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An innovative organizational model: financial inclusion through securitization a hybrid model at the service of partnership-baseb solidarity finance

Yasser Mayssour, (***PhD Professor***)

Laboratory of Research on the Saharan Space
National School of Business and Management of Dakhla,
Ibn Zohr University of Agadir, Morocco.
Associate Researcher at the University of Western Brittany, France

Correspondence address:
Université de Bretagne Occidentale
20, Avenue Victor le Gorgeu
IAE de Bretagne Occidentale
France (Brest)
29200
0298017368
mayssouryasser@gmail.com

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Abstract

This article analyses the organizational mode developed in a microfinance and solidarity bond issue aimed at investors wishing to integrate social dimensions into their investment decisions.

It unfolds around a network of partners who choose to issue a socially responsible partnership bond for investors. A "hybrid" partnership is created between portfolio management companies, extra-financial rating agencies, bankers and microfinance institutions. A microfinance platform has been created offering institutional investors wishing to invest in responsible finance the opportunity to recycle their assets. A securitization mutual fund has been created to act as a bridge between investors and microfinance institutions. A management company is positioned as a facilitator between the platform and investors offering advisory, origination, selection, asset monitoring and loan distribution services. Another management company is positioned as the main manager structuring the securitization mutual fund. The funds raised will be used to refinance the activities of microfinance institutions.

The portfolio management companies, for whom these products are intended, then take the place between the "network" of partners organizing the bond issue and ESG-sensitive institutional investors. The effectiveness of this organization mode relies on the managers' confidence in the organization and their appetite for this type of product.

We adopted an exploratory research design. Our choice to use a mixed approach is based on a combination of qualitative and quantitative data. As a first step, we use the case study method that is recommended when studying new fields, including an original research subject that is socially responsible obligation and which presents an innovative tool for directing funds to projects according to ESG criteria. Then, in a second phase, a quantitative study of fund managers completes our research by studying their appetite for this type of product.

Keywords: Organization; Financial Inclusion; Transaction; Microfinance.
JEL Classification: F2, F3, F6, O3
Paper type: Empirical research

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1. Introduction

In recent months, there has also been a significant increase in the issuance of ESG bonds, also known as Green Bonds, Climate Bonds or Social Bonds. They were initially promoted by international institutions wishing to finance the fight against climate change and energy transition and are generally issued by large companies. They represent an innovative instrument that makes it possible to direct investments towards projects that have environmental or social benefits and that target responsible investors.

New financing tools are emerging, such as the issuance of socially responsible bonds or securitization in microfinance. We are witnessing a rapid evolution in the practices of issuers who are constantly seeking to offer investors who wish to take ESG criteria into account in the selection of their investments or to diversify their investments. In order to enhance the credibility of these issues, these issuers are looking for other ways to differentiate themselves. We are now witnessing a new approach, that of using non-financial rating agencies, which are asked to rate issuers' ESG practices.

Securitization in microfinance paves the way for a massification of resources for microfinance projects, bringing together several players at the national level, but also at the international level. The interweaving takes place between the two social and financial sectors on the one hand, investors wishing to invest responsibly and give meaning to their investments, and on the other hand people needing microcredit to develop their economic activities.

In this sense, the dynamics of the socially responsible market are driven by portfolio management companies, which represent key players in the financial market of asset management for third parties. These are "investment firms that primarily carry out management under mandate or engage in collective management activities" (AMF report, March 2016). The AMF authorises portfolio management companies and is responsible for monitoring these players while regularly publishing doctrine and practical guides. Thus, we will try to shed more light on the key elements of these practices by first addressing the various players in the social economy.

2. Literature review

This section reviews the existing empirical evidence on the link between social and solidarity economy and portfolio management.

