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Living up to the Hype: How New Ventures Manage the Resource and Liability of Future-Oriented Visions within the Nascent Market of Impact Investing

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Living Up to the Hype: How New Ventures Manage the Resource and Liability of Future-Oriented Visions within the Nascent Market of Impact Investing

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LIVING UP TO THE HYPE: HOW NEW VENTURES MANAGE THE RESOURCE AND LIABILITY OF FUTURE-ORIENTED VISIONS WITHIN THE NASCENT MARKET OF IMPACT INVESTING

ABSTRACT

Hype is a collective vision and promise of a possible future, around which attention, excitement, and expectations increase over time. Within nascent markets, hype can thus serve as a cultural resource by which entrepreneurs might encourage greater early stakeholder support and resources. And yet as hype-driven support couples with mounting temporal and categorical expectations, this can also limit ventures' flexibility during the entrepreneurial process. Drawing on an inductive, longitudinal, and comparative study of three new ventures within the much-hyped nascent market of impact investing, we develop an emergent theory of hype management, illustrating the field organizing practices that give rise to different forms of social proof, thereby allowing new ventures sufficient flexibility to convert hype into a sustained entrepreneurial opportunity. Our account contributes directly to contemporary public conversations of hype by revealing how entrepreneurs might engage with and indeed live up to the hype surrounding nascent markets without succumbing to the deceit and disappointment typically associated with hype. Beyond this, our findings extend existing scholarship on entrepreneurship within nascent markets, the sociology of expectations, and the realization of distant futures.

Keywords: hype, social proof, entrepreneurial flexibility, nascent markets, impact investing

INTRODUCTION

On September 1, 2021, the first day of the criminal trial in which ex-Theranos CEO Elizabeth Holmes appeared in court to defend against an indictment of entrepreneurial fraud, the *Washington Post* published an analysis in which the headline stated, "Elizabeth Holmes's trial spotlights Silicon Valley's thin line between hype and deceit" (Oremus, 2021). The legal analysis concluded that the concept of intent to deceive "can be particularly murky in hype-driven Silicon Valley, where entrepreneurs routinely attract investors by claiming they've invented something that will change the world – and don't always deliver" (ibid). Such public conversations have tended to invoke the term of 'hype' in reference to overinflated public interest, for example, toward a particular technology or asset. In these articles, rhetorical phrases abound challenging investors to discern "hype versus reality." And yet, conversely, these same conversations acknowledge the important societal role that hype plays in mobilizing resources toward positive social change, and moreover that it is possible for associated visions of the future to in fact "live up to the hype." For instance, a recent editorial entitled "Has Microlending Lived Up to the Hype?" illustrates how following on from Muhammad Yunus' Nobel Peace Prize in 2006, the hype surrounding the microfinance industry exploded, "greatly advanc[ing] the cause of financial inclusion worldwide"… and "laying the groundwork for a road out of poverty for hundreds of millions of people worldwide" (Pymts, 2019). And as another *Washington Post* article surmised, the key organizational challenge for the microfinance industry has been to manage the hype in order to "build durable financial institutions that deliver a variety of services to the poor" (Roodman, 2012). In this way public conversations have exposed the increasing importance of hype in capturing attention, and thus motivating economic activity in both positive and negative ways across both the short and long term (Beckert, 2013; 2021). In our study we engage with and add to these conversations by examining how new ventures in the context of another setting rife with hype, that of impact investing, differently address the tensions that arise amid hype, and the consequences for developing durable institutions.

While explicit references within management and organizational scholarship to the topic of hype are few, Pontikes and Barnett (2017: 140) implicitly allude to hype as a "collective overstatement of the attractiveness of a market." Their study highlights the tension faced by entrepreneurs surrounded by hype, wherein associated markets are characterized by both extraordinary financing events as well as extraordinary failures. Such research is also consistent with studies of market bubbles, which have illustrated how imagined futures can be mobilized in ways that occasionally result in overinflated valuations and eventually to a collapse in resource flows (Vogel, 2018; Goldfarb & Kirsch, 2020). And yet, as Goldfarb and Kirsch (2020) note this relationship between imagined futures and market bubbles is not inevitable. Although particular assets can become *over*-hyped, this research suggests that the increases in attention, excitement, and expectation surrounding these imagined futures, often associated with hype, can also be converted into sustained stakeholder engagement. Hype, in other words, needs to be theoretically distinguished from its potential outcomes in a way that acknowledges the possibilities of it resulting in either the faddishly-overstated attractiveness of a market as well as sustained stakeholder support.[1] Thus, drawing on existing research on the sociology of expectations as well as imagined futures, we define hype as a collective vision and promise of a possible future, around which attention, excitement, and expectations increase over time.

Despite the important overlaps between hype and peripheral concepts, the lack of explicit scholarly attention from management researchers to the former is surprising given that hype presents entrepreneurs—particularly those operating within nascent markets—with a unique and important organizational tension. On the one hand, because nascent markets are often characterized by immense uncertainty (McDonald & Eisenhardt, 2020; Benner & Tripsas, 2012), particular entrepreneurial promises associated with those markets are likely to ring hollow, lacking perceived plausibility (Fisher, Kotha, & Lahiri, 2016). In such contexts, hype can serve as a profound cultural resource especially in the short term, wherein the compounding attention to a shared vision and the potential of contributing to the promise of that vision both serve to compel initial stakeholder support despite uncertainty (Pontikes & Barnett, 2017; Swanson & Ramiller, 1997). Yet, on the other hand, to the extent that entrepreneurs connect their ventures to the surrounding hype in order to mobilize support and resources, they are likely to invoke

[1] Hype should also be distinguished from its antecedents as well. For instance, literatures focused on rumors and the marketing of new technologies (Seidel, Hannigan & Phillips, 2020) also occasionally make passing reference to the idea of hype. Specifically, these concepts—and indeed, hype—are united in their focus on audience attention and expectations as well as the related flow of resources. Rumors refer to "constructive forms of provisional meaning" (Seidel, et al., 2020: 312) which can initially mobilize expectations and resources, particularly in the context of upcoming technology releases. Although rumors may contribute to hype, they rarely do, as the claims made by rumors are often directed toward specific product innovations and are either quickly validated or dismissed before expectations compound (Hannigan, Seidel, & Yasik-Douglas, 2018).

corresponding and mounting expectations (van Lente, 2012; Borup, et al., 2006). Specifically, prior research offers evidence which suggests the possibility that as entrepreneurs engage directly with hype, associated expectations are likely to limit entrepreneurs' categorical and temporal flexibility, thereby impeding their efforts to respond to surrounding uncertainty. Where the former refers to the affordances experienced by entrepreneurs to pivot their business model from one product or market category to another (McDonald & Gao, 2019; Grimes, 2018), the latter refers to the affordances experienced by entrepreneurs to delay the successful realization of their long-term vision (Berends, et al., 2021).

Maintaining such flexibility is of critical importance to entrepreneurs within nascent markets, wherein "living up to the hype" requires degrees of freedom for navigating varied and dynamic expectations. And although several studies have acknowledged the tension between entrepreneurial promises and the management of associated expectations more generally (Garud, Schildt, & Lant, 2014; Berends, van Burg, & Garud, 2021; Murray & Fisher, forthcoming), much of this research is focused on the rhetorical or narrative efforts used to navigate this tension (e.g., revised storytelling and resetting expectations). Such work tends to overlook how hype limits the ability for entrepreneurs to reset expectations, how entrepreneurs differ in their engagement with hype, and the extent to which those differences allow entrepreneurs to retain both categorical and temporal flexibility. Given the important tensions that characterize entrepreneurs' engagement with hype, we look to add to the public conversations of hype, while extending existing research on the entrepreneurial process by asking: *How do entrepreneurs in nascent markets engage with and manage hype so as to retain temporal and categorical flexibility?*

We explore this question within the much-hyped context of impact investing, a growing sub-field of investing related to the resourcing of social problems around the world. The consequences of hype in the social sector are substantial in that it creates acute sensitivity to particular issues and therefore potentially sweeping but also faddish and fickle shifts in resources, which do not necessarily allow for sustained impact. Our findings illustrate differences in how entrepreneurs employed cultural and relational practices to respond to and manage hype, while revealing how these different practices convert hype into what we identify as various types of social proof. Such proof in turn facilitates differences in the flexibility entrepreneurs maintain as they engage with stakeholders. Our findings and emergent theoretical model, thus, not only add to the societal conversation surrounding hype and its effects, but we also situate these contributions as extensions to existing scholarship on entrepreneurship within nascent markets, as well as longstanding research on the sociology of expectations. Most notably, our study highlights that because references to hype in both public conversation and scholarship have been frequently reduced to that of a cognitive or discursive trap into which audiences and even trained investors succumb, these discussions frequently overlook the complexities of hype. Hype, as we will show, presents as both a short-term resource and long-term liability which entrepreneurs must not only discursively but also relationally navigate in order to build sustained opportunities for social innovation.

EXPECTATIONS AND THE FLOW OF RESOURCES INTO NASCENT MARKETS

All new ventures face a "liability of newness," wherein audiences are likely to discount the long-term viability of those ventures relative to more established organizations (Stinchcombe, 1965). Within nascent markets, where knowledge is limited by high degrees of uncertainty, such liabilities are compounded. This is because within nascent markets, not only do associated ventures lack resources (Burton & Beckman, 2007; Rindova & Kotha, 2001), a proven track record (Fisher, et al., 2016), an established identity (Lounsbury & Glynn, 2019; Zuzul & Tripsas, 2020), and the capacity to influence other firms (Hallen, 2008; Ozcan & Eisenhardt, 2008), but the markets themselves are characterized by similar liabilities. Nascent markets are often surrounded by conversations of distant futures and thus “concerned with imagining possibilities under conditions of ambiguity” (Augustine, et al., 2019: 1930; Levy & Spicer, 2013; Swanson & Ramiller, 1997). Moreover, nascent markets are often lacking in the trust which might allow for more efficient exchange (Logue & Grimes, 2019; Hinings, Logue & Zietsma, 2017). Taken together, these liabilities can severely undermine entrepreneurs’ efforts to mobilize early stakeholder support and resources.

And yet despite the immense challenges which characterize the process of entrepreneurship within nascent markets, many entrepreneurs succeed in attracting early-stage support and resources. While several studies highlight the importance of entrepreneurial narratives and promises in garnering such support and resources (Martens, Jennings, & Jennings, 2007; Navis & Glynn, 2011), other studies suggest that a lack of perceived plausibility of those envisioned distant futures is likely to undermine the legitimacy of those narratives and promises during the conception stage (Fisher, et al., 2020; Seidel et al., 2020). Given such lack of narrative legitimacy, what explains those cases in which entrepreneurs within nascent markets are, in fact, able to capture public attention, elevate stakeholder expectations, and encourage the flow of resources into these nascent markets and toward their new ventures?

