

Studying the micro-angels approach to micro-investment decisions: selection, monitoring, accompaniment and coaching¹

Glòria Estapé-Dubreuil, Professor
Universitat Autònoma de BARCELONA
Departament d'Economia de l'Empresa
Facultat d'Economia i Empresa – campus Sabadell
Emprius 2, 08202 – Sabadell, Spain
Tel. +34 93 728 77 33 E-mail: gloria.estape@uab.cat

Arvind Ashta, Holder of the Banque Populaire Chair in Microfinance
Burgundy School of Business (Groupe ESC Dijon-Bourgogne)

Jean-Pierre Hédou, Président
Association Régionale des CIGALES de Bourgogne

Abstract:

Purpose: The paper analyzes the micro-angels investment behaviour, looking both to the criteria used in the selection of their investment projects and to the characteristics of their guidance role during the investment period.

Design/Methodology/Approach: The paper focuses in on a double bottom line movement of French micro-angels clubs that has been operating since 1983. Our primary source of data is an online survey carried out during March and April 2012, asking members of clubs all over France for different aspects of their procedures.

Findings: Concerning the selection process, our findings suggest that the women micro-angels of the CIGALES are even more interested in small, socially or environmentally friendly projects having the potential to contribute to the development of their neighbourhood than men. Male micro-angels, however, consider the overall personality of the entrepreneur more important than women do. Educated micro-angels value entrepreneurial motivation and understanding of the project more than less-educated micro-angels. This is a major difference with more traditional Business Angels, mostly looking for technologies or markets with potential for high returns. We also point out the factors that micro-angels consider important in accompanying enterprises. Here we find that gender makes little difference. However, retired micro-angels value financial diagnosis made conjointly with entrepreneurs, while active micro-angels value more the use of their network to help the micro-entrepreneurs and the choice of a good sponsor to accompany the microentrepreneur. The former is also more valued by educated microangels who also value using their network for getting other funding for the microangels.

Practical/Social Implications: Given the potential benefits of micro-angels investing and guiding the development of micro-enterprises, a social micro-angel investment on a major scale in developing countries could help in tackling some of the problems faced by the development of microfinance, such as the over-indebtedness of micro-entrepreneurs. Practitioners and new initiatives would gain from understanding what adaptations need to be made.

Originality/value: We add to the venture capital theory to take into account non-economic motives and their importance according to gender, education and activity status.

Keywords: microfinance, micro-angels, micro-equity, business angels, social entrepreneurship, private equity

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1. Introduction

Microfinance is on fire. On the one hand, it has been spreading like wildfire, with average growth rates of 30% per annum over the last few decades and has achieved even double digit growth rates in years of financial crisis (Maes and Reed, 2012). On the other hand, it is coming under fire from virulent critics who indicate that it is causing suicides, over-indebtedness and destroying social structures (Ashta *et al.*, 2011, Hulme and Mosley, 1996, Karim, 2008, Bateman, 2010). Overall, the problem is that poor borrowers are under stress.

The spark for this fire is therefore one stream of microfinance, which is microcredit. Solutions which are recommended indicate that what is required are to supplement this with microsavings and microinsurance (Collins *et al.*, 2010). However, these solutions remain on the savings side and what is required as a business solution is microequity (Ashta *et al.*, 2012b). Since the poor do not have own funds and their families and networks are usually as poor, love money is not forthcoming and there is a need for microangels. However, such microangel movements do not exist in the developing world and could take lessons from experiences with microangel clubs existing in the developed world. Like social entrepreneurship, the clubs' investments aim to bring about positive social change, using business practices and market principles. They can be considered social investors, since they invest in social enterprises and they expect to get both financial and social returns from the firms they are investing in. Thus, they are a bit different from business angels and venture capital firms who are interested only in financial returns. Theoretically, Venture Capital (VC) and business angels make money by examining business plans, selecting the feasible ventures with some chance for rapid scaling, guiding the entrepreneur to achieve this scale and exiting.

