

THE MICROANGELS OF CIGALES

HOW DO THEY ADD VALUE?

(CLUB D'INVESTISSEURS POUR UNE GESTION ALTERNATIVE ET LOCALE DE L'ÉPARGNE SOLIDAIRE)

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Thanks to

Banque Populaire Chaire in Microfinance

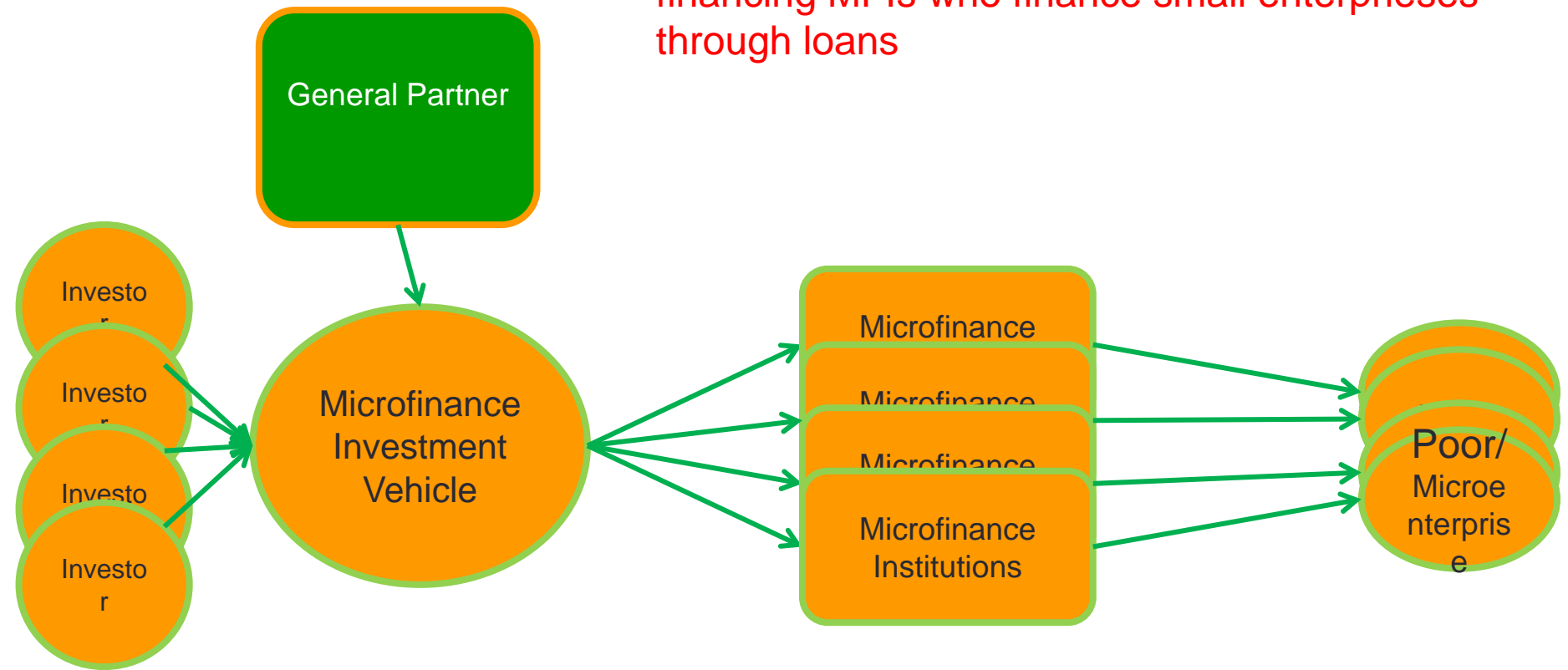
Regional Council of Burgundy

The members of CIGALES

OVERALL PERSPECTIVE OF OUR RESEARCH

1. Exploratory institutional study of the movement
2. Profile and Selection Criteria
3. How these are related to Accompaniment?