Studies from research disciplines as wide ranging as economics, finance, marketing, technology studies, and political science have made passing reference to the possibility that hype may play a particularly critical role within nascent markets (e.g. Brown, 2003; Dholakia & Turcan, 2014; Gurun & Butler, 2012; Roberson, 2020; Simakova & Neyland, 2008; Vogel, 2018;

Weingart, 2017; Wind & Mahajan, 1987). Within studies of marketing, hype is positioned as a resource for nascent market entrepreneurs due to its abstraction, and thus its capacity to broaden the ventures' reach across different stakeholder groups, while expanding the perceived potential magnitude and impact of those ventures' innovations (Wind & Mahajan, 1987; Simakova & Neyland, 2008). Very often, it is not the ventures themselves that create the hype; instead, research in finance points to the importance of media in shaping hype surrounding innovations (Gurun & Butler, 2012). More broadly, economic historians have established that hype tends to increase expectations as well as firm or asset value, potentially leading to bubbles: "periodic episodes where hype about an asset outpaces expectations about valuing that asset" (Dholakia & Turcan, 2014:2). Taken together, this research suggests that hype may attract and channel investment, inducing entrepreneurial search even despite the highly speculative nature of those activities. Yet unlike rumors which can increase stakeholder expectations by adding specificity to a possible near-term future (Seidel et al., 2020), hype is often unbounded (i.e, abstract and diffuse) and increases the expectations of a broader range of stakeholders by inviting them to participate in the fulfillment of the associated vision (Hughes, 1983).

Yet despite sustained references to hype and its role in compelling global shifts in resources and innovative activity, research on hype has been mostly overlooked in studies of both management and entrepreneurship. One recent and notable exception is research by Pontikes and Barnett (2017), who examined the role of vital events in shaping collective beliefs about the viability of nascent markets. This study illustrates how large financing events within those markets lead to increasing expectations and flow of resources. The authors thus allude to such 'hot' markets as hyped markets or categories. However, there remains an opportunity to better theoretically ground the concept of hype relative to stakeholder expectations and the flow of resources. And thus as noted we draw on the sociology of expectations as well as research on imagined futures to suggest that hype can be best understood as a collective vision and promise of a possible future, around which attention, excitement, and expectations increase over time. In this way, hype can serve in the short-term as an abstract and diffuse cultural resource (Swidler, 1986), by which actors can motivate and guide the actions of various audiences (Augustine et al., 2019; Beckert, 2013; Swanson & Ramiller, 1997). For entrepreneurs in nascent markets, engaging with hype can increase the resonance of associated entrepreneurial narratives and promises by suspending stakeholder concerns of plausibility in lieu of the recognition of mounting collective attention, excitement, and expectation around an “as-if reality” (Augustine, et al., 2019; Beckert, 2013; Grimes & Vogus, 2021; Levy & Spicer, 2013; Sarasvathy, 2021). For example, Augustine et al (2019) show how geoengineering as a planetary solution to climate change has become an as-if reality, in which people have begun to see themselves within that future state despite its controversy and absence of any implementation.

While in the short-term hype may serve as a useful cultural resource by which entrepreneurs might overcome their ventures’ liability of newness within nascent markets, prior research also suggests that such hype may also threaten the long-term viability of those ventures. For instance, in the study noted above, Pontikes and Barnett (2017) find that following the rise of hyped markets, extraordinary failures of ventures within those markets also tend to lead to the collapse of associated expectations and resources. In this way prior research suggests that the diffusion of innovations often exhibits a common pattern—commonly described in technological forecasting as a ‘hype cycle’ (Dedehayir & Steinert, 2016; Yeon, Park, & Kim, 2006). A hype cycle consists of several stages: a technological trigger, a peak of inflated expectations, followed by a ‘trough of disillusionment’, slope of enlightenment, and plateau of productivity (Borup, Brown, Konrad, & Van Lente, 2006; Fenn & Raskino, 2008). Key to such 'booms' and 'busts' is the compounding, overinflation, and then collapse of expectations. And thus while entrepreneurs may initially benefit from discursively drawing on hype as a cultural resource, it is less clear how the associated expectations can be managed in a way that decreases their long-term liability.

The Relational Liability of Compounding Expectations

Research on the sociology of expectations offers some initial insight into how increasing expectations can turn into a relational liability for entrepreneurs and their new ventures (Borup et al, 2006; Brown & Michael, 2003; Van Lente, 2012). Expectations are performative, in that they create a sense of obligation between actors and their audiences based on the actors' promises and claims that give shared definition to specific roles and duties (Borup et al., 2006; Van Lente, 2012). In this way, shared expectations can potentially turn into wishful projections of a desired future (Borup et al., 2006) that are "untethered to current reality" (Murray & Fisher, forthcoming: 5). For entrepreneurs, therefore, inflated expectations may ultimately prove to be a profound source of relational liability, if and when those inflated expectations begin to define what stakeholders perceive as acceptable action for a new venture in order to *meet* those expectations.

In the context of hype, compounding expectations are likely to place at least two different types of constraints on entrepreneurs as they seek to act and progress in ways that meet those expectations: 1) Constraints on temporal flexibility based on the elevated urgency of expectations (Berends, van Burg, & Garud, 2021); and 2) Constraints on categorical flexibility based on the growing consensus of those expectations (Garud et al., 2014). Regarding the former, Yakura's (2002) study of a technology consulting engagement illustrates how promises of deliverables become associated with implied timelines and then reinforced by explicit temporal boundary objects (e.g., milestones). Similarly, Berends and colleagues (2021) show that entrepreneurs' relational commitments to stakeholders are also timebound and so generate temporal commitments. As such commitments intersect with hype, increasing associated expectations, we might also expect an increased urgency with which entrepreneurs are required to meet those expectations, constraining temporal flexibility.

Regarding categorical flexibility, mounting expectations associated with hype are not only likely to increase time pressure, but also over time drive convergence around what an as-if reality should look like (Augustine et al., 2019), resulting in the emergence of new categorical norms (Zuzul & Edmondson, 2017). For entrepreneurs, such convergence is likely to narrow stakeholders' perceptions as to appropriate entrepreneurial action, resulting in a more pronounced imperative for new ventures to align with audiences' emergent categorical expectations (Navis & Glynn, 2011). Such relationally-situated imperatives can introduce a liability for entrepreneurial action, restricting the ability of new ventures in nascent markets to diverge from promised courses of action or experiment in new and different directions (Garud et al., 2014; Grimes, 2018; Hampel, Tracey, & Weber, 2020). As McDonald and Gao (2019: 2091) note, when entrepreneurs in nascent markets pivot this "represents a deviation from expectations that the ventures themselves have set." Because hype can increase those categorical expectations over time, this constrains the flexibility entrepreneurs experience to pivot their ventures.

The Need for Proof in Managing the Relational Liabilities of Hype

The aforementioned literatures lend initial insight to the possibility that hype may pose as both a short-term yet unbounded cultural resource and a long-term relational liability for entrepreneurs as they operate within nascent markets. The challenge of navigating this tension draws attention to the potential importance of proof, or the performance of evidence, which might demonstrate that an actor has met expectations and thus is judged to have "lived up to the hype," thereby lessening any relational liabilities. And yet, unfortunately, the distant futures collectively envisioned which characterize hype often undermine the quick delivery of proofs of concept, hard data, or even convincing prototypes (Audretsch, Bönte, & Mahagaonkar, 2012; Kotha, Crama, & Kim, 2018).

Absent such material proof which might serve to specify and stabilize meaning and expectations of the future (Seidel, et al., 2020), several studies point to the importance of more relational forms of proof, such as social proof. Given the abstractness and diffuseness of hype, any attention, excitement, and expectations also tend to be disassociated from any particular ventures, while offering limited information and evidence for evaluating ventures' progress. Conversely, social proof is defined by its capacity to offer highly specified evidence of third-party engagement at the venture-level, thereby enabling venture evaluation. Cialdini and colleagues, for example, refer to social proof as "informational social influence" (Cialdini & Goldstein, 2004; Cialdini, 1993), which enables assessments of appropriability while validating opinions and decisions through social comparisons with referent others (Cialdini, 1993; Festinger, 1954). Within the management literature, Rao and colleagues (2001) highlight how social proof serves as a heuristic based on information cascades and the inference of value, thereby driving imitation in the context of investing. Such social proof can be particularly important in the context of nascent markets, wherein evaluations are often based on conjecture and so subject to bias. For instance, Cohen, Bingham, and Hallen (2019: 828) in their study of accelerators find evidence that in these settings, social proof serves to highlight how "the opinions of many others conform with each other," thereby limiting individual's reliance on their own biases when engaged in evaluation. These studies thus establish how audiences use social proof to make evaluations of ventures and their progress without depending upon material proof.

Presently, however, existing scholarship has underexamined the organizing efforts by which entrepreneurs themselves might also stimulate or generate social proof, in the form of stakeholder endorsement and engagement and the effects of that proof in the context of hype. Some research suggests the importance of cultural work, by which entrepreneurs use narratives, frames, and other forms of communication in order to legitimate those markets and their own ventures (Garud, Kumaraswamy, Roberts, & Xu, 2020; McDonald & Eisenhardt, 2020). Other work views the task of organizing nascent markets primarily in terms of the configuring of market boundaries and the brokering of relationships within those markets (Furnari, 2014; Logue & Grimes, 2019; Santos & Eisenhardt, 2009), as well as how to improve trust among stakeholders and thus greater efficiency within exchange (Lepoutre & Valente, 2012). Yet, we remain limited in our understanding of how entrepreneurs might differ in these organizing practices in the context of hype and nascent markets and the consequences of those differences for maintaining categorical and temporal flexibility, so as to 'live up to the hype'. We thus examine three new ventures, all setting out with the same idea to convert the hype around impact investing into a durable social stock exchange, the differences between those ventures' organizing efforts, and the consequences for managing the long-term relational liabilities of hype.

METHOD

Research Setting: Impact Investing and the Introduction of Social Stock Exchanges

Given our interest in examining the topic of hype and how organizations might differently engage with and convert that hype, we chose to focus on the increasingly celebrated global domain of impact investing. Impact investing is an investment approach that intentionally seeks both social and environmental impact as well as financial return on investment. The nascent market has been accompanied by growing speculation as to its eventual projected size:

> "Since JP Morgan and Rockefeller Foundation collaborated on the seminal report in 2010 which claimed that the impact investment sector could reach US$ 1 trillion by 2020, a tremendous amount of buzz has been generated around the term 'impact investing'"(World Economic Forum Report, 2012)

This potential lent itself to a decade of growing global attention and excitement around impact investing as a positively disruptive force in the global economy (Cohen, 2018; Hehenberger, Mair & Metz, 2019; KPMG, 2019) and an historical turning point in capitalism:

> There are moments in history when the needs of an age prompt lasting, positive innovation in finance—from ideas as big as the invention of money, to the creation of new institutions such as banks and insurance firms…Evidence suggests that many thousands of people and institutions around the globe believe our era needs a new type of investing. (Monitor Report, 2009: 5).

Yet amid the growing attention, excitement, and expectations, questions emerged as to whether impact investing could live up to the hype rather than becoming over-hyped:

> "We certainly know how to talk about this subject, and we can even throw some good parties, but will we be able to turn all this conferencing into the asset class JP Morgan and the Rockefeller Foundation described in their report? Can we live up to the name and have a real impact? There is a real danger of over-hyping the sector". (Centre for Global Development, 2010)

Thus, this research setting was attractive for several reasons. There was and continues to be increasing global attention and excitement surrounding the potential of impact investing as a universal financing solution for the world's social and environmental problems. Second, it gained widespread attention and support after the Global Financial Crisis of 2008, yet how this was to be realized in different places with diverse actors involved was less clear and so open to interpretation and local translation (Hehenberger, Mair & Metz, 2019). Third, entrepreneurs were increasingly entering the market with novel ways of enacting the collective vision of impact investing.