Some research on such microangel clubs has been presented previously describing the movement and the profile of the investors or of the projects they are investing in (Etapé-Dubreuil *et al.*, 2012, Taupin and Glemain, 2006) and we want to go deeper into their functioning. The research has brought out the diversity in profiles of microangels as well as the diversity in the characteristics of the projects and entrepreneurs in whom they want to invest. While a lot of research has been done in diversity of board of directors and its positive impact on the governance of enterprises, business angels are usually male and wealthy individuals (Mason and Harrison, 1995), and therefore having investor clubs with diverse members may make an interesting subject for further research into this kind of governance.

In this research, firstly, we examine how the microangel clubs' project selection criteria changes with investor profile. Secondly, we look at the criteria used for accompanying investors. Thirdly, we look at the relationship of the accompanying process both to investor profile and to selection criteria. This accompaniment process increases the success rate of microenterprises and therefore it is an important field of research. If the success of microcredit in alleviating poverty is debated (Roodman and Morduch, 2009) and the success of microenterprise is not evident, perhaps microenterprise needs the handholding role of micro-angels along with the downside risk protection afforded by micro-equity.

We find that the investors who value selection criteria often are not finicky on accompaniment criteria, and that those who have strong preferences on accompanying criteria are less interested in selection criteria. Therefore, there is possibility for different roles for diverse members.

To proceed, section 2 contains a brief literature review concerning both venture capital and business angels' selection and monitoring procedures and literature on diversity and firm performance in which we can anchor our paper. Section 3 presents our research objectives and methodology. Section 4 overviews the main results obtained which are discussed in section 5.

2. Literature review

Business angels select promising projects in which they invest, add value by accompanying entrepreneurs, and then exit. The selection process includes deal origination (referrals, acquaintances, receiving cold calls, active search), deal screening (minimum size of investment, familiar industry, technology, geographical access stage of financing), deal evaluation and due diligence (Tyebjee and Bruno, 1984, Cumming, 2006, Hindle and Wenban, 1999, Feeney *et al.*, 1999). All this is done in order to select appropriate firms targeting appropriate niches because often business angels (Wong *et al.*, 2009) specialize in an industry and select firms in industries, technologies or products where they have experience. The selection criteria of microangels and their profile has been presented in Estapé-Dubreuil *et al.* (2012).

The literature has identified potential benefits to be gained from venture capitals and business angels. From the investees' point of view, business angels not only help to overcome funding difficulties, but also use their human capital to provide skills and expertise, as well as networking contacts, to guide and develop the firm, and thus ultimately increase opportunities to acquire further funding (Macht and Robinson, 2009). However, since they are using a high-risk high-return approach, venture capitalists need contracts containing downside protection (such as anti-dilution clauses) and upside opportunities (Zider, 1998). They also need to have governance rights, contractual clauses and specific financial instruments to protect them from expropriation by the founders (Colombo and Grilli, 2009, Wong *et al.*, 2009).

Business angels, who are more risk prone as they come in earlier in the investment stage, often ignore such safeguards and substitute them by proximity and sharing risk with other business angels (Wong *et al.*, 2009) as well as stronger commitment signals such as the proportion of equity kept by the founder or the percentage of founder's wealth invested in the enterprise (Conti *et al.*, 2010, Prasad *et al.*, 2000). For example, business angels take a lower percentage of equity and often do not take a seat in the board of directors (Wong *et al.*, 2009).

In addition to financing, business angels also help develop managers by actively participating in functions such as accounting and governance (Wong *et al.*, 2009). The guidance role of business angels includes coaching as well as providing access to their networks (Barber and Goold, 2007, Colombo and Grilli, 2009, Ramadani, 2009). Some literature also suggests that experienced business angels may play a key role as facilitators for further finance, especially when the entrepreneurial team does not have previous experience (Sørheim, 2005). It seems that survival rates go up even in micro-enterprises if they are accompanied, whether this is by providers of microcredit or by providers of microequity. (Bumacov *et al.*, 2012)

Concerning diversity and firm performance, the extant literature looks at diversity in the work-force, diversity in top management, diversity in corporate boards and diversity in stakeholders who monitor.

