conflicts, divergent mandates and power asymmetries

Conflict became more visible at later stages. In early stages, the absence of formal boards limited sustained disagreement. As governance formalised, conflicts became more pronounced and increasingly reflected both divergent investor mandates and unequal power within the board.

Boards in the African VC context often brought together heterogeneous investors, including DFI-backed funds, commercial VCs, impact funds, and family offices. Impact-oriented investors tended to emphasise long-term developmental outcomes, while commercial investors prioritised profitability, rapid scaling, and exit pathways. As one respondent noted:

> *"I've seen situations where the relationship between founders and their boards breaks down because the founder wants to pursue a direction that isn't aligned with what the investors expect."*

Board structure itself could also shift power away from founders. Where boards were dominated by investor representatives and lacked independence, respondents described founder autonomy as narrowing:

> *"I've seen boards with too many investors and not enough independence. In such cases, founders lose control."*

Conflict was not always seen as negative. Several respondents described disagreement as a normal and necessary feature of effective governance when it surfaced competing assumptions and forced strategic clarity:

> *"I think if there's no conflict, then the board isn't working properly, because at any given point, everyone on the board is fighting for something different."*

The developmental-commercial divide was not the only source of divergence. Strategic corporate investors introduced another axis of tension where their objective was acquisition rather than financial return. In such cases, exit timing could become contested for reasons unrelated to current performance:

> *"Some strategic investors actually want to acquire the company, that's why they're investing. So they could push for an exit much sooner. Because if it reaches its full potential, the mothership will not be able to afford buying the company at that stage."*

This additional axis emerged from member-checking and qualified the initial binary developmental-versus-commercial framing. Three analytically distinct modes of handling disagreement were identified. Where boards managed disagreement through structured deliberation, transparent communication, and expectation alignment, mediation took the form of deliberative reconciliation. Open discussion allowed board members to challenge assumptions, surface trade-offs, and improve decisions without turning disagreement into control contests.

Where later-stage stacking rights, veto provisions, or concentrated investor authority displaced deliberation, the dominant pattern was asymmetric override. Here, disagreement was resolved through hierarchy, reducing founder autonomy.

Mediation did not always succeed. In one portfolio company described by a VC6 respondent, a DFI-backed investor pressed for expanded compliance and impact reporting while a commercial co-investor prioritised faster geographic expansion. The respondent reported that the combined demands diverted managerial attention and made board discussions circular and unproductive:

> *"When one investor keeps asking for too many reports, the CEO ends up spending all his time on that instead of running the company. The board is supposed to support the company, not become another burden."*

In this case, the absence of an independent director with sufficient standing to broker between investors appeared to prevent resolution. The VC6 account illustrates mediation breakdown, where competing demands remained unresolved and immobilised board decision-making.

4.5. Capability complementarity and perceived board influence

The board's perceived influence on startup trajectories varied across stages and depended heavily on the expertise and capabilities of its members. At early stages, founders were generally seen as the main source of sector knowledge, while investor representatives contributed growth-oriented support in fundraising, market entry, and strategic planning:

> *"At the early stage, the founding team are the experts. The VC comes in as the expert in growth, helping founders think strategically about fundraising and reaching first customers."*

As startups matured, respondents described the board's role as becoming more consequential. Board composition shifted toward members with specialised capabilities in industry knowledge, regulatory navigation, and strategic networks. Boards were also described as enabling access to talent, partners, and resources:

> *"If I need a CFO, chances are they have recommendations… a huge benefit comes from the networks and data they have access to."*

Investor representatives described three recurring capability types: local network access, market access, and peer-to-peer founder networks. The first was especially salient in African ecosystems, where regulatory and corporate decision-making often depended on personal relationships:

> *"Most African markets are about personal relationships, do you know who makes the decisions? If a founder is struggling to get paid by a government agency, we can pick up the phone because we have high-profile people on our board. It's very tactical, just because we know the right people."*

The second involved access to supply chains, distribution channels, and cross-border expansion. The third involved brokering peer-to-peer founder relationships through which investors connected entrepreneurs to comparable operators facing similar challenges:

> *"A lot of founders have tunnel vision. You're not raising your head to see what others are doing, what mistakes others are making. If an investor is able to be the go-between, locally and globally, that adds a lot."*

A consistent pattern was that the board's perceived influence depended less on formal control rights than on the complementarity of capabilities its members brought into governance. Investor representatives who contributed sector expertise, regulatory access, operational support, market access, or peer-network connections were described as playing a larger role in company development than boards composed mainly of financial investors, even where the latter held stronger formal authority.