In Microfinance, we are used to the MIV model financing MFIs who finance small enterprises through loans

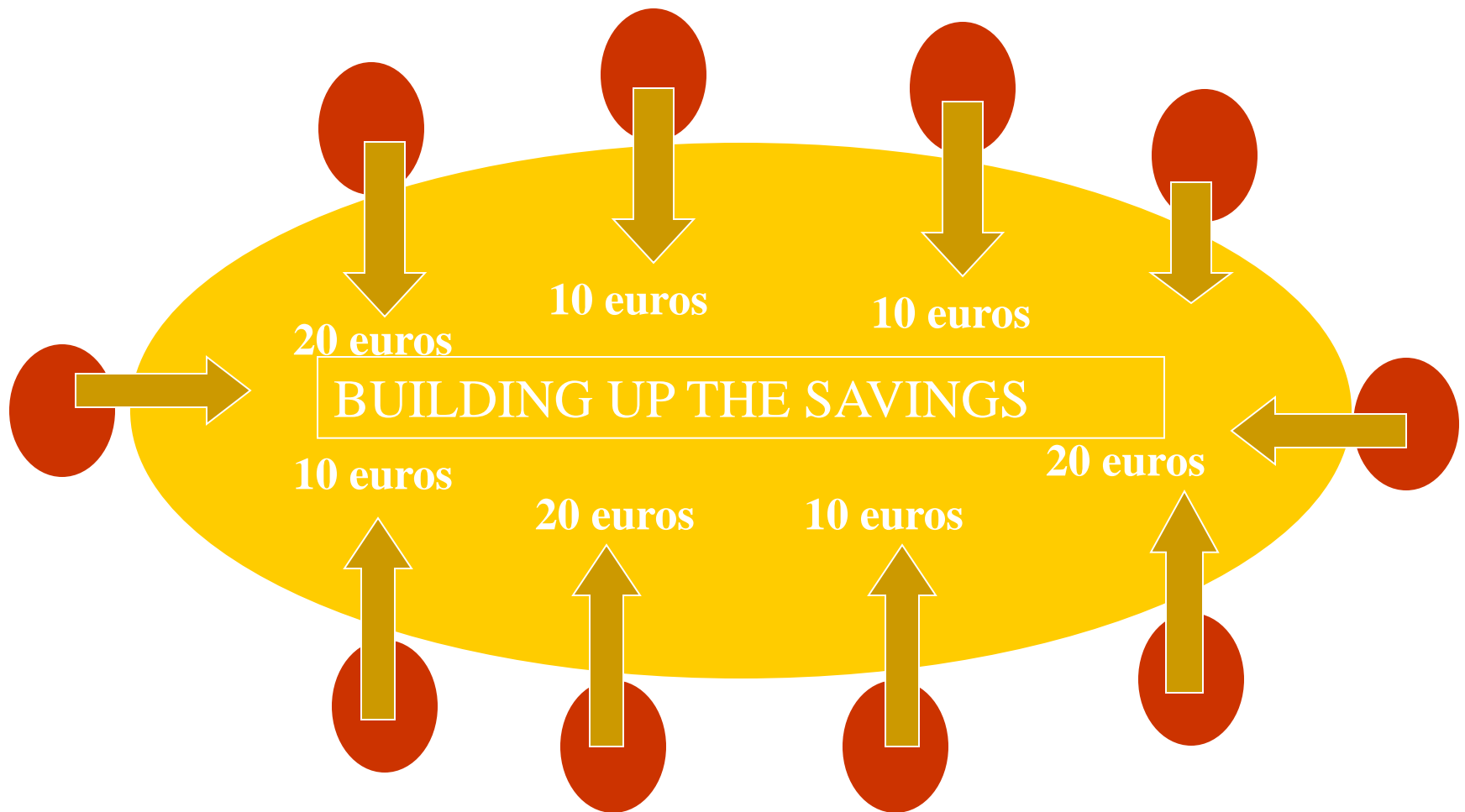


But Microcredit creates stress for the poor (Ashta, Khan and Otto, 2011)

So why don't we give them equity ?