McMahon (2010) reviews the literature on work-force diversity and its impact on performance and finds that the relationship is considered to be U-shaped and diversity impacts a firm's financial performance positively till a certain point, but not all authors agree. Researchers are now looking at relationships with more social factors such as integration, creativity, problem-solving and decision-making and going beyond the traditional notions of diversity such as gender and ethnic diversity. Of course, there are factors such as resources, capabilities and core competencies which are more important in impacting firm performance, but diversity may influence some of these.

Another strand on literature looks at diversity on top management team. For example, Talke *et al.* (2011) find that diversity in terms of educational background, functional background, industrial background and organization background can make a difference to proactive product innovations introduced. Francoeur *et al.* (2008) find that introducing more women in management also increases firm performance.

The research on diversity of corporate boards has a long history of to and fro. For example, if corporate performance is stated in terms of survival in a declining industry, then having more and diverse directors with links to other firms increases survival (Filatotchev and Toms, 2003). One research postulates that institutional and governance functions such as advice giving of the board are enhanced by diverse boards, but it is found that strategic tasks are performed better with less diversity and smaller boards (Goodstein *et al.*, 1994). In line with Goodstein *et al.* (1994), Bøhren and Strøm (2010) find that less employee directors and less gender diversity leads to better value creation for Norwegian firms. This is nuanced by the results of Huse *et al.* (2009) who find that employee directors and women may contribute if their backgrounds enable them to have different competencies from the other board members. Similarly, Carter *et al.* (2010) find no effect, neither positive nor negative, either of ethnic diversity or of gender diversity in board of directors on firm performance in the US. A large part of diversity research in governance is based on the role of women in corporate boards. Terjesen *et al.* (2009) review over 400 papers on this aspect and find that women are not yet equal partners in governance but that their role is important not only directly but also indirectly as sources of inspiration to those who have not yet reached this level. Women are usually outside directors and are more interested in the discretionary aspects of corporate social responsibility (charity). Studies on the impact of women CEO's on firm performance has mixed results. For example, Francoeur *et al.* (2008) find that although women managers add value, women in board rooms do not add value (nor reduce it). In a Spanish study, Campbell and Mínguez-Vera (2008) indicate that it is not the mere presence of women on the board but an increased ratio of women to men that increases firm value.

Similarly, Torchia et al. (2011) find that women on the board makes a difference to organizational innovation and strategic tasks, but only if there is a critical mass of at least three women on the board.

At a more remote level, Mersland (2011) finds that lessons from history of savings banks indicate that diversity of stakeholders (depositors, donors, local communities, and bank association) can provide a better monitoring system that can enhance the survival of a microfinance institution.

However, business angels tend to be males. Therefore, there is no study of how women participation in the angel process may impact the governance of the target firms. Since we have a third of our micro-angels clubs as women, our study would be contributing a unique result on what roles women can perform in the micro-angel investor clubs. In addition, we also look at diversity in terms of retired and active members as well as level of education of the investment club members. However, we do not look at firm performance since we do not have data on the actual performance of the microenterprises. We look instead at the preferences of these people in the selection and accompaniment processes of the firm.

3. Research methodology

There is a movement of micro-angel clubs in France and such movement has formed our research field. Being a particular movement of investment clubs, our research has to be contextualized, providing some general background on these clubs.

Case Description

CIGALES or Investors Club for an Alternative and Local Management of Solidarity Savings is the acronym for the French *Club d'Investisseurs pour une Gestion Alternative et Locale de l'Épargne Solidaire*. Each club, independently managed by their members, is constituted for five years, renewable for another five. All clubs share some common principles, and have agreed to assemble in a National Federation, as well as in regional associations (in some regions with enough clubs).