This distinction was particularly salient in the African context, where startups often operated under infrastructure, regulatory, and market-access constraints. Respondents therefore described functional contribution rather than contractual position as shaping how effectively boards supported growth and problem-solving:

"The board can materially impact the trajectory and overall success of the business."

Several cases illustrate this pattern. In a Nigerian health-tech venture (S7), the respondent described a board member with prior regulatory experience as helping resolve licensing delays that had stalled entry into a new market segment. In a Kenyan agritech venture (S1), a founder described a more structured financial reporting framework introduced by an investor representative as important in preparing the firm for later fundraising with DFI co-investors requiring impact reporting. In a cross-border edtech venture (S4), the respondent linked board-mediated introductions to a regional logistics provider to the firm's subsequent geographic expansion. Across these cases, perceived effect derived less from formal authority than from the capabilities and connections a board member brought to the venture.

Across these accounts, board members with sector expertise, regulatory access, or peer-network reach translated their capabilities into operational support. Respondents described investors facilitating access to regulators, introducing founders to executives and commercial partners, supporting market entry, and connecting founders to peer networks. Through these contributions, board members mobilised resources and relationships to help ventures address constraints and pursue growth. We refer to this pattern as capability brokering.

A contrasting episode in S6 shows how formal authority could displace capability-based influence. In this cross-country insurtech venture, a later-stage investor used stacking rights to override the founder and earlier investors on a strategic pivot, despite limited operational expertise. The founder regarded the decision as commercially defensible but inconsistent with the company's earlier positioning. Concentrated authority enabled the investor to impose the decision rather than secure agreement.

Overall, boards influenced venture development through professionalisation, system-building, scaling support, regulatory access, and strategic coordination. These contributions were most valuable where members' capabilities complemented one another. The S6 episode shows that capability-based influence could be displaced when control rights became concentrated and disagreement was resolved hierarchically.

4.6. Multi-logic board mediation: capacity and modes

The analysis distinguished board mediation capacity from the modes through which active disagreement was handled. Mediation capacity comprised the expertise, networks, access, and relational legitimacy available to directors and was expressed through capability brokering. This was most visible in early-stage settings, where governance remained relatively informal and board influence operated mainly through strategic support, operational knowledge, and network mobilisation rather than formal control rights.

Once competing expectations became actively contested, three analytically distinct modes emerged: deliberative reconciliation, asymmetric override, and mediation breakdown. Deliberative reconciliation and asymmetric override recurred across multiple focal cases. In contrast, mediation breakdown arose from one portfolio-pattern account and is therefore treated as a diagnostic failure mode rather than a recurring pattern.

Deliberative reconciliation occurred where competing expectations were addressed through structured discussion, information sharing, transparency, and negotiated compromise. Asymmetric override occurred where voting rights, veto provisions, stacking rights, or concentrated investor authority displaced deliberation and imposed a hierarchical resolution. Mediation broke down when

competing demands were neither integrated through deliberation nor resolved through authoritative decision-making, leaving governance immobilised.

The findings indicate a stage-associated tendency rather than a deterministic progression. Capability brokering was especially visible under informal governance, while deliberative reconciliation and asymmetric override became more salient as governance formalised and control rights accumulated. Responses therefore depended on both mediation capacity and the distribution of formal authority.

5. Discussion

This study traced how heterogeneous LP mandates shape venture capital governance in Kenya and Nigeria from fund formation through syndication to startup boards. The findings indicate a multilevel process: LP mandates shape fund strategy, syndication assembles investors with divergent priorities into shared ownership, and boards become the arena where competing expectations are negotiated. This reframes VC governance from a narrow investor–founder agency problem to a coordination problem among investors operating under competing institutional logics (Jensen & Meckling, 1976; Kaplan & Strömberg, 2003; Thornton et al., 2012).

5.1. LP heterogeneity and institutional logics

LP heterogeneity is structurally rooted in fund formation, where DFI, impact, and commercial capital shape fund theses, investment boundaries, and accountability expectations. This extends work on LP influence (Gompers & Lerner, 2004; Jääskeläinen et al., 2007) by showing that upstream constraints continue to matter after capital is raised and are carried into downstream governance through GP choices and co-investment structures.