One of the more important early and emergent possibilities around which a collective vision was being built was that of social stock exchanges (Yunus, 2007), which sought to offer value to retail and institutional investors by providing access to liquid securities of impact enterprises (World Economic Forum, 2012). Our case selections are the first three social stock exchanges founded in 2013, independently and yet within three months of each other. The founders of each of the exchanges had attended the original 2007 meeting of the Rockefeller Foundation in which the term 'impact investing' was allegedly coined. These three platforms specifically self-identified and promoted themselves as social stock exchanges and were launched in London (London Social Stock Exchange or SSX), Singapore (Impact Investment Exchange or IIX) and Toronto (Toronto Social Venture Connection or SVX) in 2013. While the technical business registrations varied, each venture initially launched and promoted themselves as a social stock exchange, and stakeholders consistently referred to them collectively as social stock exchanges (The Guardian, 2013). This enabled us to gather data from three initially similar ventures with a consistent starting point relative to the global hype, and then observe changes in these ventures across the same duration. A summary of each social stock exchange is available in Table 1.

While each platform is located in a different geographic area, given the globalization of financial markets and associated regulatory standards, as well as the similar level of development of each of the regional financial markets, we view these separate regions as ideal settings from which to explore the ventures' different outcomes. The similar founding dates amidst the global hype allow us to collect historically comparative data and rule out patterns that have more to do with variation in this global hype over time and thus entrepreneurial timing (Eisendhardt, 1991; Eisenhardt & Graebner, 2007; Ozcan & Eisenhardt, 2009; Yin, 2003).

-- Insert Table 1 about here --

Data Collection

We employed a longitudinal, inductive, multiple case study approach (Eisenhardt, 1989), following a tradition of exploratory studies (Marshall & Rossman, 1995). Our data collection efforts focused on capturing ongoing changes in the ventures' organizing efforts as well as associated resource and expectation flows. Specifically we sourced data as follows: (1) interviews with the ventures each year, (2) interviews with other key staff and stakeholders, (3) site visits, (4) local event attendance, (5) archival documentation, including company documents, public email listservs and websites, and (6) media coverage of each platform. Taken together, these sources provide more than a decade long observation period, from the first claims of the need for a social stock exchange in 2007, early white papers produced by the proposed exchanges, to the launch of three exchanges in 2013, and their first five years of trading. A data inventory is available in Table 2. The diversity of data sources enabled triangulation of data collected at multiple times, ensuring confidence in the accuracy of findings (Hallen & Eisenhardt, 2012; Kumar, Stern, & Anderson, 1993). At the commencement of data collection, the resulting outcomes of each exchange were unknown. Yet during the course of our data collection, we began observing that the ventures started progressing in different directions while also experiencing extremely different outcomes related to their potential perceived viability.

-- Insert Table 2 about here –

Data Analysis

We used an inductive theory-building approach, well suited to exploratory studies and where theory is lacking (Eisenhardt & Graebner, 2007; Yin, 2003). Simultaneous with the data collection process, we began reflecting on the unexpected and varied organizational outcomes of the three ventures that were beginning to emerge. Given such radical differences, we oriented not only our data collection but our data analysis toward better capturing and understanding the different approaches followed by each of the ventures which were contributing to such divergence.

Developing multiple case chronologies. Following prior studies which have relied upon multiple case study design and cross-case analysis (Eisenhardt, 1989; Santos & Eisenhardt, 2009), we began by writing a chronology of events of each venture. We referred to interviews, email announcements, company documents, company web data, newspaper and media reports to construct each timeline noting when funding or regulatory approvals were secured, partnerships announced, new programs or services initiated, staff and board appointments, participation or hosting of events, listing of deals or any platform activity, reports published, and achievements noted. We then plotted these timelines visually, so as to highlight differences in such resource acquisition and expectation growth over time. A second researcher reviewed the timelines, raising questions about the contextual differences that one might readily expect to generate variation such as the initial funding requirements and thus resource dependency of the ventures, the regulatory environment, and the possible cultural differences which might moderate any global hype-related effects. However, our analysis and discussion ruled out each of these possible contextual differences.

Identifying differences in field organizing efforts amid hype. Having ruled out such contextual explanations, we next returned to the timelines and events in order to capture differences between the ventures' field organizing efforts amid the hype. For example, given prior studies' focus on communications in the context of nascent market entrepreneurship, we sought to capture how the ventures directly engaged with the hype related to impact investing, observing how they communicated in ways that either amplified or suppressed that hype, and explained their role. We also observed distinct differences in how the ventures went about building relations and resolving issues of trust and participation in and around their stock exchanges. For example, there were striking differences in how each venture developed local stakeholder networks, with Toronto closely partnering with and involving stakeholders, Singapore focusing on developing a central position within the impact investing field, and London trying but ultimately failing to engage with a wide range of organizations. This directed our attention to the ventures' different network brokerage orientations (i.e. *tertius iungens* and *tertius gaudens*), and how the ventures worked to bring 'alters' together in brief or sustained ways or keep alters apart (Obstfeld, 2005; Lingo & O'Mahoney, 2010).

Following this, we then systematically compared practices across the three cases, using replication logic (Yin, 2003) and combining these into two broader sets of practices: cultural and relational. Cultural practices refer to the ventures' efforts to discursively engage with and translate the hype surrounding impact investing into a more definable opportunity to secure support and resources. Conversely, relational practices refer to the ventures' efforts to coordinate relationships within the nascent market in such a way that resources, support, and engagement continue to flow toward the new venture as opposed to emerging alternatives. We next sought to assess how these practices, which were designed to take advantage of the hype surrounding impact investing then affected entrepreneurial flexibility, as the ventures attempted to live up to that hype.

Capturing the relationship between field organizing practices, social proof, and entrepreneurial flexibility. To capture whether and how the SSEs' different efforts to take advantage of hype and organize the field around their stock exchanges affected the highly varied outcomes we were observing across each of our cases, we drew heavily on secondary data and media reports focused on each platform, as well as conducting additional interviews with stakeholders of the SSEs to further theorize from our cross-case analysis. Given prior studies' emphasis on the importance of proof as a basis for managing expectations, we sought to capture differences across the ventures with respect to such proof. We observed, therefore, how one of the byproducts of the SSEs' field organizing practices was additional new evidence of the ventures' progress, which was then used to shape and in some cases buffer stakeholder expectations. However, given the scope and scale of the long-term visions proposed by each of the SSEs, we noticed that this evidence almost always took the form of *social proof*, evidence which highlighted third-party stakeholder endorsement and engagement with a venture. Social proof was thus often relied upon in lieu of more material proof such as exchange-related metrics like the number of listings on the exchange, average share price performance, and average impact performance.

To analyze the social proof provided by each case, we returned to the case chronologies and distinguished between how the ventures' practices affected third-party endorsement (e.g., media mentions, high-profile praise) and engagement (e.g., partnerships, strategic involvement, investment), both of which would serve as inputs into key stakeholders' evaluations of venture progress with the potential to increase inferences of value (Rao, et al., 2001). Both of these forms of third-party stakeholder support were observed as key mechanisms that structured the relationship between ventures' practices and social proof evaluations; however the actual social proof that was produced was observed to vary in theoretically important ways. Whereas endorsement varied in its salience, engagement varied in its proximity. We defined the salience of social proof as whether the respective stakeholder endorsement of the venture is evaluated as attention-worthy. Here, we distinguished between instances of social proof that were unlikely to increase awareness of the venture, likely to increase local awareness, and likely to increase both local and global awareness. We defined the proximity of social proof as whether the respective stakeholder engagement with a venture is perceived as deeply involved in or 'socially distant' from the operationalization of the vision (MacKenzie, 1998). Here, we distinguished between instances of social proof which entail limited to no involvement, involvement in strategic discussions of the venture opportunity, and deeper involvement in the co-creation of the venture opportunity.

Drawing on our cross-case analysis, we observed that differences in social proof caused differences in the relational liabilities imposed by stakeholders and thus differences in ventures' experiences of temporal and categorical flexibility. We captured the former by way of stakeholder interviews regarding either mounting expectations or concerns about venture performance as well as the withholding of resources following ventures' violation of expectations. And we captured the latter by way of venture interview data which described historic or anticipated resource flows and stakeholder support as well as press releases and other secondary data that indicated delays in impact reports and/or shifts in the business models. Specifically, we observed that salient social proof increased categorical flexibility for ventures, but reduced temporal flexibility. Alternatively, proximate social proof increased temporal flexibility but reduced ventures' categorical flexibility. In what follows, we show each of these relationships, describing the differing pathways and outcomes, and theorizing the mechanisms which help explain this observed variation.

FINDINGS: CONVERTING HYPE INTO SUSTAINED ENTREPRENEURIAL OPPORTUNITY

Central to the collective vision of impact investing was the idea that it was to be a market like any other, and so required associated market infrastructure. A stock exchange was a familiar and obvious solution to enact that collective vision (Yunus, 2007) although required contextual translation and organization to be realized. Yet, after almost a decade of effort to launch social stock exchanges, even the founders of these ventures retrospectively acknowledge the hard work to manage and convert the hype into a sustained opportunity within this nascent market. As one of the founders publicly reflected: “each [SSE] platform will face the challenge of finding and screening enterprises, building trust and maintaining relationships over the long run, and building pathways for them to grow and become ready to list” (IIX Media, 2019).

Our findings highlight the ventures’ efforts to convert the hype around impact investing into sustained entrepreneurial opportunity. Given the abstractness and diffuseness of the collective vision surrounding impact investing, the ventures needed to translate the hype and funnel associated resources toward the emergent field of SSEs. This required field organization. Yet differences in the ventures’ cultural and relational practices to organize the field produced stakeholder endorsement which varied in its salience and engagement that varied in its proximity. The resulting differences in social proof, therefore, shaped the ventures’ ability to maintain categorical and temporal flexibility in navigating the longer-term relational liabilities of hype. Figure 1 illustrates these relationships, and in the following sections we describe and illustrate how each of the first social stock exchange ventures managed hype.

-- Insert Figure 1 about here –

Cultural Practices for Field Organizing

In seeking to benefit from hype as a cultural resource, entrepreneurs also need to work to address the risks associated with that hype. For instance, as hype initially presents as highly abstract and thus disconnected from specific implementations and ventures, our data suggest that entrepreneurs need to work at translating the hype into a more definable opportunity to secure support and resources. Our data indicate three cultural practices by which entrepreneurs address the abstractness of hype for field organizing: *motivating future state*, *locating the opportunity*, and *role claiming*. "Motivating future state" is defined as detailing the hype and potential size and impact of the market, thereby refining attention toward a vision for market development. "Locating the opportunity" refers to presenting the nascent market as the fulfillment of hype, thereby shaping stakeholder understandings of the nascent market. Finally "role claiming" is defined as presenting the uniqueness of the proposed venture vis a vis other nascent market actors, thereby directing attention toward (or away) from one's own organization.

SSX. For SSX, *motivating the future state* of impact investing drew upon interest and discussions percolating in the UK post the Global Financial Crisis and increasing when the UK took leadership of the G8 in 2013. It was the first time the G8 platform was used to discuss social impact investment, establishing the Social Impact Forum and later a global Social Impact Taskforce to build an international market. The founders of the SSX hoped to take advantage of the hype surrounding impact investing by articulating a bold vision of transformation:

> It's about transforming the way the capital markets operate. I mean, that's a real opportunity there. Bringing purpose into the way the capital markets work, so you know, how do you make sure purpose is as important as financial success in capital markets? (Interview, 2015).