According to Taupin and Glemain (2007), the constitution of the CIGALES movement in 1983 is one of the first steps in the creation of the modern structures of solidarity finance and perhaps the first solidarity savings products. Data for 2010 indicates the existence of 136 clubs in activity, assembling a gross total of nearly 1,800 members ^[2]. The development of this movement as well as the bottlenecks which limited it have been researched through in depth interviews by Ashta *et al.* (2012a).

Typically, a CIGALES club has 13 members, the mean of a range between 5 and 20. During the first five years, the club members put together some microsavings (commonly 30 to 50 Euros monthly ^[3]) to constitute a fund for investment in microenterprises. Usually, their investments will be on average 3,000 Euros per enterprise ^[4], although more than one club of the same region can invest in the same enterprise if considered worthy. A total of 5 to 10 investments per club during their active life is therefore expected. Investments should be kept for five years in order to get tax benefits. For that reason, usually the club is renewed for five more years, where the members would only manage their existing investments, without bringing in more savings. The club will be dissolved after the exit of their last investment.

Etapé-Dubreuil et al (2012) indicate the profile of the typical microangels is male, with a university degree, mostly working as managers or in the liberal professions who would like to get his money back and perhaps earn a 0-2% return. They also find that the projects are selected based on economic as well as social and environmental impact, as well as the appreciation of their guidance role by the target entrepreneur. However, they do not analyse the guidance role nor go further and see if the selection process or the guidance differs with different profiles of microangels.

Data collection

Our methodological approach combines primary and secondary data of diverse sources. The websites of both the national federation and especially some the websites of the regional associations contain enough information with respect to the movement and the general procedures of the clubs. Furthermore, since

² Data published in the Website of the National Federation of CIGALES (<http://www.cigales.asso.fr/>, accessed April 2012).

³ Cfr. *Guide Pratique à destination des futurs cigaliers*, on the website of the Nord Pas-de-Calais regional association (<http://www.cigales-npdc.org>).

⁴ Calculated by the authors, based on data provided in the websites of the Nord Pas-de-Calais and Bretagne regional associations (<http://www.cigales-npdc.org>; <http://www.cigales-bretagne.org>).

one of the co-authors is actively involved in the Bourgogne territorial association of the CIGALES, we have been granted access to some private documents. This includes the technical information sheets used for the analysis of a project and the model of agreement generally used between the CIGALES club and one of its investment enterprises.

As primary data, our main source is data collected through an online survey of the entire CIGALES movement, carried out during March and April 2012, asking members of clubs all over France for their personal opinions concerning different aspects of their procedures. The Federation as well as some regional associations helped us collect the data. A five-point symmetric Likert scale was used to measure the degree of importance accorded by the respondent to different characteristics regarding the process of selection and accompaniment of projects. The five answers proposed for the Likert scale were: “of utmost importance”, “very important”, “quite important”, “of little importance”, “of minimum or no importance”. After eliminating duplicate items based on same IP address with the same personal profile on the first screen, the final usable sample includes the answers of 293 *cigaliers*, 85.3% (i.e. 250) having completed all relevant questions for this research. Taking into account the scope of our research, the sample is statistically significant with a margin of error of between 5.5% and 6% (for the worst case), considering maximum indeterminacy ($p=q=0.5$) and a confidence level of 95.5%. Table 1 describes the sample in terms of gender, level of formal education, and profession (including earlier profession for the retired).

	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%

Table 1: Distribution of respondents in terms of different personal characteristics

Furthermore, Table 2 provides the results of the study of interdependences between the three main personal characteristics used to measure diversity among the micro-angel clubs: gender, level of formal education and activity status. Gender is evenly distributed among the club-members, since both formal education and activity status are fairly similar among women and men. However, there is a statistically significant higher proportion of active club members having a university degree.

