



## CROWDFUNDING AND PERFORMANCE: RESEARCH ON A NEW FINANCING PARADIGM FOR THE SMES. *SPECIFIC CASE OF CAMEROON SMES.*

### Management

**Emmanuel Beyina**

PH.D in management, Strasbourg University France (Louis Pasteur 2007), Head of department (HOD) Bamenda University (Cameroon)

### ABSTRACT

The funding constraints and increasing difficulties in reimbursing debt by SME permit credit establishments (Banks) to ration their loan requests quantitatively or to have a standardized behavior to all loan requests less compatible with the needs of these enterprises. However, other alternative means of funding exist and notably the Crowdfunding. The fundamental specification of Crowdfunding compared to other financial intermediaries resides in the participation in the selection, follow up and control of invested projects. The objective aimed at in this article is to show that other efficient and adapted funding formulas exist that accompany the SME in their policy of funding investment projects.

### KEYWORDS

Funding, investments, Crowdfunding, SMEs.

### INTRODUCTION

The SMEs are presented as vehicle of economic development, but are faced with huge difficulties and notably funding, (Levratto, 1990, 1992; Pairault, 1993; Um, 1996; Oloua, 2007). Their funding constraints permit loan granting establishments to ration their loan requests quantitatively or have a standardized behavior to all loan requests less compatible with the needs of these enterprises, (Stiglitz & Weiss A., 1987, 1998; Williamson, 1986; Julien & Marchesnay, 1987; etc.). Evidently, such rationing recalls us and invites us to examine the problems which SMEs are facing to ensure their findings, (Mc Mahon and Al., 1993). Two aspects intimately linked cover the word funding. Investment aspect (Renfrew, 1982; Calof, 1985; Albony, 1984) that initiates the birth, creation and putting in place of all new, small, medium or big enterprise; the aspect of operating funds (Keisser, 1994) that ensures functioning and follow up of affairs. One or the other aspect calls for internal or external funds to the company, personal funds or debts (Creplet, 2001; Petit & Singer, 1985; Charreaux, 1985; Ang., 1992). The under-developed structure of an economy characterized by the quasi non-existence of saving, easily explains little importance of funding by personal funds, (Lelart, 1990; Hernandez, 1995; Matray, 1992). It also and of course explains the slow profitability of SMEs therefore, a high risk sector that limits funding by cash-flow. That is why the problematic of this article poses evident funding problems in the following manner: what funding strategy can we envisage to fund SMEs in the case of Cameroon? The prime objective is to show that other efficient and adapted funding methods exist as Crowdfunding in accompanying SMEs in the funding policy of their investment projects. Crowdfunding is a collective effort by people who network and pool their money together, usually via the internet, in order to invest in and support efforts initiated by other people or organizations (Ordanini, 2009). It is a process of soliciting funds from the general public to support an idea or create projects or fund businesses. It directly connects people with money to the people who need it. In Cameroon crowdfunding is still in its nascent stage even though the potential is incredibly high. In response to the problem posed in the framework of this article, our approach is articulated on the following points: reflexion framework (1) with a literature review substance that will allow us to revisit the controversy around the funding in SMEs; research methodology, research hypotheses and way out of indebtedness of Cameroonian SMEs (2); and lastly, the Crowdfunding as weapon for control and development (3).

### 1-THE REFLEXION FRAMEWORK

#### 1.1.The literature review

If it is already difficult for a big enterprise to have access in bank loans in order to finance its activities, the difficulty in managing to do it is much more for small enterprise especially for reasons of technological and commercial risks that increases probability fault of paying back debts. As a result, some authors think that SME funding is efficient only in resorting to a particular and adapted mode of funding (like the funding of innovation) and notably through means of Crowdfunding. Crowdfunding represents an alternative way of funding compared to traditional borrowing. As a principle, crowdfunding is open to everyone - private persons as well as economic actors. A group of people, the crowd, financially contributes small amounts to projects, products or ideas. These projects, products or ideas are owned by