SAVING IN THE CIGALES





EQUITY PARTICIPATION in PROJECTS



- Attracting entrepreneurs

- Referrals, Meetings,



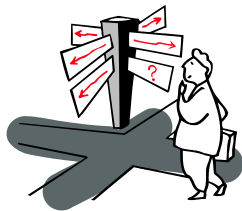
- Selection of the projects

- Democracy, Unanimity
- Proximity
- only companies/ cooperatives



- Nurturing the enterprise

- Monitoring, Accompanying, Coaching, networking

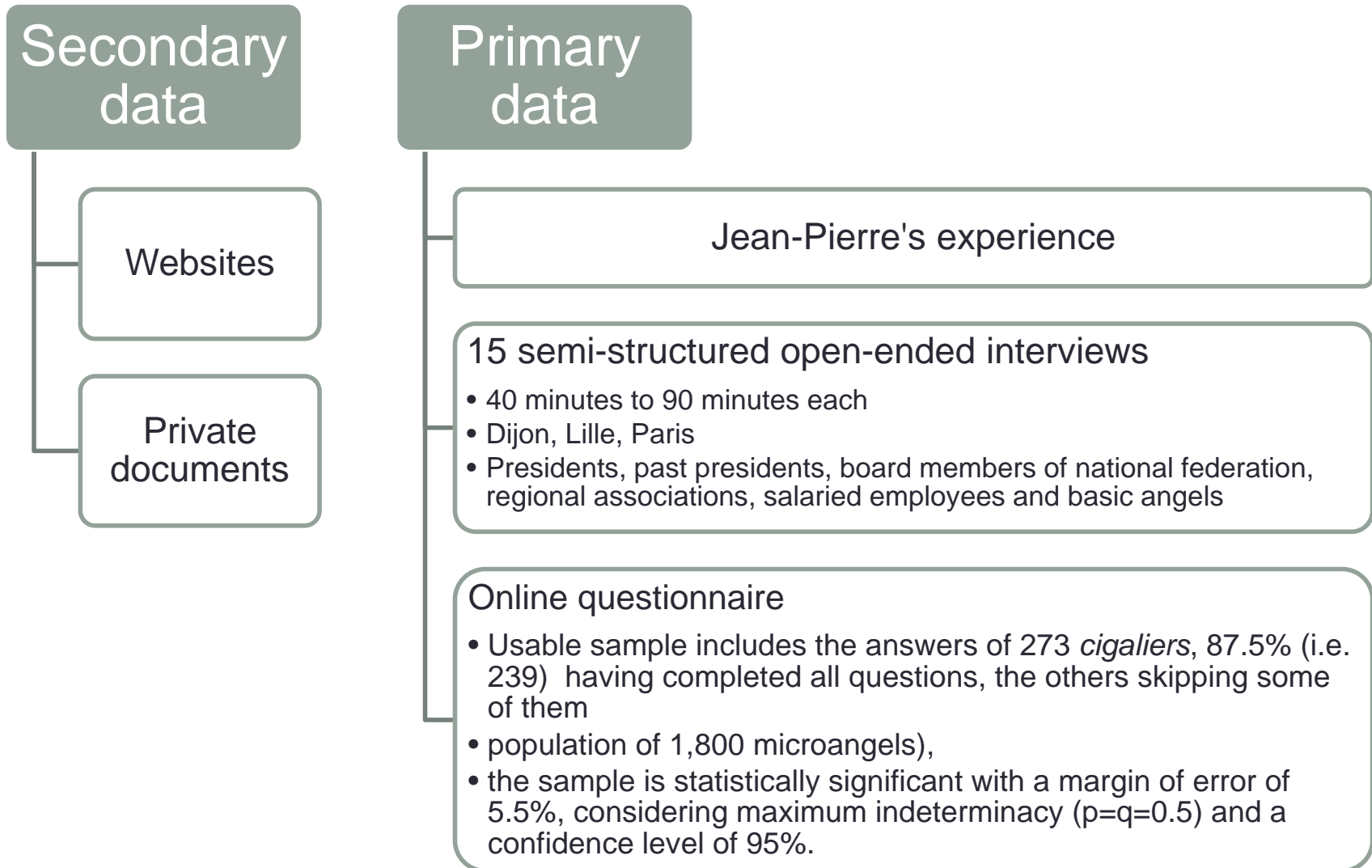


- Exit: Investment in capital for 5 years

- To get a tax deduction



Research Methodology



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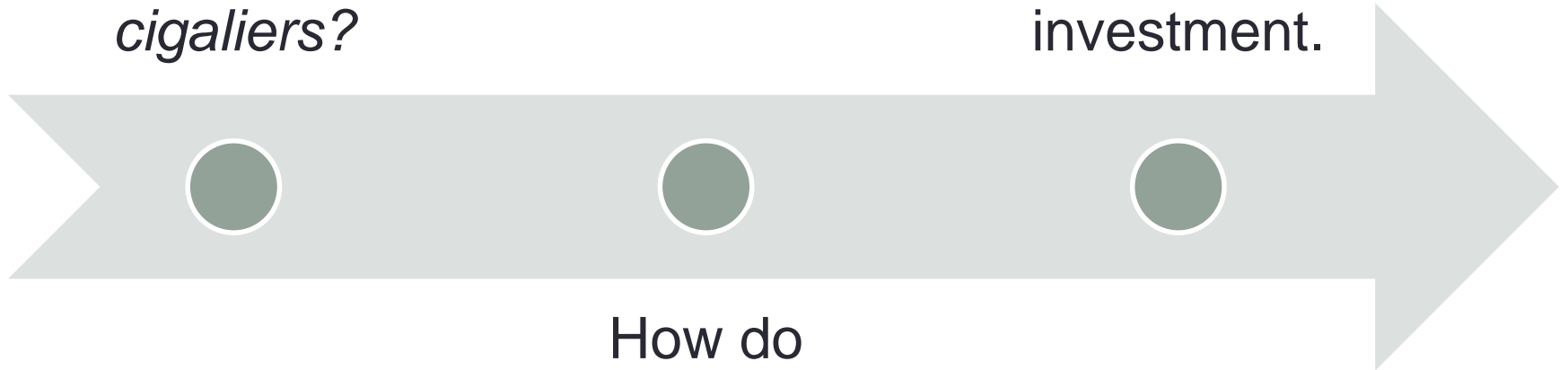
The members of CIGALES

Research Objectives

Who are the
cigaliers?

the basis of
their guidance
role during the
time of the
investment.

How do
different types
select their
projects



Profile

	N	%		N	%
<i>(a) Gender</i>			<i>(c) Profession</i>		
Women	89	35.60%	Salaried Employee	28	11.20%
Men	161	64.40%	Middle manager	60	24.00%
<i>(b) Level of formal education</i>			Senior Manager / liberal professional	130	52.00%
Primary school	--		CEO	23	9.20%
High-school	7	2.80%	Farmer	2	0.80%
Professional school	8	3.20%	Craftsperson / shopkeeper	3	1.20%
College (BAC+2)	38	15.20%	Others (without professional activity)	4	1.60%
University degree (3 years)	43	17.20%	<i>(d) Actual activity status</i>		
University degree (5 years)	140	56.00%	Working	180	72.00%
University degree (8 years)	14	5.60%	Retired	70	28.00%

Relationships between key characteristics

Panel A

<i>Formal Education</i>			
<i>Gender</i>	Sec. Ed.	U. degree	% Univ.
Women	20	69	77.53%
Men	33	128	79.50%