2.1. Background

The Social and Solidarity Economy is intriguing, it represents a plurality of economic exchange practices and new forms of economy in society in favor of social and collective action, thus federating several actors in order to work for solidarity finance and finance economic activities according to a principle of sharing. The concept of social and solidarity economy goes back several centuries. However, it is constantly evolving and becoming more structured. The early 1980s were marked by a profound transformation in the way financial activities were regulated. The adoption of the 1984[1] banking law marked this new area of disintermediation and financialization that led to the exclusion of certain professional categories (Vallat, 1999; Guérin, 2002, Vidal, 2003).The 1830s marked the creation of production associations by the workers' movement, which would later become the SCOPs. The year 1871 marks the creation of the first departmental Union of mutual insurance companies in Lyon. The end of the 1980s marked the emergence of a new form of finance called "solidarity" finance (Bayard, Muet, Runacher , 2002), in parallel with this profound change in the finance sector to combat the "negative effects of capitalist logic" (Glemain and Taupin, 2007, p.632). We are talking about mutual societies, cooperatives, associations and foundations whose aims may vary but with the same economic and social purpose. The 1990s marked the development of several initiatives in the face of a context marked by economic crisis and unemployment, the aim of which is to help people in situations of exclusion and support them in their professional integration. The social and solidarity economy has expanded and seeks to innovate in order to solve social problems and strengthen social ties. We are then witnessing the development of short financing circuits with a logic advocating "citizen savers" while involving citizens in the economy (Glémain, 2004; Rouillé, 2002). On the other hand, the resources resulting from this new form of finance come mainly from "reciprocity resources" (Glémain and Taupin, 2007): solidarity savings, volunteering, although the networks of actors are used. In this context, initiatives in favor of the development of local economic activities and in favor of environmental activities are emerging. Today, solidarity finance continues to evolve and assert its place alongside traditional finance. In the same vein, in recent years there has been an increasing trend towards hybrid funds (Guérin, Servet, 2005) from public and private resources. Thus, two different visions of solidarity finance clash, two different schools of thought. The first one considering solidarity finance as "a field of study and theoretical place of

[1] Cited by Artis (2011, p.8)

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banking and financial operations", which is defined as an appropriation of banking and financial services by citizens on the basis of hybrid resources. The second considers solidarity finance as a tool for "social cohesion and solidarity" with people who are excluded from the traditional banking and financial system (Glémain and Taupin, 2007). Nevertheless, the two visions agree on the willingness to promote economic initiative and work for the social and solidarity economy.
The solidarity finance sector has experienced rapid growth in recent years. In this sense, microfinance emerged in the 1970s with the creation of the Grameen Bank in Bangladesh by Professor Muhammad Yunus. The concept of "social entrepreneurship[2]" has developed strongly, particularly in France, and is attracting a great deal of interest among politicians, researchers, practitioners and the general public Lacroix, Slitine (2016). In order to bridge this gap between the demand for microfinance and the supply, which is still growing but at a slow pace, it is necessary to combine "local resources" and "international markets" to use the expression of Creusot, Anne Claude and Poursat (2009, p.31). The development of the microfinance sector will then have to involve developing the supply at the local level but also raising funds on the international capital markets.

2.2 Limitations and development potential of the social and solidarity economy

This issue related to profitability and financial sustainability was raised by C. Cadiou (2013). He addresses the question of the success of the "microfinance inclusion stage" to enable the dissemination of microcredit on a large scale and is interested in new partnership experiences that can solve this problem linked to the lack of resources. This dynamic of hybridization of resources mobilizes a set of actors working in favor of the social and solidarity economy: ONG, Associations, Microfinance institutions, Public authorities, local and regional authorities (Crowley and Baiton, 2000; Balkenhol, 2001; Walras, 2000; Guérin and Ferraton, 2002; Vallat, 2003; Servet, 2005). However, solidarity-based finance and microfinance have a common purpose and question the place of actors in the financing of the economy. It is true that the microfinance sector has grown in recent years. Nevertheless, several difficulties hinder the success of the financial inclusion stage at the international level, linked to the control of resources and credit risk (Cadiou, 2013). The issue of resource mobilization is raised to make up for the inadequacy of financing with

[2] Concept launched in 1993 in the United States by Harvard Business School

supply remaining far below demand (Christen, Cook, 2003; Seibel, 2003; Creusot, Anne-Claude, Poursat, 2009; Cadiou, 2013). In this sense, new financing tools are emerging, such as the issuance of socially responsible bonds or securitization in microfinance. Socially responsible bonds make it possible to finance projects that meet corporate social responsibility criteria. Securitization in microfinance opens the way to a massification of resources for microfinance projects, bringing together several actors at the national level, but also at the international level. The interweaving between the two social and financial sectors on the one hand, investors wishing to invest responsibly and give meaning to their investments, and on the other hand, people in need of microcredit to develop their economic activity, is the result of a new hybrid partnership organization working for solidarity-based finance. In this way, a relationship is being woven between the different financial actors, the MFI and the international financial sphere, making it possible to provide more stable and recurrent resources to make up for the shortfalls linked to resources.