fundraisers (e.g. Entrepreneurs or private persons), seeking for money in order to get their project realized. Fundraisers search for investors directly or via a specific digital platform, referred to as intermediaries. Crowdfunding represents one dimension of the phenomenon of crowdsourcing besides crowdvoting and crowdcreation (Leimeister, 2012; Leimeister and Zogaj, 2013; Richter et al., 2014). The term crowdsourcing is composed of "crowd" and "outsourcing", pointing to the meaning to outsource specific functions to a group of external persons (Kleeman et al., 2008). The concept is based on the idea of "wisdom of a crowd" (Surowiecki, 2004). It represents an approach being in a juvenile state of scientific research (Howe, 2008). Jeff Howe (2006a; 2006b; 2008) was the first to define crowdsourcing in an online article in 2006. Up to today, his definition remains the most prominent scientific one, which we therefore follow (Brabham, 2009; Starbird, 2012). The act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large of people in the form of an open call. (Howe, 2006b, p. 1) Besides crowdsourcing (Howe, 2008), crowdfunding is closely connected to micro lending (Vitale, 2013). Micro lending refers to the idea of funding of individuals, who do not have access to conventional financing from credit institutions (Armendariz and Morduch, 2010). As for crowdsourcing, various definitions of crowdfunding exist of which none did receive overall scientific acceptance (Tomczak and Brem, 2013). Therefore, prominent existing definitions will be presented: Lambert and Schwenbacher, 2010, p. 4, define crowdfunding as an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes. For Belleflamme et al., 2010, p. 5, Crowdfunding involves an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights. According to Fiedler and Horsch, 2014, p. 92, Crowdfunding comprises forms of capital supply, with which capital seeking companies publicly present themselves on specific internet based platforms to a big group of potential capital providers based on their innovative business idea and offer this group the opportunity to engage themselves with the allocation of funding (translated from German). Then for Hemer et al., 2011, p. 5, Crowdfunding is a form of project and innovation funding with micropayments (translated from German), and for Wenzlaff et al., 2012, n.p., Crowdfunding is a type of fundraising for creative projects, but also for companies. Most important aspect is, that crowdfunding is open, uses the methods of web 2.0 for communication and has usually a type of material or immaterial rewarding (translated from German). Voorbraak, 2011, p. 1, demonstrates that Crowdfunding is the process of one party requesting and receiving money and other resources from many individuals for financing a project, in exchange for monetary or non-monetary return on investment and for Tomczak and Brem, 2013, p. 338 It is the act of taking a loan/funding traditionally performed by a designated agent and outsourcing it to an undefined, generally large group of people in the form of an open call. Bottom line of all definitions from numerous authors is, that

crowdfunding focuses on raising financial funding from the public, represented by a group of people, by using specific internet -based platforms (Mazzola and Distefano, 2010; Ribiere and Tuggle, 2010; Yang et al., 2008).

## 1.2. Methodology of empirical framework of our study

The SME being a sample unit of our empirical study, we shall first define this concept in general, in Cameroonian context and lastly, in the empirical framework of our study.

### 1.2.1. SME in general and in Cameroon in particular

In general, the SME can be apprehended quantitatively, by the total number employed, business turnover, level of personal capital and investment as quantitative (Silem, 1994) considered autonomous enterprises in which the manager assumes the financial responsibility, technique and social without disassociating these elements. The absence of the unique and harmonious definition does not make all the Cameroon SME identification exercise easy. However on the basis of retained criteria's of usual SME definitions and the possibility of having easy access to information related to these criteria's, we have considered production units as innovating. SME that satisfy the following conditions: to be managed by nationals; to be a property of nationals, the number of workers should be 150 or more, to have a business turnover inferior to 1000 million of FCFA, about 1 524 490 euros. Despite of having a précised sample framework responding to the profile of SME retained for our directories and annuals of professional syndicates such as GICAM (Groupement Inter-patronal du Cameroun), Syndustricam (Syndicat des Industriels du Cameroun), Pro-PME (Orgnisme Canadien des PME au Cameroun) pertinent information for the constitution of our sample.