<i>Gender</i>	<i>Formal Education</i>			<i>Activity Status</i>			<i>Formal Education</i>	<i>Activity Status</i>		
	Sec. Ed.	U. degree	% Univ.	Active	Retired	% Ret.		Active	Retired	% Ret.
Women	20	69	77.53%	69	20	22.47%	Sec. Education	28	25	47.17%
Men	33	128	79.50%	111	50	31.06%	Univ. degree	152	45	22.84%
	Pearson's Chi-sq. test p-value: 0.8382			Pearson's Chi-sq. test p-value: 0.1935			Pearson's Chi-sq. test p-value: 0.0008712***			

Table 2: Relationship between the personal characteristics of the studied sample

4. Research results

In this section we report our findings on the two areas of interest to our research. We will discuss these later in the ensuing section.

Selection process (projects and entrepreneurs)

The selection process of a CIGALES club involves the presentation of a business plan by the entrepreneur, followed by a series of interviews between members of the club and the entrepreneurs. An

internal document ^[5] advises three different items to be considered in this process: (a) accordance with the principles and philosophy of the CIGALES movement; (b) knowledge of the entrepreneur “to judge their degree of motivation, the constitution of the starting team and its understanding, its previous experience”; and (c) the financial analysis of the project. The final decision on a given investment is made by the assembly of all members of the club, since asset management is made collectively, under the principle of one person, one vote.

The responses of the *vigaliers* to our questionnaire provide additional insight on the criteria used by the clubs members during this process. The six aspects most highly graded by the respondents, both relative to the project itself and to the entrepreneur, are listed in Table 3. These conform to Estapé-Dubreuil et al (2012) though our data base is slightly more extensive.

Table 3 also shows the results of our analysis of possible relationship between the answers provided in our questionnaire and some personal characteristics of the respondents. According to the general description of the sample provided in Table 1, we have studied whether the grading of the different criteria used by the CIGALES clubs members in the selection process is independent of gender, level of formal education or actual activity status. To be more precise, we have used the Pearson’s chi-square test of independence to assess whether the frequency of grading responses to each of the 12 selected criteria is independent of each of the three categorical variables (gender, formal education, activity status). To further document the obtained results, we have also computed the mean grade value for each criterion in each of the considered sub-samples.

<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: Mean values and statistical significance of the independence tests for the selection criteria across different sub-samples (Grading scale: between 1 for the least important and 5 for the most important)

According to the results obtained, neither formal education nor activity status of the CIGALES clubs members significantly affects the responses to most criteria. The only exception for the activity status variable is the “contribution to local development” of a project, a criterion which is significantly more appreciated by active members than by those who have already retired. It also can be observed that, although there is no significant intra differences in the criteria considered, the economic viability of a project is the most highly graded criterion among retired CIGALES members. Similarly, only two criteria concerning the sought characteristics of the entrepreneurs are graded in a statistically significant different way, showing that having a university degree affects the response. Both entrepreneurial motivation and

⁵ Cfr. *Choisir un projet, une affaire de confiance et d'expertise*, part of the internal dossier compiled to guide the development of a CIGALES club.

management team cohesion are highly valued by this last group of members, although the differences do not alter the ranking of the different criteria considered.

Statistically significant differences are however encountered in half of the selection criteria when gender is taken into account. Differences are found in all criteria reflecting social and environmental concerns, both related to the projects and to their entrepreneurs. In all these criteria differences have the same sign: on average, women value them more than men. A sixth aspect, the “overall personality” of the entrepreneur is also differently graded by men and women, but in this case the criterion is more appreciated by men.

Table 4 shows the correlation matrix for the 12 criteria considered in the selection process. In the whole, correlation between almost any pair of variables is low or very low.