For SSX this was not a rhetorical question. The founder quickly responded to his own question, "I think that social stock exchange is a great example of trying to go down that route." Although there were no historical examples of successful SSEs to draw from, this claim provides a clear example of how SSX sought to further narrow audience attention away from some abstract hype surrounding impact investing by *locating the opportunity* specifically in the context of SSEs. Moreover, to further direct audience attention, the venture celebrated not only the strength of London as one of the world's leading financial market capitals but also its rapidly growing approach to innovating within that market:

> We just seem to have all the innovations coming from the UK, [social investment] tax relief, SIBs [social impact bonds], stock exchanges…we just have a more vibrant responsible investment industry here, with not just funds and money…but analysts who really understand the space (Interview, 2015).

With this in mind, the founders felt that they would be best served by amplifying the hype surrounding the broader impact investing trend, and then making very direct claims about the role of SSX as an ideal platform for realizing the goals of impact investing. For example, in early newsletters, SSX set out how it was going to "harness growing demand for impact investing" and be "the home of impact investing in the UK":

> Until now, it has been tricky for impact businesses to raise money, leaving impact investing in the hands of private equity and minted individuals. …No longer. As of today, the SSX will provide a platform on which impact business can issue shares to raise capital and provide them a secondary market on which those shares can be traded afterwards. (The Times, 15 September, 2014)

By deploying these cultural practices so as to address the abstract hype surrounding impact investing, this led to SSX attracting significant initial endorsements, which included that of the current Prime Minister during the celebratory launch of the venture:

> Once again Britain is leading the way in this field by hosting the world's first Social Stock Exchange to provide a trusted source of investments that can achieve that impact. (Prime Minister David Cameron, 2013)

Its first large investment was provided by Big Society Capital, while endorsing SSX as a "ground-breaking initiative" that would not only prove integral to its own investment goals but ultimately place the UK at the center of the burgeoning impact investing market:

> As a key investor into the Social Stock Exchange, Big Society Capital is fully supportive of this ground-breaking initiative that is integral to the future growth of the global social impact investment market…it places the UK at the centre of social investment innovation, with the SSE forming a key piece of this new infrastructure... (Media Release, 7 June, 2013).

Moreover the venture was provided with office space in the historical and impressive London Stock Exchange Building. What was clear at this early stage was that there was broad endorsement that SSX was, as one of the founders conveyed, a “good idea” (SSX, 2015). What was less clear was how to execute on this claimed role to deliver on its ambitious vision and the associated lofty expectations. SSX thus commenced with small seed funding and interest-free loans from several board members; and additional in-kind support through office space. The high profile support for its launch had elevated the excitement and expectations around its potential to realize its goals.

IIX. Singapore’s SSE approached the impact investing hype in similar fashion to SSX, amplifying the hype and also seeking to redirect attention, excitement, and expectations toward the venture. The venture not only recognized the growing amount of hype surrounding impact investing, but also recognized the abstractness of such hype and thus the potential for it to be misinterpreted:

> Yeah, there is hype. So in some ways you're happy about it because you want people to pay attention to the space but in some ways it can also be very damaging if it's misinterpreted. (Interview, 2015).

First, in an effort to *motivate the future state* IIX articulated the need for transforming and democratizing the financial sector, thereby connecting “the back streets to wall street.” This transformation was further idealized by the venture as a moral obligation emerging from the global financial crisis:

> Impact investing and [IIX] were both sort of borne out of the financial crisis. I think that's where the story really begins for the space and for us. Of course we saw a lot of things weren't working in the world just in terms of financial structures and what the real purpose of capital markets were. (Interview, 2015).

Having worked on Wall street and in global financial markets, the founder of IIX wanted to have more social impact: “It was so gratifying to use my skills for something that had such enormous impact,” (Media, 10 November 2012) and the global financial crisis solidified their view that "we can't look at the world in this way: for-profit versus not-for-profit" (Media, 10 November 2012).

To address the abstractness of the hype surrounding impact investing, however, they focused efforts to discursively *locate the opportunity*, amplifying the idea of a social stock exchange as having the potential to elevate the status of social finance; the venture considered that "a social stock exchange is the pinnacle of a transformed financial system" (Interview, 2015). In addition, an SSE provided a connection between Asian opportunities and global impact investors: "We're trying to level the playing field here in Asia a little bit" (Interview, 2015). This was important as "people think there is a lot of capital and space, where actually there are a lot of gaps in both demand and supply…and my main concern is that that is being misinterpreted a lot" (Interview, 2015).

IIX engaged in *role claiming* by positioning itself as a global leader and initially describing itself in Forbes as "the "world's first regulated social stock exchange" (Media, 27 April, 2012). And it continued these self-promoting claims, later noting its status as "the world's largest impact investing platform" (Public Listserv Email, 2019). While the founders contributed their own startup capital to reduce pressure in the early days around generating transactions and revenue, their role claiming efforts also triggered early philanthropic endorsement from the Rockefeller Foundation, which was coupled with additional investment.

SVX. In Canada, SVX managed the hype surrounding impact investing by similarly engaging with it, but in ways that also discursively moderated the extent to which attention, excitement, and expectations were directed toward the venture. SVX first *motivated the future state* by idealizing impact investing as an opportunity to catalyze a "revolution in resolving social problems" (MaRS, State of the Nation Report, 2014). Around the idea of impact investing, stakeholders of SVX felt there was:

> …a lot of excitement. Some might say hype, but certainly a lot of upside potential. You do feel like you're in on the ground floor of something. What that 'something' ultimately looks like is still a bit of a chapter yet to be written … both from a domestic and international perspective; that there are opportunities there... (Interview, 2015)

The founder thus sought to engage directly with that abstract hype to help grow the attention and excitement while also introducing frameworks for aligning meaning within the nascent market:

> We're definitely involved in the global conversation. We're a part of the G7 Taskforce on Social Finance. We have a roundtable that convenes every so often with the goal of creating policies and frameworks that can help guide the impact investing movement forward globally…(Media, 2015)

Yet while contributing to global discussions was perceived as important, the new venture sought to *locate the opportunity* by temporally orienting audiences and potential stakeholders toward the shared collective benefit of a social stock exchange and the longer-term transformation that could be achieved:

> … the view that we had on it was that it's nice for us to be connected to something that has impact… another element is it's a growing area of capital formation. We think it will become more important as time goes on, that people will be looking to make investments that measure economic returns and the impact of those investments (Interview, 2017)

This approach to locating the opportunity in the distant future was echoed and indeed encouraged by SVX's early stakeholders. The advice from their advisory panel was that the vision of SVX did not need to be "done overnight":

> …the advice that we got from the panel was sound: be really clear about what problem it is you're trying to solve. Be really thoughtful about unintended consequences, and this isn't one of these things that needs to be done overnight. There doesn't seem to be any, as I say, riots in the streets looking for this. (Interview, 2015).

SVX also attempted to address the abstractness of the hype surrounding impact investing by *claiming its role* as part of a growing movement of organizations seeking positive social change. While the founder made it clear that the long-term vision was to “mak[e] all investments impact investments” (Interview, 2018), they also made it clear that the venture should not be seen as a global first but rather part of a broader, collective effort. Even in media reports on the launch of the platform, the founder downplayed the hype around the platform itself and “admits to feeling a bit of discomfort describing their work as ‘a global first’" (The Guardian, 24 October, 2013).

By engaging hype in such a moderated fashion, SVX attracted an initial but also moderate level of endorsement from mainstream organizations such as the Toronto Stock Exchange wanting to be associated with this movement. The venture slowly and cautiously attracted attention from local stakeholders, while looking to build deeper stakeholder engagement through a shared understanding of the opportunity and challenges as they developed the SSE. Toronto commenced with Rockefeller seed funding, and local philanthropic and in-kind support, including office space in a thriving incubator.

-- Insert Table 3 here –

Overall, these cultural practices for field organizing are important for entrepreneurs in nascent markets for several reasons. First, it was necessary to turn the abstractness of hype into a more defined and plausible opportunity. Culturally translating hype also enabled entrepreneurs to discursively make cognitive connections for stakeholders between the venture, the nascent market and the hype. In doing so, they began to cultivate social proof as to how the new ventures were making progress toward fulfilling the hype and the associated imagined future.

Relational Practices for Field Organizing

In addition to being abstract, hype presents another problem for entrepreneurs in that it is diffuse and thus potentially accessible to any actors looking to engage with and mobilize it. The associated task for entrepreneurs thus becomes coordinating relationships within a nascent market in such a way that resources and support, continue to flow toward the new venture as opposed to emerging alternatives. Our data suggests three relational practices which are used to specifically address the diffuseness of hype : *Configuring boundaries, smoothing exchange* and *local network brokerage*. “Configuring boundaries” is defined as efforts to communicate and promote the qualifications for membership within the nascent market. “Smoothing exchange” is defined as efforts to increase the efficiency of transactions through, for example, increased trust and reduced information asymmetries. In our setting, for example, this smoothing of exchange occurs through the measurement of social impact, given such measurement is fundamental for ensuring aligned expectations and perceived accountability. “Local network brokerage,” is defined as establishing inter-connections between nascent market actors, building relationality by synthesizing and integrating ideas through collaboration.

SSX. In our London case study, the new venture did little to *configure the boundaries* of the impact investing market, instead focusing on being a “first point of entry” into impact investing. As such, stakeholders were unsure as to how the new market compared with and differed from existing markets. This confusion led to other organizations limiting engagement and increasingly seeing SSX as a competitor, rather than as a collaborator:

> Financial Intermediaries tend to see us a bit as competitors, because if we help companies raise some money, then they’re not helping companies raise some money, so there's a bit of competition within that. Other companies within the same sector… in impact investment also, see us as competitors, because we are just a new financial intermediary that supports companies to raise some capital on this niche segment. So there has been some competition... (Interview, 2017)

Even the geographic boundaries of the market were rendered unclear, when SSX attempted to work with foreign stock exchanges in Europe, while also pursuing hyper-local markets in Liverpool and Scotland.