### 1.2.1. The empirical framework of our study

The methodological approach will permit us thanks to the use of specific tools to obtain interesting information on "sensible" questions in the Cameroonian context that are relative to quantitative and qualitative inputs. In reply to the research question asked below we have carried out an investigation in the SMEs in the city of Douala in Cameroon. We have chosen as our field of study, all commercial SMEs, industrial and services situated in Douala (Cameroon), where we submitted a standard questionnaire. The table below retraces the repartition of 60 SME of our study by sector of activity.

**Table 1: Repartition Of 60 Cameroonian Sme By Sector Activity**

Sectors	Number of establishments	Percentage of establishments
General trade	12	20
Food processing	16	26,6
Commercial services	7	11,6
Chemical transformation	2	3,4
Paper and carton	7	11,6
Textile and clothing	2	3,4
Wood and transformation	3	5
Metallurgical	3	5
Plastic	2	3,4
Material fabrication	3	5
Industrial services	3	5
	<b>60</b>	<b>100%</b>

#### Internal source

The four principal sectors in our sample are general trade, food processing industry, commercial services, paper and carton industry. These principal sectors represent about 69, 8% of all SME commercials, industrials and services in our study. However, our sample is slightly underrepresented in the food processing a developed sector, highly competitive and particularly concerned with the crowdfunding in the city of Douala. The interest of studying SME localized in the city of Douala is triple (Nkakleu, 2001; Beyina, 2003; NdongNtah, 2004): the first advantage is linked to the fact that the study bears on the city of Douala. As a matter of fact, it is the economic capital of Cameroon which regroups principal labor activities, railway and airport of the country. The second advantage is a strong density of SME in this city; hence, the analysis of funding problems effectively allows for validating or invalidating the massive resort of these SME to indebtedness. At last, the choice of the city of Douala as a field for analysis allows for a better understanding of the behavior of SME directors as opposed to the problem of their choice. We took a census of a list of SME constituting the mother population of our investigation. The mother population is composed of 180 industrial

and commercial SME members of organism's employers, property developer, cretes...and of Pro-PME which is a Canadian structure for the promotion of SME in Cameroon. On the basis of this mother population, we constituted a sample of 70 SME industrial, commercial and assimilated services activities from which seventy SME replied to our questionnaire.

### 1.2.3. Research hypothesis

Different authors seem to agree on the fact that SMEs resort more on short term debt whether short or long term debt must be mastered and a mastered debt is neither excessive nor insufficient (Cieply, 1997; Oloua, 2007). A mastered debt supposes a healthy financial structure and the later will be justified on the existence of a balance between personal funds and debt. It also matter to consider the positive impact that gear on debt can exercise. In this case, a mastered level of debt takes as back on two situations: Whether it is equal to optimal debt rate defined by the enterprise and corresponding to the financial structure that allows for maximizing net value. All the same it supposes the existence of a financial market and the possibility of having access to it. In such a situation, the optimal debt rate can be defined as one that can permit an enterprise to maintain its financial autonomy and growth without loosing profitability (Parranque&Cieply, 1997), that equally question on the problem of cost linked to debt; Whether it corresponds to an optimal debt capacity that is a liability structure above which the pain broker refuses to grant new fundings. But all SMEs bank debt and of its growth, the saturation of this debt is composed of short term credits and current banking competition (CBC) not allowing for risked investment of long duration, notably funding of investments. We observed the importance in volume of these forms of bank indebtedness in the balance sheets of SMEs, but they can be proven inefficient in the funding of investment. If thesis in favor of the renewal of investment projects can by pass the obstacle of delays (short), it seems to ignore negative incidence of high financial charges incurred on expected performances of the investment to be realized. Yet the fundamental problem is there; since lack of long bank fundings in the Cameroonian context or their insufficiency in the financial structure of SMEs does not allow the SME to benefit from the positive gearshift of bank indebtedness. All these analysis leads us to the first hypothesis (H1) of this study knowing that "bank indebtedness adapted to the needs of SMEs and well mastered by their directors can permit the SME to fund and to realize investments with incidences on commercial, financial, economic, social and organizational plans". These analysis come up with two types of problems in bank indebtedness of the SME: the problem of volume and objectives is to show that the present characteristics of bank indebtedness in the Cameroonian context in terms of volume and quality does not facilitate the realization and funding of investment starting from performances in the SMEs; to say it in a different way, on the point of volume and quality, bank indebtedness of the SME does not for development, realization and funding of her investments from where the first sub hypothesis (H1.1) comes up later: "the quality of bank offer towards Cameroonian SME can be an obstacle to the realization of investments of these enterprise". In effect, conditions of bank offers translate the quality of bank indebtedness of SMEs. We observe some inadequacy between needs of expressed funding by SMEs notably in the framework of investments and fundings really obtained. This inadequacy is equally observed between the level (and volume) of funding demanded by SMEs and the level of fundings offered by banks. To say it in a different way, SMEs are badly funded by banks and therefore, they are badly indebted. This is because banks grant only short term loans and hardly in the proportions and conditions which are in favor of the SME. This bad indebtedness that poses problem of quality cannot really permit SMEs to realize expected performances from where the second sub hypothesis (H1.2) brings thereafter "the slow level of bank indebtedness of Cameroon SMEs leading to low performances in the said SMEs and can be a handicap to funding of their investments". In effect, the balance sheets of Cameroonian SMEs hardly present long and medium term bank loans and when it is the case, there are debts of low amounts. Hence, the level of bank indebtedness is long and medium terms of SMEs remain relatively low. The consequences are that the SME cannot really benefit from financial profitability gear shift. In the same ways, because bank indebtedness of SME is globally low will have an unfavorable incidence on investments, investment projects, on the growth of assets, improvement of finding a funding strategy adapted to Cameroonian SMEs from which the second hypothesis (H2) of our study: "the funding strategy based on the modalities of appropriate funding to investment (of crowdfunding) type can contribute to profitability and to the innovation of Cameroonian SME". The two hypotheses that we have set worth form the core of the study. Elaborated from the pre-