2.3 The role of the portfolio management company (MC) in the deployment of microfinance

The massive arrival of banking networks has contributed to the development of the Socially Responsible Investment market in France. Management companies, a very important player, participating in the introduction of bonds in socially responsible funds, has led us to take a closer look at the behavior of managers of socially responsible funds.

The MC collects information, rates financial securities

Management activities are grouped in two forms: (1) portfolio management on behalf of third parties, consisting of managing portfolios on behalf of individual or professional clients, (2) collective management, consisting of managing collective portfolios by several investors and managed by a portfolio manager who acquires financial instruments (shares or bonds) in return for sums paid into the collective investment[3].

By subscribing to these products, the investor mandates the fund manager to maximize his financial performance. On the other hand, fund managers also have the role of supporting, advising and educating investors in order to offer them investment solutions that enable them to diversify risks.

The extra-financial criteria used by fund managers can be positive (including the best performing socially responsible securities) or negative

[3] AMF report "the regulation of management companies" published on 17 March 2016.

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(excluding companies or sectors based on a sustainable development approach). The securities portfolios are thus constituted on the basis of this extra-financial analysis. The extra-financial evaluation of securities is carried out in two ways: either directly, through the management company itself, which carries out the analysis internally; or indirectly, through the extra-financial rating agencies, which rate the societal performance of companies. Some portfolio management companies cross-reference the information through extra-financial rating agencies and compare it with their internal ratings or cross-reference the analyses of several rating agencies. These rating agencies, which act as intermediaries between the company and investors, provide fund managers with tools to assess specific criteria or indices delimiting, for example, an investment universe.

However, the portfolio management company is at the heart of the management process and is a key player in the development of Socially Responsible Investment in France. On the one hand, it collects information and rates financial securities. On the other hand, it acts as a bridge between the financial and social spheres, thus positioning itself between the investor and the issuer.

The MC participates with its funds to provide SRI funds to its investors.

The portfolio management company is positioned as a major player because it participates in the introduction of bonds into these so-called socially responsible funds or SRI funds. This is why we were interested in studying this player.

The management company specializes in asset management. It produces SRI funds and makes them available to its SRI investors. On the basis of its internal analyses or through rating agencies or a combination of both, it offers ESG products for investors wishing to take ESG dimensions into account in their investment decisions. The investor who may or may not trust the management company as to the quality of the products it offers will subscribe to a fund and will in turn make Socially Responsible Investment.

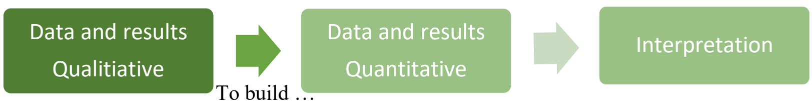
3. Research method

3.1. Research model

The literature review noted the paucity of studies related to our research focus. This contribution aspires to exploration. It therefore invites the reader to discover a little-known territory that is socially responsible bond issuance and to study the subject from the fund manager's point of view.

The collection protocol proceeds with the exploratory qualitative case study first to study the organizational model, then the quantitative phase for the generalization of the results. The choice of the mixed methodology would be particularly adapted to our research in order to understand the fund manager's behavior in relation to this microfinance and solidarity obligation. Our choice to use a mixed approach is based on the combination of qualitative and quantitative data. The mixed research design is not new but has been promoted by several researchers such as Creswell.