When it came to *smoothing exchange*, SSX focused on trying to improve trust by introducing a membership-based business model for participation on the stock exchange. They initially secured 12 founding enterprises to 'list' as initial members. As a part of this membership-based approach, they decided to make impact measurement core to its growth strategy, and thus decided to shy away from providing a true exchange that might enable mediated investments. If and when suitable, they would then refer enterprises to the smaller registered trading exchange. Consequently, this led to SSX effectively being promoted and perceived as a listing directory for social enterprises rather than an investment exchange:

> It's a bit like Amazon without the books…you know, you could see the book, you could open it, you could read it, but you couldn't actually buy it. (Interview, 2015)

As part of their approach to measuring and validating the impact of member organizations, SSX opted to decentralize this process to the members themselves. They avoided imposing impact measurement requirements on enterprises, fearing that this would "gloss over" important qualitative differences between firms. As the venture noted:

> Because if you try to be overly guiding or if you try to put a company in boxes using specific frameworks, it's not going to work. Each company has a different story. You cannot really put them in boxes. (Interview, 2017)

Participating enterprises would select their own impact measurement framework and SSX's board of directors would approve these various frameworks and impact reports. However, this decision to avoid the development of a robust impact measurement framework not only limited participation but also raised concerns regarding the qualifications of existing participants:

> There was always a tension between the principle of only letting those businesses in which were super compliant - so they had everything that a business should have, to be an ethical business - and then those people who believed that in order to get business behaving that way you have to take them on a journey. … Because you're never going to get there by having this sanitized cohort of super ethical, super businesses, because there aren't enough of them out there. (Interview, 2018)

Moreover, by approaching the process of impact measurement in this way, information asymmetries persisted as one founder summarized:

> We wanted people to feel as though what they were measuring was relevant to their business. The challenge for that is you can't compare - not only could we not compare between methodologies, it was hard for us to compare between companies who were all in our membership cohort (Interview, 2016)

This failure to adequately respond to the diffuseness of the hype and address divergent meaning within the exchange was compounded by SSX's approach to *brokering local networks*. SSX's initial decision to position as an entry point and act as a "one stop shop for impact businesses" (2015) was initially aimed at engaging in brief *tertius iungens*, facilitating connections between third parties, but then removing themselves from the coordinating role:

> What we want is a no wrong door approach. So when someone comes to us if we can't help them, we can put them in touch with someone that can (Interview, 2017)

However, even brief *tertius iungens* requires not only facilitating connections but also eliminating incompatibilities between those parties; yet, as previously shown the decentralized approach to measurement meant that incompatibilities persisted. And thus by failing to couple this "no wrong door approach" with viable efforts to eliminate incompatibilities, this meant SSX's engagement with other actors remained limited. SSX was increasingly perceived to offer no clear or valued role in the relational network of the nascent market:

> We didn't ever really seriously have a discussion about being a broker, but we did struggle I think between - of sitting somewhere between - and people didn't know - well, are you an exchange - but you're not an exchange. Are you a broker - but you're not a broker. Are you a membership organization? Oh yes, you are, but you also do this. So I think that the market - and I use that in the broader sense rather than in the public market

> - the market - the impact investment community, if you like, struggled to find a box to put us in. Which in a way, should have been a strength, but ultimately, I think it probably didn't help us. (Interview, 2018)

Such an approach consistently undermined SSX's efforts as there was no clear understanding of the inter-connections needed between actors and the venture. For example, the venture created a certified registry of "social company advisors" that would engage in impact measurement consulting if needed. Desperate to generate revenue, the venture also decided to take a commission on those consulting agreements, which only served to further confuse audiences and limit engagement, such that SSX eventually removed the offering.

IIX. In Singapore, IIX looked to address the diffuseness of hype by *configuring boundaries* to support a central position in the nascent market. The venture was deeply aware of the 'dilution' problem that was introduced in this context, as more and more ventures sought to exploit the surrounding hype:

> I am seeing a lot more awareness and interest in this space but I also think there is a little bit of dilution. You see some of the large banks…are setting up funds that would invest in large medical companies and they say oh, it's all about healthcare therefore it's an impact fund (Interview, 2017).

The venture thus focused its response on not only defining impact investing and the qualifications the founders considered necessary, but also policing those qualifications and associated boundaries. Consistent with this need to police these qualifications rather than collaborate and engage with potential diverse partners, one founder later wrote publicly:

> … the private equity fund Franklin Templeton (the latest to join the gold rush for billion-dollar impact investing funds) reached out to me to join their advisory board. I thanked them for their offer but pointed out to them that their team and board lacked people of colour, people from emerging markets (where they will be investing), and women. In addition, they needed a more robust impact measurement methodology that incorporates the voices of beneficiaries. If they took care of all of that, I would be happy to explore the offer. In response, I received a terse note withdrawing the invitation. Despite my qualifications in the world of finance and development, my input was not welcome. (12

December, 2019, https://probonoaustralia.com.au/news/2019/12/is-white-liberalism-taking-over-impact-investing/)

In *smoothing exchange*, IIX prioritised the development of an impact measurement framework for enterprises. They argued that the pervasive global standards were insufficient and leading to distrust in the authenticity of claims being made with respect to impact:

> …the [existing measurement] taxonomies are not very clear in the space. So it's reached a point in which everything is impact investing. Even if you are employing someone it is [often counted as] impact investing which is not really true. You have to make some kind of tangible impact. It has to be - the intent to create a positive impact has to be there. It can't just be a side effect or we invested in, you know, ICT. ICT is not really impact (Interview, 2015).

As such, distinct from SSX, they instead developed their own proprietary framework, positioning themselves as a key arbiter of impact measurement for the emerging market:

> In terms of boundaries, I think the most powerful way we create more, I would say, integrity in the space is through the impact assessment. We do that by saying look at the impact assessment as a litmus test. (Interview, 2017)

Yet while this proprietary framework and centralized approach to impact measurement allows for greater internal transparency and quality control, it also has the potential to leave some degree of information asymmetry, given the existence of many competing and more globally recognized frameworks. To address this, more recently IIX has looked to refine its proprietary impact measurement framework to "incorporate industry accredited tools, such as the Social Return on Investment approach and IRIS indicator."

In terms of *local network brokerage*, distinct from our other cases, IIX sought to 'build a network in law and accounting firms and companies' for enterprise and investor referrals and use it as an 'opportunity to market [them]selves', presenting their role as central even to peripheral stakeholders (Media, 10 November, 2012). This *tertius gaudens* orientation to network brokerage was driven by both a need to generate revenue and also a desire to establish and sustain a leading and controlling role within their network. For example, in contrast to SSX, the venture emphasized their own expertise within the network rather than pointing to the distributed nature of that expertise:

> "…we needed to educate them on what this space really means, how to participate in it effectively and why they should even do it in the first place" (Interview, 2016).

In reinforcing IIX's leadership position within the local network, the founders secured awards and prizes, actively lobbying for votes via a constant stream of public emails. Over time, with the accumulation of this public endorsement, stakeholders came to see IIX's involvement as necessary for any impact investing activity in Asia. As one investor noted this served as social proof that IIX was increasingly perceived as the 'market leader' and its founders as the "the right people to have in the room" (Interview, 2020).

SVX. In Toronto, SVX set out to *configure the boundaries* of the nascent market by broadening rather than policing those boundaries. As the founder noted, its goal was to get "more and more people [becoming] interested in impact investing and see[ing] social stock exchanges as the way to go" (Interview, 2017). For the venture, the boundaries around what qualifications were necessary as a social stock exchange encompassed the ambitions of impact investing more generally but also required specific features. This involved at minimum listing companies on an exchange, facilitating and regulating the transactions, and offering information as to different forms of financial and social performance for all listed companies. Yet they observed that this boundary work was not about isolation but rather about deepened engagement: "increasingly trying to make sure we are part of the dialogue and discourse around impact investing" (Interview, 2017). For instance, its boundary configuring efforts were supported by its deep engagement within the Toronto MaRS Incubator, actively contributing to market-wide social enterprise events and activities with universities, and speaking at multiple industry events across finance, non-for profit and technology sectors to explain where impact investing and the SVX fitted in relationally. Comparing the venture to a social movement, the founder noted:

> If you care about scale and impact, you can't just talk to the same people, right, so the market doesn't grow and no one cares. So I think it's - you think of it the same way as you think of a social movement, right? (Interview, 2015)

In contrast to SSX and IIX, Toronto's SVX responded to the need to *smooth exchange* by implementing a measurement framework via a partnership arrangement with the increasingly recognized B Lab organization (Lucas, Grimes, and Gehman, 2022). They required enterprises to obtain B Corporation certification prior to listing, enabling the B Corporation certification to satisfy the impact measurement concern by way of an increasingly legitimate framework used by over 100,000 companies worldwide. Moreover, this approach deepened SVX's engagement with another active and global movement with similarly aligned long-term objectives.

In terms of *local network brokerage*, from their very beginning, SVX saw themselves "not just as a website" but as building a network: "We don't want to be just an investment platform. This is where you come for good deals that are going to make the world a better place" (Interview, 2017). They recognized that they would have to generate relationships to sustain their ambitious platform by systematically engaging with the diverse interests of various parties:

> We've always thought that the idea of just plopping down an SSE, or any kind of market as such, it's never worked. Everyone's been allergic to it because you have to connect the community, find the right kind of leader that's going to be able to get behind it, the right kind of institutions and partners to find the right fit in the market or services and solutions. (Interview, 2018)

Thus, in brokering local networks, and in contrast to SSX and IIX, SVX displayed a sustained *tertius iungens* orientation, first attempting to grow its own network and subsequently brokering connections across that network in a way that resolved concerns and divergent perspectives.

Their goal was therefore to connect alters but to ensure that their coordinating role was retained over time.

> For every one of these people that we reach or one of these, we also reach their service providers. We reach their financial advisors, we reach their lawyers. So we start to expand out into the environment. (Interview, 2015)

The venture thus opted to work with all stakeholders simultaneously, building the platform as a piece of infrastructure that facilitated a deeper form of collaboration between and across these stakeholders, as the founder pitched in the early days:

> …There's an opportunity for co-creation. That the business case here isn't I have an idea and you need to sign onto it because it just makes sense from a moral and economic imperative, but there is actually an opportunity for you to help build this and be a part of it. It's not writing a cheque, it's actually you're co-designing it. So all these different actors were involved in those particular ways. (Interview, 2015)

Overall, SVX prioritized co-creation that would help co-create a thriving field. And this was interpreted by stakeholders as social proof, evidence of progress that encouraged ongoing philanthropic support and expanded regulatory approvals for its service offerings.

-- Insert Table 4 here –

Overall, the relational practices deployed for field organizing were necessary to address the problem of hype's diffuseness. If any actors can take advantage of the hype, this threatens the long-term viability of the ventures. As such, by configuring boundaries around the field, creating more efficient exchanges within the field, and situating their own ventures relationally within important networks, these new ventures can help to better concentrate that hype as a sustained resource. In what follows, we explore how these cultural and relational practices generated different types of social proof, limiting or expanding the ventures' temporal and categorical flexibility.

How Ventures' Management of Hype Affects Social Proof and Shapes Entrepreneurial Flexibility

Our findings indicate that differences in how ventures manage hype through the process of field organizing can shape the degree of stakeholder endorsement and engagement, which then leads to variation in the salience and proximity of social proof surrounding those ventures. As we will illustrate, higher levels and quality of endorsement were often perceived as more salient forms of social proof, providing the SSE's stakeholders with evidence of the social awareness and perceived credibility of the venture. While such salient social proof facilitated greater categorical flexibility for the ventures to adapt the business model, it also increased expectations that the venture could use that expertise to deliver on its promises more swiftly, decreasing their temporal flexibility. Alternatively, deepened stakeholder engagement allowed for more proximate forms of social proof, providing the SSE's stakeholders with evidence of the durability of social commitment to the venture. Such perceived commitment to enacting the original vision afforded the ventures greater temporal flexibility, yet it simultaneously raised expectations about the specific content of that original vision, decreasing categorical flexibility. In the following sub-sections, we further describe these relationships and each venture's ultimate outcome.