investigation (Beyina, 2003, 2009) and the documentary research, this corpus of hypotheses put in relief the principal objectives of the research and constitutes the knot of the systematic investigation which the result will be presented.

**2-RESORTING TO INDEBTEDNESS OF CAMEROONIAN SMEs**

We have consecrated on this point to the presentation of some of the results of the investigation that we have carried out within Cameroonian SMEs. The investigation, thanks to plate and crossed sorting as well as tests of a certain number of conclusions.

**2.1.Indebtedness of Cameroonian SMEs (H1)**

Generally, let's remember that the financial literature has since tried to measure the power of indebtedness. Modigliani and Miller have shown that indebtedness, in the absence of imposition, does not act on the value of the firm (1958) but that the neutrality was disappearing in the presence of imposition (1963). In the last case, indebtedness was the creator of value (1963). Other authors have shown that indebtedness can be considered at the same time a signal (Ross, 1997) or a means of pressure on directors (Jensen, 1986). The inverse of authors such as Altman (1968, 1984), Collongues (1977), Gilson (1989, 1990) or Wruck (1990) show that excess indebtedness is generator to bankruptcy, of direct and indirect costs. However, the influence of indebtedness on profitability is conditioned by a series of factors such as the economic context (Platt & Platt, 1994), the structure of property (Charreaux, 1987), the capacity and reputation of the director (Pigé, 1997) better still, the activity sector (Titman & Opler, 1994; Oseo, 2006). In Cameroon, indebtedness is an important variable in the life of SMEs (Um Ngeum, 1997; Beyina, 2007). The theoretical approach of the phenomena of indebtedness of SMEs in Cameroon has witnessed significant developments. These developments have created a new reflexion on three essential questions that naturally emerge study on the relation between indebtedness and funding of Cameroonian SMEs. The first question is to know why and especially how someone is indebted, that is to say why and how the Cameroonian SME is indebted? The second question essentially concerns the characteristics of indebtedness of Cameroonian SMEs which in other terms, what is the debt structure of Cameroonian SMEs? The third question is to know the price on which Cameroonian SMEs are indebted.