The Kenya–Nigeria comparison reinforces this. Developmental capital was more prominent on Kenyan than Nigerian boards, yet the same baseline capability brokering and three modes of handling disagreement appeared in both. This dynamic does not depend on a high concentration of developmental capital, but emerges wherever heterogeneous mandates coexist within syndicates. The two cases differ in the prominence of developmental logic, yet converge in showing that the coexistence of competing logics produces patterned rather than idiosyncratic governance responses.

Through institutional logics, these patterns indicate that tensions arise not only from divergent financial interests but from different understandings of what capital is for (Thornton et al., 2012). The evidence is also consistent with a moral economy of investment, in which legitimate investment is bounded by developmental accountability, sectoral exclusions, and inclusion-oriented expectations rather than return considerations alone (Sayer, 2000; Thompson, 1971). African VC is therefore better understood as a setting of coexisting institutional logics: developmental and commercial logics operate as a structural feature of ecosystem formation, not a deviation from mature-market norms.

5.2. Syndication as transmission

Prior research has treated syndication as a mechanism for risk-sharing, resource pooling, and information exchange (Gompers & Lerner, 2004; Lockett & Wright, 2001; Manigart et al., 2006). The findings extend this by showing that, in heterogeneous settings, syndication also transmits divergent investor mandates into shared governance.

Investors may rely on similar criteria while weighting them differently. Respondents described founder quality, market attractiveness, and scalability as central criteria (Block et al., 2019; Ferrati & Muffatto, 2021), but DFI-backed and impact-oriented investors weighted mission alignment and developmental accountability more heavily than commercial investors. Once assembled in the same round, these differing priorities reappeared at board level in disputes over growth pace, capital allocation, reporting intensity, and exit timing.

Syndication therefore does not resolve mandate heterogeneity; it institutionalises it within the firm's governance architecture. This adds to work on coordination frictions by showing they are not only financial or informational, but also normative (Nanda & Rhodes-Kropf, 2019). The evidence is stronger on what happens after heterogeneous investors are assembled than on how lead investors screen co-investors for mandate compatibility, so this argument is best read as a well-supported mechanism with a thinner account of initial partner selection.

5.3. Boards and mediation

Venture boards contribute monitoring, professionalisation, and resource access, and governance formalises as ventures mature (Garg & Furr, 2017; Hellmann & Puri, 2002; Kaplan & Strömberg, 2003). The novel contribution here is to specify a less examined function of venture boards: in heterogeneous syndicates, they become arenas of multi-logic coordination where investor representatives negotiate competing developmental, commercial, and sometimes strategic-corporate priorities. Where prior research emphasised investor–founder coordination, the findings reposition the board as a site of investor–investor coordination under competing institutional logics.

This is where multi-logic board mediation makes its main contribution. Board conflict is not inherently dysfunctional (Forbes et al., 2010); its consequences depend on how it is mediated. Board mediation operated through a baseline capacity, capability brokering, exercised by respected directors able to translate across mandates, and three modes of handling active disagreement: deliberative reconciliation through transparency and discussion, asymmetric override through vetoes or stacked control rights, and mediation breakdown where competing demands were neither integrated nor authoritatively resolved.

This typology should not be read as four equivalent alternatives observed under identical conditions. Capability brokering predominates in the early stages, when formal governance structures are often still informal and capital concentration is limited; here, board influence operates through the integration of complementary capabilities rather than by resolving openly competing claims. Deliberative reconciliation, asymmetric override, and mediation breakdown instead describe three distinct outcomes once governance formalises and developmental–commercial tensions become actively contested, differentiated by whether resolution is reached through discussion, through concentrated control rights, or not reached at all. Capability brokering is therefore better understood as the baseline condition from which the three modes emerge as stakes increase, rather than as a co-equal alternative to them. This also explains why deliberative reconciliation, although it addresses actively contested tensions in the same way as asymmetric override and mediation breakdown, nonetheless clusters with capability brokering on outcomes: it is the one active-tension pattern in which resolution preserves rather than displaces collaborative coordination.

This clarifies the relationship between institutional logics and the supporting mechanisms. Agency theory explains why actors seek monitoring and control rights under uncertainty; resource dependence theory explains why boards matter as providers of expertise, legitimacy, and access; contractual control theory explains how governance formalises across stages (Jensen & Meckling, 1976; Pfeffer & Salancik, 1978). None explains why investors in similar governance positions still clash over what the firm should optimise for. Institutional logics adds that layer by showing how competing definitions of legitimate outcomes become embedded within the same board.