***Figure 1** : Exploratory design*



Source: *Author, (inspired by Creswell et al., 2006)*

The case study is a research method that is particularly recommended when it comes to studying "new, complex fields where theoretical developments are weak and where consideration of the context is crucial to the development of the understanding process" (Evrard, Pras, Roux, 2003; p.94). The use of case studies is a method often used for exploratory purposes, in which the confrontation of one or more cases provides "potentially rival" explanations (Yin R.K., 1994), which can be extended by "enriching, revising or inflecting existing theories" (Allison G., 1971; Bourgeois L., and Eisenhardt K.M., 1988)[4].

The identification of the number of cases is a subject of debate. However, in our framework the case studied is the only case existing at time T. Microfis, a management company, which launches the first listed "Microfinance bond" on an international market that will not see the light of day, "the amounts subscribed do not cover the costs of an IPO" Cyrille Parant, President of Microfis.

In this first phase, we relied on secondary data (testimonials, press conferences, scientific journal articles, press articles, internal documents) to collect our data. In a second step, we used semi-directive interviews with four actors who participated in these operations. The interviews lasted between 35 and 45 minutes in order to provide us with information on the two financial operations. These semi-directive interviews were recorded using a tape recorder on the basis of a pre-designed interview guide.

[4] Cited by Evrard, Pras, Roux, 2003; p.95

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The data were transcribed from the conversations and a text analysis was conducted under the software Alceste (2012). This "lexicometric" analysis tool will make a detailed analysis of the vocabulary in the discourse, build a homogeneous group and proceed to a "classification" to identify the most significant elements and sort them according to their relevance. The lexical analysis proposes to analyze the corpus from the "elementary context units" from which the software determines the correlations.

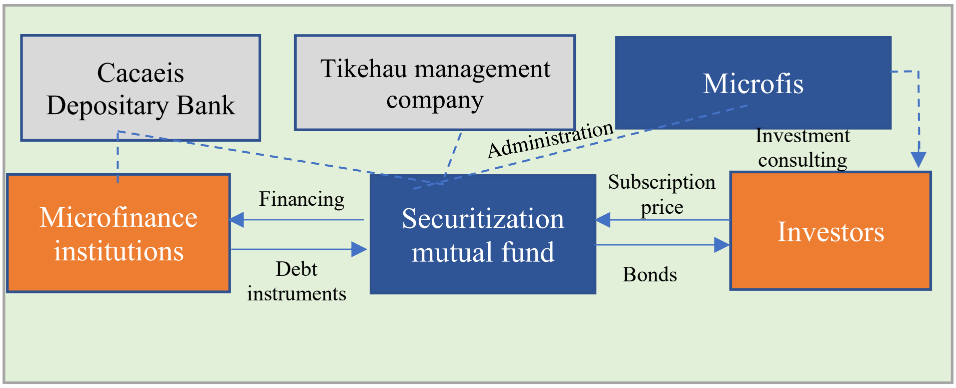
Microfis' pioneering experience

Microfis is a market platform reserved for qualified national and international investors who wish to invest in the world of responsible finance. It is based in Paris and its mission is to syndicate Microfinance and Solidarity bonds which are listed on the "responsible finance" market segment opened by NYSE EURONEXT. Thus, it will be able to organize the development of the liquidity of "responsible finance" securities and allow investors to benefit from security on the exchange of securities.

Microfis, which is the first microfinance infrastructure in Paris, a "B2B" refinancing platform, created by Mr. Cyrille Parant, a microfinance professional and Stéphane Remus Borel, a specialist in structured financial arrangements. Microfis on October 14, 2011 had issued the first microfinance bond listed on an international market, the objective being to make Microfis "the embryo of a future microfinance exchange in the world. Eventually, major microfinance funds will be able to become members and will use the platform to recycle their illiquid assets" C.Parant Agefi April 2010.

Microfis had launched a USD 20 million issue on Nyse Euronext with an IRR (Internal Rate of Return) of 6% to finance a Cambodian institution, Prasac, which has USD 120 million in assets and national coverage. The nominal value of the bonds was set at USD 100,000 and the securities issued could be traded in euros on Alternext Paris with a weekly fixing, i.e. the intermediary management company Tikehau Investment Managers and the custodian Caceis. The international microfinance investments were structured and managed via a securitization mutual fund.