**2.2-Why and how Cameroonian SMEs are indebted?**

**2.2.1.Funding modes**

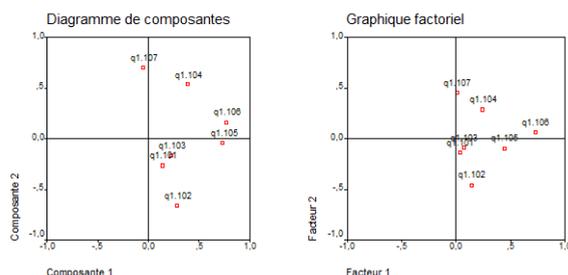
Cameroon SMEs resort to several funding modes, but the table below indicates certain funding modes are massively solicited in a permanent manner:

**Table n° 2: Funding modes of 60 SME (%)**

	NA	Not at all	A little	Averagely	Many	Total
Auto funding (q1.101)	5,00	31,67	26,67	16,67	20,00	100
Saving (q1.102)	3,33	33,33	38,33	20,00	5,00	100
Informal saving (q1.103)	8,33	10,00	11,67	46,67	23,33	100
Association (q1.104)	16,6	41,67	25,00	15,00	1,67	100
Loan (q1.106)	6,67	13,33	16,67	43,33	20,00	100
Crowdfunding (q1.106)	6,67	80,00	5,00	5,00	3,33	100
Cooperative and Others (q1.107)	8,33	61,67	18,33	10,00	1,67	100

Internal source

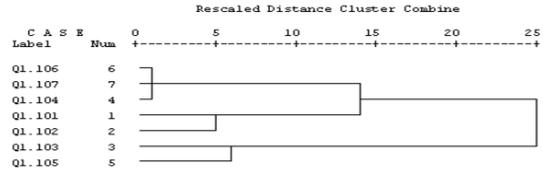
We note that the funding modes mostly solicited by Cameroonian SMEs are : informal saving and bank loan ; 46,67 % resort averagely to informal saving and 43,33 % resort averagely to bank loan ; 23,33 % resort in a great number to informal saving and 20% resort to bank loan. The component diagram and factorial graphic below equally confirms.



Results of the investigation indicate that: q1105 and q1103 are very closed to abscises axis and this explains notably the resort of SME as a priority to these two funding modes. Moreover, in terms of importance, bank loan comes in the second position after informal saving. This low level of bank indebtedness as compared to informal saving constitutes a handicap to SMEs that have solicited this mode of funding because funding of investments requires heavy financial means (H1.1).

**2.2.2.Dendrogram of funding modes**

\*\*\* HIERARCHICAL CLUSTER ANALYSIS \*\*\*  
Dendrogram using Ward Method



Dendograms, component diagram and factorial graphic of funding modes above principally confirms resort of Cameroon SMEs to these two modes of funding. In reading these results, they indicate that Cameroon SMEs resort massively to indebtedness (formal and informal: informal saving and banks). This resort to bank funding and informal saving is expressed notably by the influence of their personal capital. The results of investigated SMEs indicate : 31,67 % SMEs do not have personal capital, 26,67 % resort a little to their personal funds because of its weakness, 16,67 % SMEs resort averagely to their personal capital which is still insufficient ; **20 % of SMEs resort largely to auto-funding and only 3,33% resort to Crowdfunding.** Finally, in order to finance their activities, Cameroon SMEs resort to informal saving in priority; and the reasons are multiple: insufficient capital, low level of bank indebtedness which is a serious handicap for the choice of funding investments.

**2.2.3.Characteristics of interest rates, evolution of financial charges**

Resort to bank funding and especially informal saving distinguishes itself from other modes of funding as well as financial charges derived from it, "khi-deux tests", the correlation tables indicates and confirms.

**Table n° 3 : Khi deux tests**

	Value	Dd1	Symbolic significance (bilateral)
Person's khi deux	199,354 249	48	5,2263E-08
Probability report	133,721553	48	5,1513E-10
Linian by lineas association	11,9697746	1	0,0005407
Number of valid observations	149		

56 units (88,9 %) have a theoretical number inferior to 5. The minimum is from, 03.