		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)	Good potential market for the product	-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

Table 4: Correlation matrix for the 12 criteria considered in the selection process

It can nevertheless be pointed out that moderate correlation is found among two groups of criteria. The first group include those criteria related to the double bottom line of the social micro-angels, namely between the “societal and solidarity aspects” of the project, its “environmental impact”, its “social impact” and the “social and solidarity motivations” of the entrepreneur, evidencing that frequently the *cigaliers* grade them similarly. The second group is formed by the “economic viability” of the project, the “good potential market for the product or service offered” and the “entrepreneurial motivation” of the entrepreneurs, three criteria linked to the financial performance of the project that are somewhat more often graded similarly by the micro-angels.

Monitoring, accompaniment and coaching processes

Once a project is selected by a CIGALES club, and an agreement is reached, investment in equity is invariably made through a contract between both parties. According to the standard form advised by the CIGALES Federation, the contract would explicitly refer to the percentage of the initial capital of the firm subscribed by the CIGALES club. In accordance with the CIGALES principles, it is strongly recommended that such percentages do not attain the 25% which would be required to constitute a blocking minority in the firm ⁶.

At the same time, the CIGALES club designates two of their members to “represent” the club in this particular firm. The appointing of sponsors is also made explicit in the contract, their names and addresses inscribed in it, and their role defined as “to serve as intermediaries in the privileged and permanent relationship between the firm and the CIGALES club”.

In a brochure edited by one of the regional associations of CIGALES ⁷, it is claimed that the main advantages of the clubs are that “its funding allows strengthening the equity of the firm without refunds

⁶ The internal document *Formaliser les droits et devoirs respectifs des partenaires*, part of the dossier compiled to guide the development of a CIGALES club, further justifies this option, since “it is not the vocation of CIGALES to actively participate in the management of the firm”.

⁷ Cfr. *Guide Pratique à destination des futurs cigaliers*, on the website of the Nord Pas-de-Calais regional association (<http://www.cigales-npdc.org>).

for five years”, that they provide “easier access to bank credit and sources of additional funding” and that they add to the “project’s credibility, due to the support provided by the [CIGALES club] members, who engage themselves on the economic success of the firm and on the success of the people who work there”. To see, according to the CIGALES members, which are the main significant actions and decisions to support a given project, several questions were included in the online questionnaire. Results are summarized in Table 5.

Table 5 includes aspects related to the role of the club sponsors, the best way to select those sponsors within the club members, the networking capabilities of the club and its usage, as well as concerning the syndication of clubs. Annual diagnostic analysis, “in order to target and track target on which to work in next years”⁸, is the top graded one, followed by marketing and financing networking capabilities mobilized by the club members. Among the responsibilities of the sponsors, their ability to align the firm’s activity to its planned goals is graded in the second place. Syndication of different club to invest in a same project is one of the least appreciated characteristics among those considered in the questionnaire, positioned far away from the others, since most members considers it to be “of little importance”.

	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
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 (***)

Table 5: Mean values and statistical significance of the independence tests for the accompaniment process across different sub-samples (Grading scale: between 1 for the least important and 5 for the most important)

Table 5 also includes the results of the analysis of differences in appreciation among groups of members. We have used aggregations following the same criteria used before: gender, formal education and activity status. Quite unlike from the analysis of the selection process, we find here fewer statistically significant differences, as 4 out of the 10 criteria – those in the middle positions of the table – are equally appreciated by all *cigaliers*. The most significant one – from the statistical point of view – is the consideration given to the consistency of the firm’s activity with the principles of the CIGALES, much more appreciated by women and by active members of the clubs. Syndication among CIGALES clubs to invest in a project, as

⁸ Wording translated from the French contract sample already mentioned before.

well as the possibilities of control obtained through having a blocking minority in the firm are much less graded by members having university degrees.

Additionally, Table 6 shows the correlation matrix for the above 10 criteria. Correlations are found between the two main criteria for choosing sponsors (5) and (6); the two main networking capabilities of the clubs (3) and (4); and the two main controlling schemes (8) and (10).