5.4. Capability and boundaries

Board influence on startup trajectories depends less on formal authority than on the complementarity of capabilities assembled within the board. This is consistent with resource dependence theory (Garg & Furr, 2017; Pfeffer & Salancik, 1978), but capability contributions are filtered through investor

mandates and therefore through syndicate composition. Boards rich in sector expertise, regulatory access, market access, and founder-network brokering were described as more valuable than boards dominated by financial authority.

Not all tensions are institutional-logic conflicts. Some reflect investor seniority, stage, control-right concentration, or strategic motives such as acquisition intent, the alternative explanations contractual and strategic governance perspectives predict. The contribution is not to replace those explanations, but to show that institutional logics adds analytical leverage where disagreement persists because actors differ not only in power or incentives, but in what they regard as legitimate growth, accountability, and exit outcomes.

Claims about professionalisation, scaling discipline, and pre-exit readiness should be read within the study's evidentiary scope. The mechanisms are grounded in convergent respondent accounts, but downstream effects on trajectories are perception-based rather than validated through performance data. The study identifies mechanisms and perceived causal pathways rather than estimating causal magnitude.

5.5. Practical implications

The findings have implications for several actors in the African VC ecosystem. For DFIs and impact-oriented LPs, mandate design may work better through clear sectoral exclusions and outcome expectations than through detailed operational prescriptions, while pre-selecting mandate-compatible GPs may reduce downstream board conflict more effectively than ongoing constraint through the LP agreement. For GPs, co-investor selection should be treated as a governance decision as well as a financing decision, since mandate-compatible syndicates are more likely to produce boards capable of constructive mediation. For founders, board composition matters as much as cap-table composition, especially the presence of independent directors with broker-capable standing. For policymakers and ecosystem-builders, strengthening the supply of directors with both developmental and commercial fluency may improve governance quality across the ecosystem.

6. Conclusion

This study shows that venture capital governance in African ecosystems is better understood not as a narrow investor–founder agency problem, but as a multilevel coordination process through which heterogeneous LP mandates shape fund strategy, are assembled through syndication, and are mediated at board level. By conceptualising syndication as a governance transmission mechanism and boards as arenas of multi-logic board mediation, the paper explains how developmental and commercial logics are carried into shared decision-making structures and why African venture capital is better understood as a setting of coexisting institutional logics rather than as a deviation from mature-market norms.

The study also opens several directions for future research. Longitudinal work could examine whether boards that mediate competing logics effectively at early stages continue to do so as contractual control rights accumulate across later rounds. More targeted research on syndicate formation could explore how lead investors screen for mandate compatibility, allocate board seats, and manage heterogeneity before it reaches the board. Comparative research beyond Africa could examine whether similar governance dynamics arise in settings where impact investors, sovereign wealth funds, corporate venture arms, or family offices coexist with commercially oriented VC. Finally, quantitative designs linking governance configurations to survival, follow-on funding, exit pathways, and developmental outcomes could help establish the magnitude and boundary conditions of the effects identified here.

Taken together, these directions point to a broader research agenda on multi-logic governance in venture investing, of which African VC is a particularly instructive rather than exceptional case.

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Appendix 1: Overview of Interview Participants

Table A1. Startup-side interview participants

ID	Geographic scope	Sector	No. of interviewees	Interviewee role(s)
S1	Kenya/Nigeria	Agritech	2	Founder; Director
S2	Kenya	B2B e-commerce	1	Founder
S3	Kenya/Nigeria	Agritech	1	Founder
S4	Nigeria	Edtech	1	Founder
S5	Kenya/Nigeria	Health Tech	2	CEO & Founder; Chief Commercial Officer
S6	Kenya/Nigeria	Insurtech	2	Founder; Director
S7	Nigeria	Health Tech	1	Founder
S8	Kenya/Nigeria	Energy Tech	1	Founder
S9	Kenya/Nigeria	Fintech	1	Senior Associate
S10	Kenya/Uganda	Agritech	1	Director
S11	Kenya/Nigeria	Tech Talent	1	CEO

Source: Authors' compilation from interviews.