In the above table and thanks to khi deux test, we have double breasted the rate variable and the funding mode variable. The critical probability is equal to zero; therefore, inferior to 5 %. This confirms effectively the hypothesis that the rate variable influences the funding modes (banks and informal saving) significantly even in the breakeven of 1 %. The rate of loan therefore depends on the funding source and the nature of loan. Concerning bank loan, the rate is about 20 % (Beyina, 2007). This rate can reach 30 and 40 % monthly for informal funding by group saving (Beyina, 2007, Um, 1994, Nkakleu 2003) or even go above this breakeven. The impact of charges linked to different rates applied is therefore considerable. In summary, the result obtained here confirms the hypothesis that SMEs resort massively to indebtedness. Despite high cost of indebtedness (cf supra khi deux test), these SMEs prefer to continue to indebt. We must however recall that indebtedness whether formal or informal involves heavy financial charges as well as difficult conditions of access.

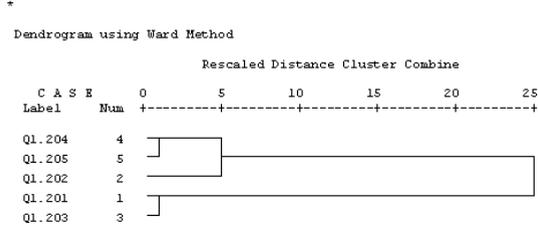
**2.2.4.Conditions of access to funding modes**

**Dendrogram of interest rate**

CCQ1.205: Crowdfunding, Q1.203: Association, Q1.202: Cooperative and Others, Q1.201: Loan, Q1.204: Informal saving

**Dendrogram of financial charges**

\*\*\* HIERARCHICAL CLUSTER ANALYSIS \*\*\*



Q1.405: Crowdfunding, Q1.403: Association, Q1.402: Cooperative and Others, Q1.401: Loan, Q1.404: Informal saving

**Table 4: Categorical regression in the choice of the funding mode (H11, H12)**

Independent Variables	DEPENDENT VARIABLES				
	Crowd funding	Association	Informal Saving	Cooperative And Others	Bank Loans
Interest Rate	0,877*** [0,108] (0,000)	0,052 [0,272] (0,850)	0,746*** [0,151] (0,000)	0,236 [0,234] (0,367)	0,458** [0,175] (0,022)
Financial Charges	-0,856*** [0,113] (0,000)	0,611*** [0,118] (0,000)	0,697*** [0,156] (0,000)	0,374*** [0,121] (0,000)	0,664*** [0,167] (0,008)
Guarantees	-0,709*** [0,117] (0,000)	-0,369*** [0,159] (0,002)	0,541*** [0,160] (0,007)	-0,272* [0,172] (0,064)	0,495** [0,172] (0,017)
Solvability	0,708*** [0,119] (0,000)	0,467* [0,238] (0,053)	0,684*** [0,163] (0,000)	0,307 [0,209] (0,121)	0,568** [0,169] (0,036)
Global Statistics Of The Model	9,034*** (0,000)	11,478*** (0,000)	7,867*** (0,000)	5,660*** (0,000)	7,336*** (0,000)
R <sup>2</sup>	0,771	0,683	0,656	0,573	0,599
R <sup>2</sup> Ajuste	0,537	0,467	0,509	0,329	0,359

**Internal Source**

The categorical regression above justifies the propensity of SMEs to run for different funding modes. This influential and dependence relation of some variables amongst others is explained through coefficients and determination (R<sup>2</sup>) situated in the table above between 0,573 and 0,771 and the degree of significance respectively at the range of 1%, 5% and 10%. Interest rate, guarantees and solvability of the investigated SMEs positively influences the choice of informal saving and bank loans and in a least measure crowdfunding.

**3-CROWDFUNDING AS A NEW CONTROL AND DEVELOPMENT TOOL**

**3.1.Resorting to new loans**

Despite costs of indebtedness whether formal or informal, the SMEs investigated prefer to continue to be indebted. Results of the carried out investigations, about 60 Cameroonians SMEs regrouped in the following table are clearly illustrated.