	(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

Table 6: Correlation matrix for the 10 criteria considered in the accompaniment process

Relationship between the decisions in the two processes

To further complete our analysis, we apply ordinal logistic regressions to study the factors influencing the grading of each of the decisions in the accompaniment process. We essentially want to check whether this second process depends on the selection process or is independent of it (ie., once the project is selected, the standard accompaniment is adopted). Therefore the twelve variables of selection (six most highly cited for project and six most highly cited for the entrepreneur) are taken as the independent variables, used as predictors for the preferences of the micro-angels during the selection process. The three predictors for personal characteristics which have been examined in the preceding discussion are also included, on the form of binary variables: gender (equal to 1 for women), level of formal education (=1 for those micro-angels holding a University degree) and activity status (=1 for retired micro-angels). Ordinal regression is selected because the values of the dependent variables in each model can be ordered in categories (from less preferred/important to most preferred/important).

Each model has one dependent variable, which is taken from the table 5. So, for example, model 1 uses the dependent variable the most valued, i.e., "To agree on an annual diagnostic analysis, made in cooperation between sponsors and managers of the firms". Only the six most highly cited criteria for the accompaniment process are analyzed. Therefore, a total of six different models are considered. Results of regressions can be found in Table 7.

Although across the 6 models we found a total of 13 significant factors, these are few compared to 72 possibilities (6*12). Therefore, our first overall comment must be that the models do not show consistent relationships and for that reason that we must conclude that the kind of accompaniment is independent of the selection criteria. It further follows from the examination of Table 7 that the decision making in the accompaniment process depend more on the control variable (some personal characteristics of the micro-angels) than on their preferences among the criteria used in the selection process. In fact 7 significant relationships are found between the control variables and the dependent variables out of 18 possibilities (3*6).

For the criterion to "agree on an annual diagnostic analysis of the firm" (model 1), five predictors are statistically significant: the social impact of the project under consideration, its potential to contribute to local development, the entrepreneurial motivation showed by the entrepreneur (the only factor significant at .01 for any of the models), the cohesion showed by the management team and their knowledge of the business environment of the project. The predicted effect is as follows: for a one unit increase in the grading of the "social impact of the project", we expect (in a log odds scale) a 0.3164 increase in the grading of the importance of "annual diagnostic analysis of the firm"; or, alternatively, for a one unit increase in the grading of the "social impact of the project", the odds of having a *cigalier* grading the "annual diagnostic analysis of the firm" in the higher values of the scale is 1.37 times greater, all other

variables of the model held constant. Similarly, for one unit increase in the grading of the "entrepreneurial motivation", the odds of having a *cigalier* grading the "agreement on an annual diagnostic analysis of the firm" in the higher values of the scale is 1.84 times greater, all other variables of the model held constant. For the knowledge of the business environment, the odds rate is 1.31.

Consistency with the CIGALES principles, model 2, has four predictors statistically significant. Gender is significant, since the odds of a *cigalier* grading this criterion in the higher values of the grading scale is 1.67 times greater when the respondent is a woman. Furthermore, the odds of having a *cigalier* grading this accompaniment criteria in the higher values of the scale is greater when he/she also grades highly the societal and solidarity aspects of the project, its environmental impact and/or the cohesion showed by the management team proposing the project, all other variables of the model held constant.

The grading of the importance of publicizing the firm and its products/services mobilizing the resources of the micro-angels, model 3, has also four predictors statistically significant. With the increase in formal education (from secondary school to holding a University degree) the odds of having a *cigalier* grading the importance to the publicity aspect of the accompaniment process in the higher values of the grading scale is almost double (1.82 times greater), all other variables of the model held constant. Gender is also significant, since the odds of a *cigalier* grading this criterion in the higher values of the grading scale is 1.73 times greater when the respondent is a woman. The increment in grading in the social and solidarity motivations of the entrepreneur diminishes the odds of having the *cigalier* grading the publicising variable in the higher values of the Likert scale (odds ratio 0.71).