Figure 2 : *A microfinance platform*



Source: *Author*

Among the objectives of Microfis through this SRI microfinance and solidarity bond issue are the following: To make Microfis the embryo of a future microfinance exchange in the world; Promoting microfinance in France; Provide microfinance institutions with access to the bond market and contribute to their development; Massifying resources for microfinance. In this context, Microfis' organization mode represents a partnership financial inclusion scheme through securitization with the aim of bringing more financial resources and liquidity to the microfinance market. The platform created is reserved for professional investors who want to invest in responsible finance and aims to organize liquidity between the different actors. In this sense, the securitization mutual fund serves as a bridge between investors and microfinance institutions. The funds raised will be used to refinance the activities of microfinance institutions. The partnership bond issue is organized by the management company Microfis SAS, which acts as a facilitator between the platform and offers advisory, origination, selection, asset monitoring and loan distribution services. Tikehau is positioned as a main manager; it is a management company that structures the securitization mutual fund. The management companies for whom these products are intended must produce SRI funds from microfinance bonds. Thus, interested investors can acquire units of the securitization mutual fund. Microfis' ambition was to massify microfinance resources and create a platform for microfinance investors worldwide. The resources that are released will then be used by the MFI Prasac, which is in charge of financing the microcredit operations of underprivileged agents in Cambodia. Indeed, the management company is the central core at the origin of the interweaving in the partnership model since it constitutes a

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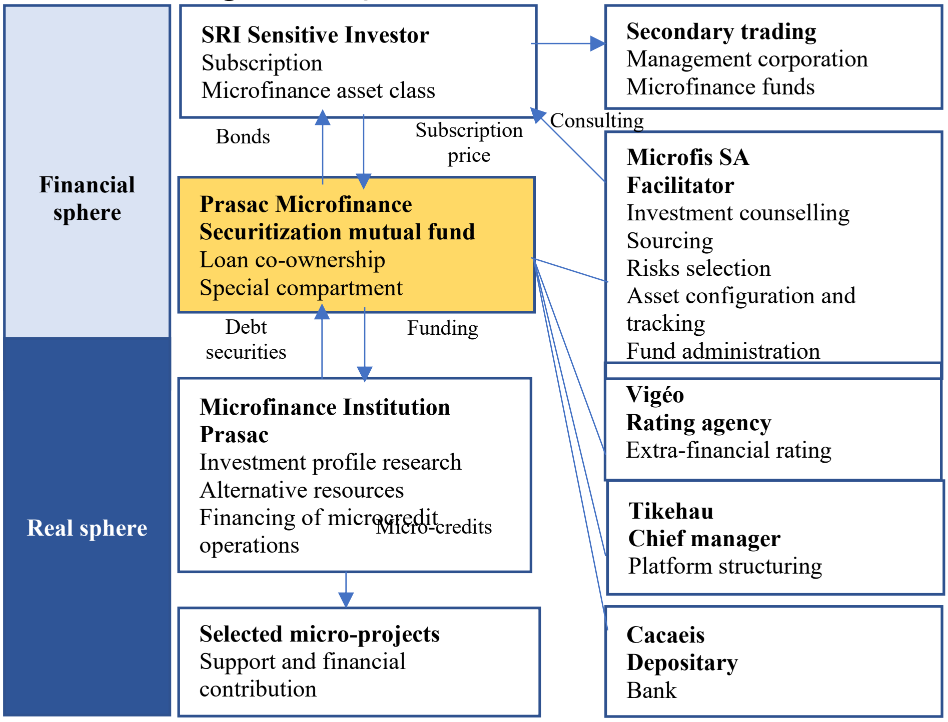
first filter that produces SRI funds from its selection of products by referring to a certain number of criteria.

Figure 3 : Organizational architecture of Microfis



Source: *Author*

3.2 Data and description

Our target population is socially responsible fund managers, who are led to choose to integrate SRI products into their portfolios and build SRI funds for SRI investors. The majority of respondents are fund managers of either equities or bonds, between 1 and 25 years of experience in portfolio selection, men represent 74.2%, women represent 25.8%. The sample is broken down into three age groups: the first is between 18 and 35 years old (37.5%), the second between 35 and 44 years old (21.9%) and the third over 45 years old (40.6%).