**Table 5: New loans envisaged by the investigated SMEs (%)**

	NA	Yes	No	Total
New loans	0,00	86,67	13,33	100

**Internal source**

Cameroonians SMEs investigated prefer to indebt themselves despite all (86, 67%). The whole problem is that of adaptation to this indebtedness to the needs of the SME and mastery of the adaptation by directors.

**3.2.Stable investment funding of Cameroonian SMEs.**

**Table 6: Funding of investment projects**

	NA	Yes	No	Total
Enterprise results	8,33	81,67	10,00	100
Business turnover	8,33	73,33	18,33	100
Auto-funding	10,00	65,00	25,00	100
Reserves	6,67	66,67	26,67	100

**Internal source**

The enterprise contributes competitive results of 81, 67% to the funding investments projects. 73, 33% estimate to fund their investments with their business turnover. In sum, we establish a fact

that if financial charges are high, SMEs that fund their investments with benefits will have serious difficulties. Correlation between different variables illustrates and confirms these difficulties. In revenge, if there is a positive return on investment, i.e. indebtedness adapted to, the needs of SME and well mastered by directors, who would be able to fund and realize their investments with benefits obtained. In sum, SME and well mastered by directors facilitates funding and realization of investments (H.12). Funded investment can have an impact on social plan, organizational, commercial, economic and financial of the SME.

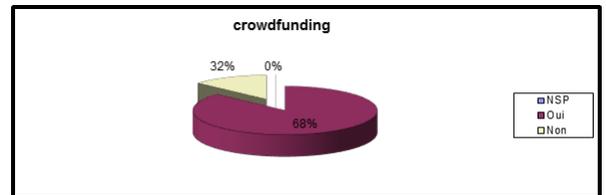
**4-CROWDFUNDING: IMPORTANCE AND CONTRIBUTION TO INVESTMENT AND PROFITABILITY OF CAMEROONIAN SMEs (H.2)**

Two principal funding structures characterize the Cameroon country side financier: formal funding and informal funding structures.

It seems necessary and even important to find a funding strategy that could permit structures to be able to minimize all the risk incurred an to develop a serious and efficient partnership based on success criteria's, profitability and development no matter the choice of funding structure: we are thinking of crowdfunding adapted to realities of Cameroonians. However, SMEs rely on the advices they may receive from funding institutions, necessary. The result to this issue of investigation that we have carried out on Cameroonian SMEs is returnable in graphic below.

**4.1.Percentage of acceptance to capital participation (crowdfunding) of investigated SME**

**Graphic n°1 : new loans ( crowdfunding ) .**



**Internal source**

The figures are revealing: more than 68% of the SMEs investigated are very much interested in this initiative (H2.). Majority of the SMEs investigated would voluntary accept a crowdfunding in their enterprise (H2).

**4.2.Models of crowdfunding**

New ventures require resources to succeed, and one of the most critical of these is financing (Mazzola, D. and Distefano, A. (2010). Over the past few years, crowdfunding has emerged as novel way for entrepreneurial ventures to secure funds without having to look for venture capital or other traditional sources of venture investment. Crowdfunding is a novel method for funding a variety of new ventures, allowing individual founders of for-profit, cultural, or social projects to request funding from many individuals, often in return for future products or equity. Crowdfunding projects can range greatly in both goal and magnitude, from small artistic projects to entrepreneurs seeking hundreds of thousands of dollars in seed capital as an alternative to traditional venture capital investment (Schwienbacher and Larralde, 2010). It is more of an informal form of financing projects – either commercial or non-commercial. Here, a large number of people (the crowd) fund small amounts of money to accumulate into an investment large enough to finance a project (or a start-up company). There are 2 basic models of crowdfunding: EQUITY-BASED AND LENDING-BASED/ DONATION-BASED AND REWARD-BASED. But overall four models in terms of financing do exist (Beck, 2012; Giudici et al., 2012; Leimeister, 2012). Scholars divide crowdfunding into a *donations, reward, lending and equity model*. The donations model refers to a classic fundraising objective with the difference that the donations are made via internet and, in most cases, a specific intermediary. Donators receive no material but immaterial, social rewarding in return for their contributions. For the realization of creative projects, the donations model is commonly applied. It is also regarded as a rising opportunity for public institutions, such as libraries, to be financially funded by the crowd ( McKinley, 2012). The only immaterial rewarding represents an option for investors to take part in "real-world problems" (Wiggins and Crowston, 2011, p. 1) with their engagement in the crowd. The