Pearson's Chi-sq. test p-value: 0.8382

Panel B

<i>Activity Status</i>			
<i>Gender</i>	Active	Retired	% Ret.
Women	69	20	22.47%
Men	111	50	31.06%

Pearson's Chi-sq. test p-value: 0.1935

Panel C

<i>Formal Education</i>	<i>Activity Status</i>		
	Active	Retired	% Ret.
Sec. Education	28	25	47.17%
Univ. degree	152	45	22.84%

Pearson's Chi-sq. test p-value: 0.0008712***

Selection criteria related to Cigalier profile?

<i>Selection criteria</i>	Mean for the whole sample	Means for each characteristic in the sub-samples considered							
		Gender		Formal education		Activity status			
		(1) Women	Men	(1) Sec.ed.	U.degree	(1) Active	Retired		
Aspects of the project									
Societal and solidarity aspects	4.29	**	4.52	4.17	4.17	4.32	4.34	4.16	
Economic viability	4.28		4.24	4.31	4.21	4.30	4.27	4.33	
Environmental impact	3.78	*	4.01	3.65	3.79	3.78	3.88	3.51	
Social impact	3.78	**	4.04	3.63	3.62	3.82	3.85	3.59	
Potential to contribute to local development	3.65	**	3.98	3.47	3.77	3.61	*	3.77	3.33
Good potential market for the product/service	3.60		3.71	3.53	3.40	3.65	3.58	3.63	
Aspects of the entrepreneur									
Entrepreneurial motivation	4.36		4.40	4.33	***	4.08	4.43	4.37	4.33
Cohesion showed by the management team	4.06		4.22	3.97	*	3.89	4.11	4.10	3.96
Social and solidary motivations	3.92	***	4.17	3.78		3.81	3.95	3.94	3.87
Tech. knowledge of the product/service	3.75		3.79	3.73		3.70	3.77	3.74	3.79
Overall personality / Character	3.70	**	3.49	3.82		3.64	3.72	3.67	3.80
Knowledge of the business environment	3.66		3.66	3.66		3.75	3.63	3.71	3.54

