

Rethinking sectoral governance in crowdfunding: cooperation between States and Business Meta-Organizations as a source of institutional change

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Summary:

This article explores the way legislators and crowdfunding platforms in France experienced, analyzed and drew conclusions from the painful setback they suffered when attempting for the first time to co-construct a set of regulations for the crowdfunding industry.

The methodology builds upon a body of legal literature and 31 semi-structured interviews to reconstitute the strategic sequences in this co-construction, as well as the implicit dialogues between this heterogeneous set of actors. We focus on the role of the crowdfunding business meta-organization (BMO), i.e. the association of crowdfunding platforms.

The co-construction of a public policy by multiple actors is a fragile and uncertain process, the success of which depends on factors that can be difficult to identify. Our results show that the presence of a strong, legitimate and credible BMO may be necessary for the successful co-construction of industry regulations in an emerging policy network.

We contribute to the literature on meta-organizations by describing their role in the co-construction of public policies and their interactions with State actors. BMO make it possible to manage multiple actors, serving as “boundary organizations” – organizations that act as interfaces between several actors and help them align sometimes divergent interests. BMO are also intermediaries in public policies negotiations: they help define and frame what should be included in negotiations, as well as the industry’s collective interests and how they apply to other stakeholders’ agendas.

This article also contributes to research on policy networks by putting forward the notion of organizational gaps, which highlight holes in the fabric of policy networks or the lack of regulatory intermediaries between regulators and targets. These holes contribute to the failure of regulatory co-construction. BMO play a unique role in filling this organizational gap, a role that has not been discussed in previous research on the subject.

Finally, our paper highlights the importance of studying failures. Failures are useful from a practical point of view, as they structure collective actions between organizations in a single sector and support the co-construction of public policy. Failures are interesting from a theoretical point of view, because as events in strategic sequences they allow researchers to identify organizational gaps in policy networks. We therefore suggest a change in scale in the analysis of public management successes and failures: instead of studying turnarounds and their effects on the organizational level, our article shows the value of examining these turnarounds on the policy network level.

Keywords: institutional change; sectoral governance; business meta-organization; crowdfunding; financial regulation; policy network