SSX: The Unsustained Performance of Salient Social Proof Leading to Reduced Temporal and Categorical Flexibility. As illustrated previously London's SSX focused on generating significant fanfare with its launch, going so far as to solicit the Prime Minister's recognition and endorsement and procure space in the London Stock Exchange building. The cultural practices that generated such celebrity-based endorsement offered other stakeholders highly salient sources of social proof, since they helped to increase both local and global awareness of the initiative. While this salient social proof initially afforded the London SSX with a significant and diverse base of support and early resources from which to pursue its ambitious goals, the founders soon realized that those resources were coupled with sizable expectations. Given the increased salient social proof, both current and potential stakeholders began demanding more substantive and material forms of proof to meet their raised expectations. Specifically, SSX was being called to demonstrate growth in the exchange listings to support the earlier ambitious and widely acclaimed vision. These mounting expectations decreased SSX's temporal flexibility rather quickly. As one founder noted as early as 2015:

> We're at the point now where we need proof points to demonstrate this is real. Then people will hopefully turn around and go, "oh, you guys are for real. You can do it." Because everyone's talking about it and no one's actually done it. Including us. So that's what I'm focused on at the moment. (Interview, 2015)

Describing their emphasis on material rather than social proof points, the founder noted, "what we want to do is bring our first companies to that market and then we can start talking about it. Otherwise it's like, yeah that's great but there's nothing there" (Interview, 2015).

Despite the explosive start, it was clear that their reliance on celebrity endorsement could not produce the type of lasting salient social proof that was needed. For instance, neither the Prime Minister nor the London Stock Exchange had made lasting commitments to SSX. And yet, as the venture then engaged in relational efforts to develop the field, it did so in a way that failed to establish deeper forms of stakeholder engagement, leading to a lack of proximate social proof. For example, in deciding to decentralize the crucial activity of impact measurement, ignoring the need for clear field boundaries, and focusing only on brief rather than sustained *tertius iungens*, the expertise of SSX was increasingly questioned and evidence was increasingly scrutinized. This created a vicious cycle in which few of the planned deals materialized, social proof continued to wane, and so too did SSX's temporal flexibility, thereby further increasing the need for new material evidence of progress. This led to one potential investor demanding that SSX generate such evidence by first raising funds through crowdfunding, which they would then match. As the founder notes:

> One of the other investors was an impact fund…If they invest in an organization they - I was going to say dictate but that's probably not the right word. They ask pretty firmly that you run a crowdfunding campaign alongside that… (Interview, 2017)

As the performance of salient social proof diminished, SSX's initial categorical flexibility also began to diminish. They had sold early investors and supporters on a particular vision of what a SSE might look like and the impact it would achieve. And yet what stakeholders observed was a venture that was continuously pivoting, which was interpreted as a failure of the company to meet expectations and clarify what it meant to be a social stock exchange:

> … it was always a struggle to - the revenues that - because we were a business – we weren't a charity, we weren't a government organization - we were trying to survive as a business as well as trying to build a market. So it was tough, because we were trying to break even as a business, dealing with businesses that are also either trying to break even or grow in the market. (Interview, 2018)

These last ditch efforts to generate evidence of progress through crowdfunding were the gasps of a dying entity. Despite the initial hype and accompanying support and resources, five years after its launch, SSX lacked all forms of social or material proof from which it could be seen as living up to the initial hype. Applications for government grants to provide educational services were unsuccessful, and planned partnerships with other providers such as universities also fell through. As such, in 2018 the venture quietly shut its doors, their entrepreneurial opportunity to create a social stock exchange had collapsed.

IIX: The Sustained Performance of Salient Social Proof Leading to Increased Categorical Flexibility but Reduced Temporal Flexibility. Singapore's IIX generated widespread initial interest in their venture given the hype surrounding impact investing, the media coverage endorsing their launch, and early partnership with the National Stock Exchange of Mauritius.

This broad and global media coverage of the venture served as salient social proof which like in the case of SSX raised expectations even further. And yet, after several years, there was no progress on securing listings on the Mauritius exchange. Why then did the mounting expectations and limited material evidence associated with the exchange not lead to completely diminished flexibility, as in the case of SSX? Whereas SSX had attempted to address the diffuseness of hype through relational practices that decentralized accountability for impact measurement and undermined their expertise in the nascent market, IIX had created its own proprietary accountability framework, policed boundaries, and engaged in *tertius gaudens*, which effectively established IIX as a central player in the nascent market of impact investing in East Asia. This network centrality within a broad network was seen by many stakeholders as offering ongoing endorsement and thus sustained salient social proof of their renown and expertise. Accepting such proof of their renown, stakeholders afforded the venture additional categorical flexibility to adjust their business model as they saw fit. As one stakeholder reflected on the first time they met the founders:

> …they seem to have very respectable people in the industry… They recruited very well…the [founder] she seemed very well renowned…So people would sit and listen… and say, right, this is what'we've got to do. If [they] think … this is what should happen, then we gotta try and make this happen. (Interview, 2020)

Taking advantage of this categorical flexibility, IIX began to stray from the original business model of the SSE, pivoting toward a range of alternative business models, including social enterprise consulting, private investment advisory services, educational training, crowdfunding, and foreign aid delivery. Yet, while investors remained open to the company's diversification efforts, the salient social proof which had helped establish the founding team's expertise also increased expectations about the speed at which the venture would need to deliver additional material proof of progress to live up to the hype surrounding impact investing. As one early partner publicly reflected, the success of the venture was increasingly being defined according to the swift performance of measurable impact outcomes:

> If successful in raising capital, [IIX has] the potential to impact more than 650,000 beneficiaries across Bangladesh, India, Vietnam, Indonesia, Laos and Cambodia in sectors such as clean energy, environment, health, livelihood development, nutrition and agriculture" (USAID, 2017, Media Release) https://www.usaid.gov/sites/default/files/documents/15396/2017_PACE_Shujog_IIX_final.pdf)

In response to the lack of temporal flexibility, IIX increased its communications with stakeholders with efforts to convey specific material proof of progress arising from its now broad array of impact-related activities. The organization produced almost weekly emails to stakeholders on potential deals, events, educational programs, global partnerships, community contributions, awards and external recognition. But most critically, the venture is now expected to offer timely and quantifiable evidence of impact-related returns. For instance in 2018 the venture publicly quantified their impact as follows:

> Thanks to our partners and those who have committed to this journey with us, SSE has impacted almost 24 million lives across 46 countries, unlocked nearly $94 million of private sector capital to support 140+ enterprises, and avoided over 1 million metric tons of carbon emissions (IIX Impact Report, 2018).

In sum, IIX's management of hype generated high levels of ongoing endorsement that allowed for sustained salient social proof of its renown. This perceived renown afforded the venture categorical flexibility to change course and pursue other lines of activity, yet also increased expectations that the venture would deliver quantifiable proofs of its impact, thereby limiting its temporal flexibility.

SVX: The Performance of Proximate Social Proof Leading to Increased Temporal Flexibility and Reduced Categorical Flexibility. As previously illustrated, SVX took a very different approach from that of SSX and IIX with respect to the cultural and relational practices for field organizing. From its outset, SVX culturally moderated the hype, recognizing the uncertainty surrounding the nascent market and the need for temporal flexibility for responding to issues as and when they arise:

> If you have companies going bankrupt or worse…No-one can say exactly how social impact investing will unfold and what types of technologies may change and/or influence it… If someone were to, again, do something inappropriate with the funding of an SVX[-listed] company or do something great with it, those stories will get written. (Interview, 2017)

As such, SVX's approach to hype management emphasized sustained tertius iungens and thus the development of deep, close, and enduring partnerships with mainstream exchanges, regulators, government departments and philanthropists:

> Well, I mean we've got to be careful because it's - yeah, it's - you can do too much. We've just got to be mindful. The way we do it, we think, through partners and through folks connected in community with the right kind of expertise and networks is how we can learn from them and bring our little piece to the table while also expanding and raising the level. (Interview, 2017)

This close and collaborative approach to deep stakeholder engagement, as further evidenced in the prior sections, meant that all of the key actors were not only bought into SVX's vision, but they were also involved in helping create and execute that vision. This close partner involvement generated proximate social proof, giving current and potential stakeholders a reason to trust SVX and the distributed expertise of their partner network, affording the new venture significant temporal flexibility to deliver on and in some cases exceed expectations. As one stakeholder admitted, "I think these changes in regulatory environments and capital deployment - these are very, very long term trends and they take a while to take hold." The trust stemming from deep stakeholder engagement meant that the regulatory approvals were also sustained and extended, with SVX today now approved to operate as an "exempt market dealer" and fully complete financial transactions between enterprises and investors. This proximate social proof presented the venture's stakeholders with a useful proxy for any material proof. For instance, in 2015 we observed how SVX's actual material proof points relied upon a meager "$4 million in transactions that have been facilitated on the platform" (Interview, 2015), with some of the initial enterprises listed even looking beyond the platform to procure necessary growth capital. As one listed company noted:

> "So we [listed on SVX] a while ago but haven't been terribly active on the platform… we actually had to go out and find other sources of financing that were a little bit easier to get (Interview, 2015)

Yet when we pushed stakeholders to consider this lack of strong and infrequent material proof being performed by the organization, these stakeholders were quick to indicate that they did not require anything more. In fact, one stakeholder noted to us:

> I mean you can't ask for more in terms of that measurability. What we love to see is when targets are set - as was the case for the first year of SVX - in terms of all of those things that I just listed off - deal flow - and then the targets are exceeded. Gold star...So gold star team. (Interview, 2015)

Despite the additional temporal flexibility afforded by the proximate social proof, this same proof led SVX's stakeholders to perceive an increased collective commitment to the original vision of a social stock exchange. For instance, as SVX invited the Canadian regulatory bodies into the process of co-creating the social stock exchange, this was perceived as strong proximate social proof that SVX's original vision of an exchange would materialize. And yet, this regulatory-based scrutiny meant that the business model required deepened commitment to delivering on this very focused objective. As the venture noted:

> …It probably took us 16 months…because we had to build the business case and then - with the regulators - we've developed a relationship with them whereby they're incredibly honest with us and forthright. [They say] you guys need to do this, this and this. So like what we need to do to get better. What we need to do to make sure that our business is going to be in line with all regulations (Interview, 2017)

This scrutiny of the business model was experienced by SVX as a decrease in the categorical flexibility to consider alternative business models. Any expansion in service offerings needed to stay close to the capabilities perceived as core to the venture. Thus rather than diversifying its financial products, as in the case of IIX, SVX focused on scaling the business model globally. To do so, the company has now begun to white label and license its proprietary platform to other entrepreneurs around the globe, looking to start similar SSEs.

DISCUSSION

Even as potential investors are told frequently not to believe the hype surrounding nascent markets, entrepreneurs are just as frequently challenged with living up to that hype. Our findings push beyond assumptions of hype as a cognitive challenge facing entrepreneurs and their stakeholders to show how new ventures' efforts to culturally engage with hype and relationally configure the associated field are likely to generate different types of stakeholder engagement and endorsement, and so different forms of social proof. This social proof then shapes the temporal and categorical flexibility needed for navigating and living up to the hype. While our study makes advances toward a theory of hype management, extending insight into how entrepreneurs perform and produce social proof to retain categorical and temporal flexibility, we also offer direct insight into important public conversations regarding the critical but often confounding role of hype within markets and societies.