(1) Pearson's chi-square test of independence reveals significant differences, with p-value < 0.1 (*), < 0.05 (**) or < 0.01 (***)

Table 3: Statistical significance of the independence tests and mean values for the selection criteria across different sub-samples

Correlation between selection criteria

		Selection process											
		Aspects related to the Project						Aspects related to the Entrepreneur					
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
(1)	Societal and solidarity aspects	1											
(2)	Economic viability	0.029	1										
(3)	Environmental impact	0.409	-0.173	1									
(4)	Social impact	0.447	-0.111	0.449	1								
(5)	Potential to contribute to local development	0.246	-0.122	0.206	0.071	1							
(6)	<u>Good potential market for the product</u>	-0.129	0.272	-0.208	-0.076	0.032	1						
(7)	Entrepreneurial motivation	-0.040	0.394	-0.139	-0.091	-0.100	0.352	1					
(8)	Cohesion showed by the management team	0.091	0.049	0.149	0.111	0.087	0.055	0.126	1				
(9)	Social and solidary motivations	0.575	-0.035	0.376	0.457	0.213	-0.150	-0.105	0.076	1			
(10)	Tech. knowledge of the product/service	-0.019	0.141	-0.107	-0.004	-0.103	0.029	0.103	-0.021	-0.029	1		
(11)	Overall personality / Character	0.024	0.062	-0.001	0.061	-0.119	0.111	0.208	0.164	-0.018	0.026	1	
(12)	Knowledge of the business environment	-0.006	0.113	0.070	0.037	0.083	0.202	0.120	-0.041	-0.035	0.111	0.114	1

Guidance Role according to profile characteristics (1/2)

	Mean for the whole sample	Means for each characteristic in the sub-samples considered							
		Gender		Formal education		Activity status			
		(1) Women	Men	(1) Sec.ed.	U.degree	(1) Active	Retired		
To agree on an annual diagnostic analysis, made in cooperation between sponsors and managers of the firm	4.01	4.06	3.99	4.02	4.01	**	3.98	4.10	
To be sure (through the CIGALES's sponsors) that the activity of the firm remains consistent with the main principles (Charter) of CIGALES	3.87	***	4.15	3.71	3.77	3.89	***	3.96	3.63
To publicize the firm and its products/services mobilizing the resources of the CIGALES	3.46	*	3.67	3.34	3.21	3.53	**	3.54	3.24
To obtain additional funding through channels known by the CIGALES	3.38		3.46	3.34	3.15	3.44		3.33	3.51
To choose at least one sponsor with prior experience in business management	3.31		3.28	3.32	3.36	3.29		3.24	3.47

Guidance Role according to profile characteristics (cont.)

	Mean for the whole sample	Means for each characteristic in the sub-samples considered						
		Gender		Formal education		Activity status		
		(1) Women	Men	(1) Sec.ed.	U.degree	(1) Active	Retired	
To choose sponsors with good knowledge in the project area	3.26	3.24	3.27	3.15	3.29	3.34	3.04	
To choose a novice sponsor (with concern for self-training + basic questions sometimes forgotten) and an experienced sponsor	2.90	3.00	2.84	2.94	2.88	2.91	2.87	
To ensure that the investment agreement provides the CIGALES a seat on the board of the firm	2.84	2.98	2.76	* 3.28	2.72	2.84	2.83	
That other CIGALES are also investing in the project	2.13	1.96	2.23	*** 2.70	1.98	2.08	2.27	
To ensure that the CIGALES has a blocking minority in the firm	2.00	* 2.13	1.93	*** 2.47	1.88	1.97	2.10	

(1) Pearson's chi-square test of independence reveals significant differences, with p-value < 0.1 (*), < 0.05 (**) or < 0.01 (***)