Before administering the questionnaire, we conducted a pre-test with three fund managers corresponding to the profile we were looking for. After the pre-tests were completed, we estimated that it would take between 15 and 25 minutes to complete our questionnaire. Thus, we questioned the time and availability constraints of fund managers and finally opted for electronic means. By clicking on the link sent, the fund manager is automatically directed to the platform to complete our questionnaire online. The questionnaire includes closed questions presented in the form of a 5-point measurement scale, as well as open-ended questions that will be subject to additional analysis in the form of verbatims to enrich the initial analytical framework. The data collection took place over one month, from 1 to 31 May 2017. We contacted the management companies on the AMF list, we eventually approached SRI fund managers via LinkedIn, and we contacted members of the FIR (Forum for Responsible Investment) and the AFG (Association Française de la Gestion Financière) during Responsible Finance Week to distribute our questionnaire to SRI fund managers.

4. Results and discussion

4.1. Descriptive statistics

Descriptive analysis reveals that the level of confidence of fund managers in this organizational model lies between "rather confident" and "rather not confident". The analysis of the mean on SPSS allows us to conclude that the overall confidence level in this model is 2.41 out of 5.

Fund managers' level of confidence in the hybrid organization model is low because they find it more complicated, there are fewer legibility, more actors, fewer traceability, more risk, fewer liquidity compared to market, more regulatory constraints to include this type of product in their ESG funds and a greater risk of conflicts of interest.

Descriptive analysis also reveals that the level of risk perception is between 2.69 and 4.03. The two risks that are perceived in a higher way are the risk related to information asymmetry with an average of 4 and the risk of traceability with an average of 4.03.

Fund managers are sensitive to criteria related to the social project, extra-financial performance, traceability, information asymmetry and regulatory constraints. The three criteria to which SRI managers are sensitive regarding the choice of this mode of organization are: guarantees accompanying the bond issue with an average of 4.19, followed by regulatory constraints with an average of 4.06, extra-financial rating and traceability with a similar average of 4.

4.2. Results of cluster analysis and discriminant analysis

The cluster analysis made it possible to differentiate three distinct classes of fund managers. The discriminant analysis has made it possible to validate the classification and to locate 3 groups of managers who differ according to the characteristics to which they pay a great deal of attention

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when choosing which product to recycle in their socially responsible funds. Group 1 includes 15 fund managers who attach great importance to extra-financial communication and the length of a bond's production cycle. Group 2 includes 14 fund managers. These fund managers attach great importance to the refinancing activity and the partners' quality. Group 3 consists of 3 fund managers. This group of managers attach great importance to the traceability and the regulatory constraints and liquidity.

4.4. Discussion

Microfis' ambition was to create a future microfinance exchange in Europe. Through the creation of a platform for institutional investors in international microfinance, this market tool proposed to fund managers to outsource the cost of origination and to transform receivables into bonds under French law. In this way, the listing of microfinance assets on the stock market would make it possible to achieve this stage of financial inclusion and massify resources in favor of microfinance assets for greater liquidity. The funds raised have been directed into microcredit activities by granting microfinance institutions credit lines that will subsequently be transformed into French-law bonds housed in a securitization mutual fund that is in turn managed by another management company. Thus, a relationship is established between, on the one hand, the microfinance institutions whose mission is to grant microcredits to micro-entrepreneurs and, on the other hand, the investors who wish to give meaning to their investments. The interweaving of these two economic and financial spheres takes place through the management company. By organizing the transfer of liquidity through a hybrid organizational arrangement, the management company plays a key role in the success or failure of the organization. Unfortunately, although the Microfis project was ambitious, it encountered several difficulties in the field that were identified from our research work. By studying the hybrid organizational model that led to the issuance of a microfinance and solidarity bond, we can situate the role of the actors in this hybrid organizational scheme.