Engaging with Public Conversations of Hype

As so many recent events have revealed, hype increasingly directs our attention, response prioritization, and resource allocation toward public issues, and thus is foundational to our understanding of which public conversations draw attention and which are overlooked. Hype, for instance, has been publicly discussed as playing a hugely powerful contemporary role in shaping investment into new technologies like artificial intelligence (Lynch, 2019; Olson, 2019), the flow of resources in response to global crises as with COVID19 vaccine development (Extance, 2021; Nova, 2020), and even organizations' increased focused on issues like structural discrimination and workplace sexual harassment (Johnson, Keplinger, Kirk, & Barnes, 2019; Seales, 2018). Indeed it is important to acknowledge the role that hype plays in shaping our very own scholarly attention toward particular topics (e.g., grand challenges) in lieu of others. Although some are quick to perceive only negative connotations with the concept of hype and thus would dispute such associations of hype with much-needed structural reforms or, indeed, much needed research on grand challenges, we suggest this has more to do with our limited and poor theoretical understanding of the positive role that hype can and occasionally does play in our contemporary society. For public discussions of impact investing, hype continues to mount, with excitement supported by evidence of a growing shift in the financial services sector toward such investing. Although we might label associated public discussions of impact investment as hype, many have acknowledged that it is this increased attention, excitement, and expectation that is creating the opportunity for new social innovations and new social ventures to emerge, grow, and perhaps one day live up to or even exceed those expectations (Dorsey, 2022; Logue, 2019). Our study highlights this possibility.

Even still, hype is not without risk. Indeed, it is this very fact that forms the basis of so much public discussion on hype in which it is depicted as largely superficial and overinflated interest, having more to do with market bubbles than with durable innovation. As entrepreneurial capitalism is often built on speculative narratives of imagined futures (Goldfarb & Kirsch, 2020), "entrepreneurs routinely attract investors by claiming they've invented something that will change the world – and don't always deliver" (Oremus, 2021). And thus, as references to hype grow, so too does increased scrutiny of ventures that have engaged that hype, as in the case of impact investing, where many organizations and new ventures have been criticized over mis-attributing impact (i.e., ‘impact washing’; Saltuk Lamy, Leijonhufvud & O’Donohoe, 2021).

And thus although these public conversations of hype occasionally allude to its benefits and more frequently its downsides, they offer little clarity as to the strategic and managerial implications of hype. Indeed, while these conversations often warn of the need for managerial cognitive discernment to separate hype from reality so as to avoid falling prey to “herd mentality” (Goldin, 2021), in doing so they often ignore how hype is endogenous to the process of creating new realities. As our findings show, there is a need for more pragmatic understanding of the managerial implications of hype that focuses instead on how entrepreneurs and their innovations might, in fact, live up to the hype. Implicit in this phrase is the idea that although hype may correspond with stakeholders’ inflated expectations, such expectations are not necessarily *over*-inflated and thus may not lead to the eventual collapse of resources. Therefore, in contrast with much of the public conversation on hype to date, our study moves beyond acknowledging the potential short-term benefits and long-term liabilities related to hype. We shed light on the cultural and relational practices that are necessary to convert hype into the requisite social proof, which can then afford entrepreneurs a broader and longer runway (i.e., entrepreneurial flexibility) from which to launch their ventures and live up to the hype.

For entrepreneurs, our study reveals at least two different pathways for successfully navigating the long-term relational liabilities of hype and living up to the hype. First, as illustrated in the case of IIX, entrepreneurs can focus on developing salient social proof, which can then afford categorical flexibility to pivot the business model toward more feasible and less distant possibilities. In so doing, entrepreneurs can meet stakeholders’ more urgent hype-driven expectations. Second, as illustrated in the case of SVX, entrepreneurs can focus on producing proximate social proof, which affords the temporal flexibility to make incremental progress toward the original and more distant vision. In both of these cases, entrepreneurs' engagement with hype afforded opportunities to pursue path-breaking social innovation, and their subsequent efforts to culturally and relationally organize a new field allowed them to meet stakeholders' elevated expectations.

Toward a Theory of Hype Management

In addition to our direct engagement with the topic of hype as discussed and debated within public conversation, our study also extends the existing scholarly literature on the management of hype and corresponding expectations. Although significant bodies of related research on nascent markets, the sociology of expectations, as well as fads and market bubbles, offer useful literatures within which to situate an examination of hype (Garud et al., 2014; Goldfarb & Kirsch, 2020; Santos & Eisenhardt, 2009; van Lente, 2012), these literatures currently offer little clarity as to the complex role that hype plays within such markets or how entrepreneurs differently engage that hype. While some prior studies have suggested the importance of entrepreneurs' promises and projective storytelling in motivating stakeholder support within nascent markets (Grimes & Vogus, 2021; Giorgi, 2017; Lounsbury & Glynn, 2019), our study suggests that without a corresponding vision which is collectively espoused and increasing in attention, such promises and stories are likely to ring hollow. While venture-level promises may contribute to hype, these concepts should not be conflated. Instead we have argued that hype is more usefully theorized at the collective level, wherein increasing attention, excitement, and expectation toward a collective vision of a possible future presents entrepreneurs with an unbounded cultural resource in the short-term and yet a long-term relational liability.

Our inductive model of hype management illustrates the importance of both the cultural and relational work involved in field organizing, which then allows entrepreneurs to engage with hype but also overcome the associated long-term liabilities. For instance, even as previous work has focused on the need for revised storytelling as the means by which entrepreneurs pivot and set new expectations in order to overcome stakeholders' disappointment, this same work recognizes that the ability to tell those revised stories "is contingent upon the pliability of prior commitments and ongoing negotiations with stakeholders, old and new" (Garud, et al., 2014: 1480). Hype, as our findings reveal, can make those commitments less pliable, thereby restricting the capacity for revised storytelling. While the narratives that entrepreneurs convey can vary in the extent to which they connect with hype and thus elevate stakeholder expectations, such narratives must also be joined by skillful relational efforts to bound the field, configure networks, and build trust within exchange. Together these practices help to manage hype by generating sustained social proof, meeting expectations in a manner that affords the categorical flexibility to pivot or the temporal flexibility to delay evidence of progress and 'stay the course'.

How Entrepreneurs Create Social Proof to Retain Categorical and Temporal Flexibility

In nascent markets characterized by hype, we find that social proof plays a powerful role in shaping temporal and categorical flexibility for entrepreneurs. While some existing literature emphasizes the dynamics of expectations as a basic and important feature of modern science and technology ecosystems (Borup et al., 2006; Brown & Michael, 2003), much of this research remains focused on the practices involved in producing and constituting expectations. Mostly lacking from this discussion is consideration of the role of different forms of evidence or proof which are produced in order to *meet* expectations. Our emergent model of hype management addresses this gap by showing how entrepreneurs create social proof which allows entrepreneurs to elevate expectations within nascent markets in order to attract support and yet also avoid the inevitability of disappointment in the context of such elevated expectations (Borup et al., 2006; Garud, et al., 2014). As our findings illustrate, the presence of social proof offers a sufficient basis from which stakeholders' disappointment might be deferred or even displaced despite meager and incremental results. In this way, the provision of social proof absolves the entrepreneurs of the need to engage in revised storytelling (Garud, et al., 2014) or emotionally-intensive efforts to reset stakeholder identifications (Hampel, et al., 2020) in order to address disappointment.

Our findings also challenge and extend existing research on social proof in two important ways. First, our findings challenge the directionality implied by prior studies which have made reference to social proof, wherein such proof is seen as emerging from imitative or herding behaviors among evaluators (Cohen et al., 2019; Rao et al., 2001). Instead, as we show, entrepreneurs' efforts to engage with hype and manage such hype can also directly stimulate this social proof by encouraging at the venture-level attention-grabbing endorsements and deepened stakeholder engagement, which can lead to a virtuous cycle of positive evaluations. Second, we distinguish between different attributes of social proof—proximate and salient—and their effects on expectations. Prior studies note, for instance, how depending on an actor's proximity of involvement in an innovation or technological process they "will attach different levels of trust to expectations" (Borup et al., 2006: 292; Van Lente, 2012). We find that proximity is also an important characteristic of social proof, such that when a venture's stakeholders perceive that their peers are less socially distant (MacKenzie, 1998) from the development of a particular venture, this can increase those stakeholders' trust associated with their expectations, affording entrepreneurs greater temporal flexibility. And yet, our findings suggest that proximate social proof can also reduce those entrepreneurs' categorical flexibility and thus their ability to pivot. Conversely, our findings demonstrate how the salience of social proof, produced for example amid celebrity endorsement, can increase stakeholders' perceptions of expertise within the ventures and their founding teams. Such perceived expertise, to the extent that these perceptions are sustained, affords entrepreneurs categorical flexibility, as stakeholders defer judgment of appropriate strategic directions to the founding team. And yet, simultaneously such perceived expertise arising from salient social proof also elevates expectations about the speed at which the team should be able to deliver on the collective vision of the future, reducing the respective entrepreneurs' temporal flexibility. Thus, our findings contribute to emerging theories focused on the realization of distant futures by highlighting the importance of social proof not just in meeting stakeholder expectations but in lengthening and broadening entrepreneurs' 'runways' as they attempt to deliver on collective visions of those distant futures (Augustine, et al., 2019; Kaplan & Orlikowski, 2013).

By illustrating these different attributes of social proof and their effects on stakeholder expectations, our study opens up new avenues of research for examining how and whether different types of social proof can be generated simultaneously and how they interact alongside material proof. Although our case studies reveal distinct pathways in which new ventures might generate salient or proximate social proof, it is theoretically possible that such proof might operate in tandem as complements rather than substitutes. Future research, therefore, could investigate how ventures attempt to produce different types of social proof at the same time or over time, oscillating back and forth, as a way to gain different forms of required flexibility along the entrepreneurial journey.

CONCLUSION

Contemporary society and economic resource distribution are often shaped by the compounding attention and excitement directed toward collective visions of the future. While this hype can occasionally result in the faddish overinflation of expectation and the corresponding collapse of resources, it also often generates the necessary mobilization of resources which are needed to enact those distant futures. In this study we have examined how the hype surrounding impact investing continues to grow, and yet there are also mounting questions about its 'revolutionary' capacity to transform capitalism and solve the world's grand challenges (Schwartz & Finighan, 2020;). Inasmuch as hype presents entrepreneurs with both a resource for motivating early engagement but also a relational liability for sustaining such engagement, it is essential that new ventures understand how to manage hype over time. Our study offers this deepened understanding, and in doing so, highlights how field organizing practices can respond to hype by way of social proof, adding the flexibility new ventures require in order to operate in nascent markets.