Correlations between guidance factors

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) Annual diagnostic analysis	1									
(2) Consistency with CIGALES' principles	0.010	1								
(3) Publicize the firm through the CIGALES	-0.085	0.164	1							
(4) Additional funding through the CIGALES	0.007	0.068	0.305	1						
(5) Sponsor with experience in business mgment	-0.053	-0.051	-0.178	-0.090	1					
(6) Sponsors with good knowledge in the project	-0.131	-0.172	-0.068	-0.160	0.309	1				
(7) Novice + Experienced sponsors	-0.060	0.021	0.090	-0.159	0.122	-0.129	1			
(8) Seat on the board of the firm	0.032	-0.025	-0.224	-0.090	0.159	0.008	0.016	1		
(9) Other CIGALES clubs also investing	0.052	-0.090	-0.082	0.005	-0.039	-0.110	0.025	0.016	1	
(10) Blocking minority in the firm	0.111	-0.012	-0.089	-0.058	0.109	0.010	-0.044	0.356	0.281	1

Results of the Ordinal Logistic Regression

Independent variables	Model 1		Model 2		Model 3		Model 4		Model 5		Model 6	
	annual diagnostic analysis of the firm		consistency with the CIGALES principles		publicize firm and products through the micro-angels		to obtain additional funding through the micro-angels		choose sponsor(s) with prior experience in business mgmt		choose sponsors with good knowledge in the project area	
	regress coef.	odds ratios	regress coef.	odds ratios	regress coef.	odds ratios	regress coef.	odds ratios	regress coef.	odds ratios	regress coef.	odds ratios
Gender	0.2082		0.5153	1.67 *	0.6001	1.82 **	0.2985		-0.1143		0.0342	
Level of formal education	-0.1018		0.0981		0.5506	1.73 *	0.5645	1.76 *	-0.1617		0.1549	
Activity status	0.1932		-0.3649		-0.3964		0.5134	1.67 *	0.4688	1.60 *	-0.5865	0.56 **
Societal and solidarity aspects	-0.1976		0.5634	1.76 ***	0.2612		0.0620		0.1856		-0.1409	
Economic viability	-0.1138		-0.0441		-0.1895		-0.1418		0.4841	1.62 **	-0.0472	
Environmental impact	-0.1655		0.3221	1.38 **	0.1865		0.0520		-0.0622		0.1718	
Social impact	0.3164	1.37 **	-0.1565		-0.0889		0.0626		0.0000		-0.0988	
Potential to contribute to local development	-0.2427	0.78 *	0.0478		0.0744		0.0804		0.0563		-0.0454	
Good potential market for the product offered	-0.0735		-0.0733		0.0947		-0.0138		-0.0769		-0.0695	
Entrepreneurial motivation	0.6078	1.84 ***	0.1435		-0.1553		-0.1462		0.2089		-0.0602	
Cohesion showed by the management team	0.2674	1.31 *	0.2391	1.27 *	0.1152		0.2115		0.0570		-0.1024	
Social and solidary motivations	0.0751		0.0208		-0.3420	0.71 **	-0.1565		0.0450		-0.0248	
Knowledge of the tech. assoc. with the product	0.1845		0.1663		0.0946		0.1638		-0.1296		0.3220	1.38 **
Overall personality / Character	-0.1626		-0.0905		0.1897	1.21 *	0.3640	1.44 ***	0.0589		0.1539	
Knowledge of the business environment	0.2550	1.29 *	0.1466		-0.0169		-0.0196		0.1758		-0.0990	

Statistical significance: * p-value < 0.1 ; ** < 0.05; *** < 0.01

Summary (1/2)

Criteria of diversity	Categories	Selection	Accompaniment		
	Project	Entrepreneur	Bivariate correlations	Multivariate taking into account selection criteria also	
Gender	Female	Social aspects of the project, environmental impact, social impact, contribution to local development	Social motivation	Consistency with CIGALE principles; mobilizing marketing resources of CIGALES	Consistency with CIGALE principles; mobilizing marketing resources of CIGALES
	Male		Personality/character		

Criteria of diversity	Categories	Selection		Accompaniment	
		Project	Entrepreneur	Bivariate correlations	Multivariate taking into account selection criteria also
Education	Secondary				
	University		Entrepreneurial motivation, Team cohesion		Mobilizing marketing and financial resources of
Activity	Active	Contribution to local development		Consistency with CIGALE principles; Mobilizing marketing resources of CIGALES	Choosing sponsors knowing the project area
	Retired			Strategic Analysis	Mobilizing financial resources of CIGALES, choosing sponsors with prior experience in business management