On the one hand, the financial sphere is made up of the various financial actors who structure the organization of financial resources. The management company, Microfis SA, plays a double role. It plays the role of investment advisor to other SRI sensitive investors, the "management companies" and other SRI funds. It also plays a role in the administration of the securitization mutual fund "FCT Prasac Microfinance". In this sense, disintermediation goes through the management company Microfis SA for the origination, risk selection, risk assessment and asset configuration and monitoring. Based on its internal rating and the external rating of the Vigéo rating agency, it plays its role in the creation of the securitization mutual fund. The management company organizes liquidity by transforming the assets into real estate securities. In this way, it produces SRI funds and offers them to its investor clients who are looking for social expectations. From a legal standpoint, it planned to transform debt into a standardized investment vehicle, facilitating the exchange of international loan contracts into French securities in the secondary market.

The extra-financial analysis agency Vigéo, rates securities in the securitization mutual fund and offers an analysis of microfinance risks in Cambodia. The management platform, Tikehau, which is the main manager, structures the platform and oversees the securitization in the securitization mutual fund. The custodian, Caceis, acts as the depositary in our model. It is a banking group dedicated to professional investors and finance professionals. Direct investors, who are represented by the various management companies for whom these products are intended. They are the holders of resources and seek to invest their money while expressing ESG expectations. They are looking for both financial and extra-financial performance.

On the other hand, the economic sphere brings together the agents who act to transform financial resources into initiatives for economic and social development. In this sense, "inclusive microfinance develops a process of transforming financial resources into economic initiatives" (Cadiou, 2014). The microfinance institute (MFI) plays the role of distributing financial resources and directing them towards microcredit activities. It enables a link to be woven between the financial sphere and the economic sphere through the securitization mutual fund. The MFI owns assets that are selected according to their qualities and guarantees, and are sold to an ad hoc vehicle (securitization mutual fund) which is refinanced by issuing securities. The money received returns to the MFI in the form of a loan that it will then offer to support the selected micro-projects in favor of micro-entrepreneurs.

Thus, by positioning itself between the issuer and the investors, the management company participates in the introduction of the microfinance bond in its ESG funds. The microfinance institute is acting in a socially responsible manner by granting microcredits to entrepreneurs in difficulty. By constructing the product with the management company, which will decide whether or not to include it in its ESG funds, the management company will make the microfinance bond available to the final investor, who will in turn decide whether or not to trust the management company.

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The hybrid organizational arrangement demonstrates the complexity of the set-up and the difficulty of merging the different logics of the different players. The results of our quantitative study show the overall level of trust in the hybrid model between "rather trust" and "rather not trust", a level of trust that is mainly influenced by the social project, in this case the micro-finance activity. These managers perceive the hybrid model as more complex, less transparent, with more actors, more risk and more asymmetry of information. The two risks that are perceived in a higher way are the asymmetric information risk and the risk of traceability.

On the basis of the verbatim, a few points are worth discussing: the first point concerns the establishment of a relationship of trust in the hybrid organizational model. Managers have less confidence in this model because of the presence of many actors: "too many actors", "too many intermediaries", "too complex", "risk of greater information asymmetry", "risk of traceability", "lack of transparency", "risk of conflicts of interest". The notion of trust in this model is linked to the presence of many actors, transparency and asymmetry of information. But despite their low level of trust, managers confirm that there is an interest in the hybrid organizational model in terms of costs and corporate purpose. They cite "risk sharing", "risk diversification", "risk sharing between partners", "the purpose of microfinance".

The second point relates to the question of investment constraints. Managers raise this issue in their investment decisions. Indeed, several managers raise the fact that the bond stemming from the organizational model as being a bond that does not present any constraints and therefore easy to integrate into their ESG funds "our funds can invest in corporate bonds but cannot invest in organized issues", "the legal form of the bond must be such that there is no regulatory problem to invest in a UCITS", "no more constraints for microfinance", "it is not the organization mode that counts but the corporate purpose of the issue". The hybrid partnership organizational arrangement proposes a partnership scheme through securitization, which makes it possible to have abundant resources in favor of microfinance. The transfer of risk between the different partners makes it possible to lower costs and achieve a better profitability for investors.

In conclusion, the study of the hybrid partnership organizational arrangement opens up prospects for future partnership paths that mobilize abundant resources for projects with a social or societal vocation. Beyond the failure of this first attempt in favor of microfinance, the study of these new forms of hybrid organization between different partners (issuer, management corporation, platform, SRI investors, microfinance institutes) proves the dynamic around the theme of socially responsible investment and the interweaving of two opposing worlds - finance and social.