Table A2. VC-side interview participants

ID	Geographic focus	Investment stage focus	No. of interviewees	Interviewee role(s)
VC1	Kenya/Nigeria	Early and growth stage (Series A–C)	3	Managing Director; Partner; Principal; Director
VC2	Nigeria	Early and growth stage (Series A–C)	1	Principal
VC3	Kenya/Nigeria	Early stage (Pre-seed and Seed)	2	Partner; Principal
VC4	Kenya/Nigeria	Early stage (Seed and very early Series A)	1	General Manager
VC5	Kenya/Nigeria	Early stage (Pre-seed and Seed)	1	Head of Investment
VC6	Kenya/Nigeria	Growth stage (Series A to C)	1	Managing Director
VC7	Kenya/Nigeria	Early and growth stage (Series A–C)	1	Principal
VC8	Kenya/Nigeria	Super-early stage (Pre-seed and Seed)	1	Partner
VC9	Nigeria	Early stage	1	Investment Principal
VC10	Nigeria	Early stage	1	Partner

Source: Authors' compilation from interviews.

Appendix 2: Interview Protocol

Preamble

This study examines how heterogeneous Limited Partner (LP) mandates shape venture capital governance in African ecosystems, with a focus on Kenya and Nigeria. It explores how differences across investors, particularly between Development Finance Institutions (DFIs), impact investors, and commercially oriented funds, shape fund strategy, syndication, and board-level decision-making in VC-backed startups. Interviews were semi-structured, lasted approximately 45 minutes, and were conducted under conditions of anonymity and informed consent. Participants could decline any question and withdraw at any stage.

Section A: Background and role

A1. Could you briefly describe your current role and your involvement with VC-backed startups or venture investing?

A2. How long have you been active in the African venture capital ecosystem, and in which countries?

Section B: LP mandates and fund strategy *(VC respondents)*

B1. How would you describe the composition of your fund's LP base?

B2. How do different LP types shape your fund's investment thesis, sector focus, geographic scope, or investment boundaries?

B3. Have you encountered situations where LP expectations diverged, for example between developmental accountability and commercial return expectations? How were these managed?

B4. To what extent do LP preferences continue to shape investment decisions after fundraising closes?

Section C: Investment selection and syndication *(VC respondents)*

C1. What criteria do you prioritise when selecting startups for investment, and how do these shift across stages?

C2. When syndicating an investment, how do you select co-investors? How important is mandate compatibility relative to capital availability, networks, or sector expertise?

C3. Have syndicate partners brought significantly different expectations to the same deal? What effect did this have on subsequent governance?

Section D: Board structure and decision-making

D1. How is the board composed, and what are the backgrounds and mandates of board members?

D2. How does board composition change across funding stages?

D3. How are strategic decisions made on the board , for example through consensus, majority voting, or investor consent rights?

D4. What types of decisions require major investor consent, and how is this negotiated in practice?

D5. How does the role and influence of independent directors evolve as the company matures?

Section E: Board conflict and mediation

E1. Have you observed conflicts on the board around growth pace, capital allocation, reporting requirements, or exit timing? Could you describe an example?

E2. Where conflicts arise between investors with different mandates, how are they typically resolved?

E3. What conditions make these tensions easier or harder to resolve?

E4. How do power asymmetries, such as veto provisions, later-stage control rights, or stacking, shape the resolution of disagreement?

E5. What role do independent directors or respected board members play in mediating between investors with different priorities?

Section F: Board contribution and startup trajectory

F1. Beyond formal oversight, what value do board members contribute, for example through sector expertise, networks, regulatory access, or operational support?

F2. Can you describe a specific instance where a board member's contribution influenced the company's trajectory?

F3. How has the board's role evolved across the company's growth stages?

Section G: Exit considerations

G1. When and how do exit considerations begin to shape board discussions?

G2. How do different investors approach exit timing or exit pathways?

G3. How are tensions between patient-capital expectations and fund-cycle pressures managed at board level?

Section H: Closing

H1. Is there anything important about VC governance in this context that we have not discussed?

Interviewer notes

Probing questions were used flexibly to elicit concrete examples rather than abstract reflections. Interview emphasis varied by respondent type: VC respondents were asked more extensively about Sections B and C (LP mandates, investment selection, and syndication), while startup-side respondents were asked more extensively about Sections D, E, and F (board structure, conflict, mediation, and board contribution). Where respondents referred to specific portfolio companies or investment rounds, follow-up questions explored the governance dynamics of those cases in greater detail. Preliminary interpretations were subsequently tested at a January 2026 multi-stakeholder member-checking event (see Section 3.4).



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