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Table 1. Overview of Case Studies

	SSX	IIX	SVX
Location	London, UK	Singapore	Toronto, Canada
Regulatory Environment	Highly regulated financial market. The SSX Ltd is an appointed representative of Kession Capital Limited, regulated by the Financial Conduct Authority in the UK. SSX uses vetting process and meets ISDX's listing requirements for members.	Highly regulated financial market. IIX is operated by the SEM regulated by the Financial Services Commission of Mauritius. Entities listed on the IX are subject to relevant CSE regulation.	Highly regulated financial market. The SVX is registered as a restricted dealer with the Ontario Securities Commission. The SVX adheres to all relevant and applicable securities legislation as prescribed by the Ontario Securities Commission.
Business model pre-launch (planning stage)	Independent social stock exchange, regulated as per other exchanges	Independent social stock exchange, regulated as per other exchanges	Independent social stock exchange, regulated as per other exchanges
Business model at launch	Information portal providing investor members information about social impact enterprises/ businesses. Partnership with existing regulated exchange enables member enterprises to list for trading.	Joint initiative of IIX (Singapore) and Stock Exchange of Mauritius Ltd (SEM). Impact assessment done in Singapore, formal listing on existing exchange in Mauritius. IIX sister organization (Shujog) provides services to social enterprises and impact assessments .	Private placement platform and full service intermediary that connects investors with social impact businesses. Online portal available to accredited investors only (approved by regulator).
Governance	Board of Directors	Advisory board	Board of Directors
Philanthropic funding	Yes	Yes	Yes
Impact measurement approach	Flexible, enterprise choice	Proprietary method	BCorp certification
Business model at end of observation period	Ceased operations	Intermediary and private placement platform for investors. Focus on international development contracts to build market, new financial products (bonds), also positioning as educational provider for investors and enterprises.	Fully accredited financial broker; online exchange that enables completion of transaction; and licensed crowdfunding operator.

Table 2. Data Inventory

	SSX	IIX	SVX	Total
Interviews	14	7	21	42 (approx. 64 hours)
Site visits	2 (2015, 2017)	1 (2016)	2 (2015, 2017)	14 days
Local events attended	3	5	4	13 events (41 hours of observation)
Company & website documentation	Issuer impact reports (2016), investor research book (2016, 2017), Member impact reports individual (21 in 2016; 10 in 2015), Company pitch documents, annual accounts (2016); archived website 92015), details of trust transfer (2018)	Slide deck (2015), impact reports (2017,2018,2019), listing guide (2014), website updates.	Public slide deck (2016), investor manual (2017), public slide deck (2017), slide decks on portfolio (2017), investor survey (2019), impact reports (2019); Glossary, FAQs, Risks and Regulations, Terms for investors (2019)	> 1000 pages
Public email updates (listservs)	33 (2016 – 2018)	102 (2015 – 2019)	24 (2017 – 2019)	159

Table 3. Cultural Practices for Field Organizing

	Cultural Practices				**Social Proof**	**Impact on the Venture's Flexibility**	
	Motivating future state	Locating the opportunity	Role claiming	*Type of data evidence**	*Type of social proof generated*	*Impact on temporal flexibility*	*Impact on categorical flexibility*
Definition	Defining the hype and potential size and impact of market	Presenting nascent market as fulfillment of hype	Presenting narrative about the proposed venture vis a vis other nascent market actors			Degree of discretion afforded to entrepreneurs by stakeholders regarding the urgency of demonstrated progress.	Degree of discretion afforded to entrepreneurs by stakeholders regarding the capacity to pivot
Rationale	Addressing abstractness of hype by refining attention towards future goals of the market.	Addressing abstractness of hype by offering more specified vision of how the market's goals will be realized.	Addressing abstractness of hype by directing attention toward (or away from) own organization.				
SSX	Impact investing is positioned as a financial revolution and a global market, with United Kingdom as financial leader.	Social stock exchanges are positioned as both a familiar solution and a world first, capable of fulfilling the promise of impact investing.	Presenting as ideal global platform necessary to catalyze market, with high profile figures solicited to raise expectations regarding potential of venture.	*I,D,M,O*	*Salient - High profile endorsements but limited stakeholder involvement*	- *Elevated sense of venture expertise increases expectations of timely demonstration of progress.*	+ *Wide stakeholder consensus on need to build broader impact investing market and elevated sense of venture expertise allows venture to consider alternatives to original exchange*
IIX	Impact investing is positioned as a financial revolution with the future promise of democratizing global finance.	Social stock exchanges presented as pinnacle solution of impact investing and representative of financial market transformation.	Presents as ideal global platform and expert leader of financial revolution.	*I,D,M*	*Salient – Founders' narrative of prior experience in global banking help position IIX as global leader of transformative financial movement*	- *Elevated sense of venture expertise increases expectations of timely demonstration of progress.*	+ *Distant stakeholder involvement and elevated sense of venture expertise increases flexibility for future pivots.*
SVX	Impact investing is positioned as offering unrealized potential for addressing entrenched social problems and long term societal wide improvements.	Social stock exchanges presented as being one piece of broader impact investing market.	Presenting as locally situated solution requiring long-term collaboration with local mainstream stakeholders.	*I,,D,M,O*	*Proximate – Founders' narrative of co-creation facilitates close stakeholder involvement and perception of distributed expertise*	+ *Perceived need for venture to develop long-term capabilities from distributed stakeholder involvement delays urgency for demonstrated progress.*	- *Proof of deep and growing stakeholder involvement builds agreement and commitment to direction, decreasing affordance for future pivots.*

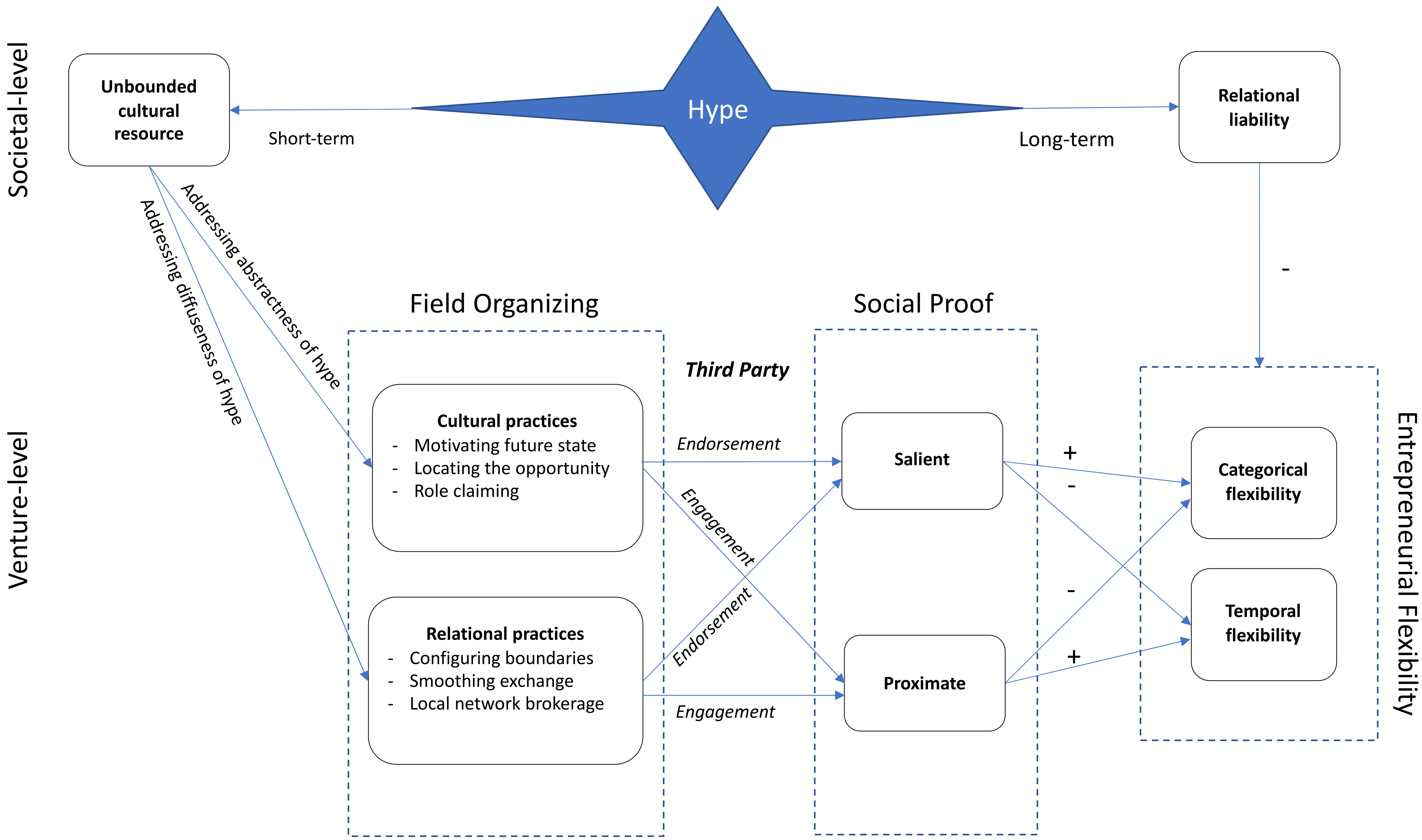
* I = Interview; O = Observation; D = Archival Documentation; M = Media

Table 4. Relational Practices for Field Organizing

	Relational Practices			Social Proof		Impact on the Venture's Flexibility	
	Configuring boundaries	Smoothing exchange	Local network brokerage	*Type of Data Evidence**	*Type of social proof generated*	*Impact on temporal flexibility*	*Impact on categorical flexibility*
Definition	Construct and demarcate market membership and boundaries	Selecting and implementing measurement frameworks for transactions to ensure accountability	Establishing inter-connections between nascent market actors			Degree of discretion afforded to entrepreneurs by stakeholders regarding the urgency of demonstrated progress.	Degree of discretion afforded to entrepreneurs by stakeholders regarding the capacity to pivot
Rationale	Addressing the diffuseness of hype by defining qualifications for field participation	Addressing diffuseness of hype by overcoming information asymmetries in interaction process and generating trust	Addressing the diffuseness of hype by configuring networks and networking activity				
SSX	Little effort to demarcate field boundaries leading to competition and confusion.	Decentralized authentication of impact measurement to participants.	Brief *tertius iungens* – Introduction of diverse actors, after which the venture relegated its coordinating role.	*I,D,M,O*	*N/a – Perception of widespread stakeholder confusion over venture's role, expertise, and boundaries of nascent market*	- *Lack of social proof leads to collapse of expectations and thus further increases urgency to demonstrate progress in order to survive*	- *Lack of social proof increases stakeholder demands that the venture clarify its specific business model and avoid 'confusing pivots'*
IIX	Efforts to establish clear boundaries vis a vis related fields and policing of those boundaries.	Centralized authentication of impact measurement by application of proprietary impact measurement framework.	*Tertius gaudens* – Becomes central coordinating broker within East Asian impact investing market, maintaining structural holes between actors.	*I,D,M*	*Salient – Performance of central and credible role in nascent market, lending further support to perceived expertise of venture*	- *Increased perception of venture expertise further increases expectations of timely demonstration of progress*	+ *Increased perception of venture expertise allows IIX to significantly expand range of services, and supported by grants from international donor organizations*
SVX	Efforts to educate stakeholders on boundaries and construct boundaries for wide-scale accessibility.	Partnering for authentication of impact measurement by legitimated third party / certification.	Sustained *tertius iungens* – Developed coordinating role within field, facilitating connections between alters as well as with the venture, maintaining that role over time.	*I,,D,M,O*	*Proximate – Performance of sustained coordinating role of SVX within local field further increases perception of durable and distributed expertise to realize original vision*	+ *Perception of deep and ongoing stakeholder involvement affords venture additional time to overcome limited initial impact outcomes*	- *Perception of committed stakeholder involvement limits venture's growth options to those involving gradual vertical expansion of financial service offerings consistent with platform*

* I = Interview; O = Observation; D = Archival Documentation; M = Media

Figure 1. Converting Hype into Sustained Entrepreneurial Opportunity



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