5. Summary and conclusions

The organizational arrangement of Microfis, a B-to-B platform, at the origin of the securitization was to "create the embryo of a future microfinance exchange and a place of exchange for all microfinance investors worldwide" (C. Parant, 2013). By positioning the microfinance bond as a socially responsible asset, the purpose is to create a new microfinance asset, offer alternative financing to the microfinance institute allowing it to have more liquidity and an investment combining a double financial and social logic for the investor.

Despite of the failure of this initiative towards the opening of an inclusive partnership path (Cadiou, 2012), the hybrid organizational arrangement that led to the issuance of this microfinance bond is very interesting to study and understand the different logics involved. Several reasons try to explain the failure of the operation and deserve to be raised:

The opinion of the president of Microfis on the failure of the operation seemed to us essential to understand the reasons for the failure of this hybrid organizational arrangement that led to the issuance of this microfinance and solidarity bond. According to the president of Microfis, "My biggest disappointment finally concerns the lack of flexibility of the asset managers in the SRI universe, who failed to make room for microfinance as a new asset class... above all, there was a lack of real political will on the part of the management companies" (Parant, 2011). Portfolio management companies play a very important role in the deployment of microfinance. Their main mission is to collect information, rate financial securities but also to build ESG funds and offer them to investors who want to invest in a responsible manner. The portfolio management company positions itself as a key player because it participates in the introduction of bonds in these so-called socially responsible funds, but also ensures the interweaving of the financial and social spheres, by organizing the transfer of liquidity from the transformation of the assets of the microfinance institute into microfinance bonds, and then making it available to its investor clients. The transformation of the assets into microfinance bonds is carried out through a securitization mutual fund created for this purpose.

The context of the microfinance bond issue. Indeed, the bond issue comes just after the subprime crisis, hence the caution of investors for securitization. The problems of traceability and information asymmetry

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raised by the managers. The organizational specificity innovation of the Microfis model. The non-sharing of risks between all the partners. The risk of "hold up" which means the risk of annuity generated by the hybrid arrangement (Klein et al., 1978). Indeed, the problem results from the specificity of the arrangement and the difficulty to estimate ex ante the contributions of the partners (Ménard, 1997). Finally, according to the President of Microfis, the main cause of the failure is a supposed lack of flexibility on the part of SRI asset managers who did not let a place for microfinance as a new asset class (C. Parant, 2011).

A study of the organizational arrangements that led to the issuance of a socially responsible bond shows that the management corporation represents the key actor responsible for the interweaving of the two economic and financial spheres. Indeed, the management corporation is the issuer of the bond and plays a primary role in collecting information and extra-financial rating. In this sense, it constitutes an ESG filter that selects companies on the basis of ESG criteria and builds a socially responsible fund on the basis of the products selected. The management corporation team has analysis and rating capabilities enabling it to collect information and select company securities on the basis of an evaluation of ESG criteria with a dual financial and social logic to build socially responsible funds. The management corporation also plays a second role as a "facilitator" between the issuer and the end investor. It offers responsible or solidarity funds to investors wishing to integrate social dimensions into their investment choices.

The management corporation is positioned between a set of partners who issue a microfinance bond and the investors. The microfinance institute promotes CSR by granting microcredits to entrepreneurs in difficulty. The securitization mutual fund created for this purpose proposes to transform assets into financial bonds and to lower the risks linked to microfinance. The securitization mutual fund is managed by another management corporation approved by the AMF. The presence of several partners in this organizational model and, above all, several management companies organizing the operation for other management companies complicates visibility and traceability for investors. The low appetite of management companies for this obligation is also explained by the risk of asymmetric information and conflicts of interest raised in our study. Indeed, the management companies that build this product have rating and analysis capabilities based on ESG criteria, but also the management companies that receive products from where this confrontation between the various partners. Nevertheless, it deserves the attention of researchers on this type of hybrid organization with a view to massifying resources towards microfinance activities with a logic of hybridization of resources in favor of the social and solidarity economy.

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