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

Table 7: Results of the ordinal logistic regressions

Similarly, we can see that obtaining additional funding for the firm through channels known by the micro-angels (model 4) can be predicted through both level of formal education and activity status of the micro-angel, and also through the importance accorded to the assessment of the overall personality of the entrepreneur. Both holders of university degrees and retired club members favour this criterion.

The way sponsors are chosen within the club members (models 5 and 6) is also dependent on the activity status of the club members. Retired members prefer sponsors with prior experience in business management, while active members favour criteria related to good knowledge in the project area. The preference for the former can also be related to club-members valuing economic viability (odds ratio 1.62).

5. Discussion

We have just seen from table 7 that the relationship between the preferences of the club members during the accompaniment process and those exhibited for the selection process show relatively low interdependence. We might highlight – being the less obvious – that preference for using the networking capabilities of the clubs is associated with high valuing the social aspects of the projects in the case of publicizing the firms, but to the overall character of the entrepreneur in the case of additional funding.

Quite differently from the results obtained for the selection process, the activity status seems to make a difference with respect to many aspects of the monitoring and coaching processes. To explain such a

difference, our co-author from the CIGALES movement considered that it is more likely for a retired person to serve as sponsor of a business project, since he/she has more “free” time to allocate in the tasks involved in these processes. This would then be reflected in a difference in grading some of the aspects, and particularly to the weight given to an annual diagnostic analysis of the firm, a fundamental tool to the coaching for any sponsor.

We have summarized our findings from the previous tables in table 8 by including all the factors considered significant at 90% of more.

We can see from this table 8 that women are more particular than men about the social, local and environmental aspects of a project in the selection stage. In the accompaniment stage, they value mobilizing the network of the CIGALES for marketing purposes. Men, on the other hand select more the projects based on personality and character of the entrepreneur.

We can also see that the more educated people are concerned with all the management aspects: entrepreneurial motivation, team cohesion (at the selection stage) as well as using the CIGALES networks for financing and marketing the entrepreneur’s project (at the accompaniment stage).

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		
Education	Secondary				
	University		Entrepreneurial motivation, Team cohesion		Mobilizing marketing and financial resources of CIGALES
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

Table 8: Summary of findings on selection and accompaniment valued by CIGALES investors

Active people are more likely than retired people to select projects contributing to local development as well choosing the appropriate *vigaliers* as sponsors based on their knowledge of the project area. They may also be interested in mobilizing marketing resources of CIGALES, but this aspect does not seem to be 90% significant when other variables are included in the analysis. Retired people seem to be interested in strategic analysis of the project but when we consider multivariate analysis, we find, instead that they are more interested in mobilizing financial resources of the network of the *vigaliers* and choosing sponsors with prior experience in business management.

6. Conclusion

We have found that the criteria along which selection matters and to which accompaniment matters are different. More specifically, we have found that gender matters and makes a difference in selection criteria much more than it does in accompaniment aspects. We have found that education has almost no difference in selection criteria but has more differences in accompaniment, especially in networking aspects. We have found that activity status makes even less difference in selection criteria and even more differences in accompaniment.

This overall relationship shows that the people who would accompany do not care about selection and vice-versa. This means that within a CIGALES club, some investors seem to be more active at the selection stage and others more in the accompaniment stage.

Going deeper, we have found that retired people, who have the time, would like to get involved in strategic analysis and using their members who have prior experience in business management whereas active members feel specific knowledge of the project area rather than general management skills are more relevant.

Finally, we have found that males and less-educated people seem to feel more safety in numbers and would like to pool the financial resources of a large number of different clubs, while women are more educated people do not feel this is so important.

This opens a question for research: why do such people value larger projects or feel the need for diluting their participation in the project? Another possible area for future research would be to find out if the *cigaliers* are happy with the outcomes.

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