reward model includes both, material and immaterial rewarding. For crowdsponsoring investors are solely rewarded via acknowledgements (intersection to the donations model) as their name might appear in the funded project (Belleflamme et al., 2013; Kortleben and Vollmar, 2012). In pre-selling or also pre-ordering, rewarding is materially based as investors receive the financed project or product before publication or market entrance (Hemer et al., 2011; Röthler and Wenzlaff, 2011). Small loans are given in the lending model. Investors receive a fixed interest rate in this case. These kinds of contracts can either be made between private persons when a private investors finances a private fundraiser (Peer-to-Peer-Lending) (Hemer et al., 2011; Kaltenbeck, 2011; Kortleben and Vollmar, 2012), or from private persons to companies (Barasinka and Schäfer, 2010; Mach et al., 2013). The equity model comprises a fundraising via selling shares of the fundraised company to the crowd. This is especially in the german-speaking area often described as crowdinvesting (Leimeister and Zogaj, 2013; Hornuf and Klöhn, 2013) or "investment crowdfunding" (Barnett, 2013, p. 1), when start-ups and entrepreneurs receive money from the crowd and bridge early stage gaps in funding (Mollick, 2013). Investors receive a profit sharing as a material reward (Beck, 2012; Brem and Wassong, 2014). This model has received highest scientific attention in the past (Moritz and Block, 2014). The dimensions of crowdfunding differentiate in terms of the allocation of resources and the reflux to investors (Moritz and Block, 2014; Zhang, 2013). In general, participants in the crowd can be rewarded in different ways: material (Vukovic et al., 2009) or immaterial via social acknowledgement (Kazai, 2011).

#### 4.3. Crowdfunding, risk-capital and other methods

Risk capital as Crowdfunding (Bessière, 2014), is a funding mode of the enterprise, in creation, in the development phase. It constitutes contribution of personal funds that implicates a share of risks and of opportunities between the enterprise and the financial partner (Château, 2012). It is registered in the long term relation through whom the investor's objective is to realize a surplus capital gain or achieve certain socio-economic objectives. The funding mechanism through capital risk and crowdfunding permits the reduction of agency problem between investors and entrepreneurs and by its suppleness, considers the needs of the enterprise in function of its stage of development and the evolution of new risk; it is accompanied notably by ad hoc innovations: concerning managerial plan, financial, organizational, etc. this type of new funding is combined with a follow up or partnership (Etoundi, 2003). In the framework of this article we are proposing a funding model by crowdfunding adapted to in funding SMEs we think that it can contribute to long term funding strategy, efficient solutions to the problems of SMEs.

#### CONCLUSION

Funding modes that are most appealing to Cameroonian SMEs are: group contribution of funds and bank loan (46, 67% of SMEs resort averagely to group contribution and 43, 33% to bank loan). In order to fund their investments, these SMEs resort to group contribution as a priority. The reasons are multiple:

Under-capitalization, bad quality of bank offer, and low level of bank indebtedness is due to bad quality of indebtedness bank offer being the results of a serious handicap for SMEs that have request this mode of funding under conditions where funding of stable investments requires important financial means. This inadequation of bank funding and group funding leads to resorting to funding by crowdfunding which is a strategy of funding that combines assembly (financial and legal) and the follow up of operation (68% of investigated SMEs are deeply interested in this mode of funding). Funding by crowdfunding strategy that we propose in this article is one way of funding that will allow for re-establishment of confidence among the different partners. Partnership that originates from these types of specific funding permits the different participating and respect the development and payment schedule. This partnership is manifested by can assistance of several stages. An answer to under-capitalization of enterprises, SMEs in particular and opportunists behaviors of certain leaders of these SMEs. It is equally translated by ad hoc innovations on a strategic plan, managerial, technique, financial and organizational. It is an efficient and fragile solution, risk proven, first to personal objectives, managerial deficiency of directors of SMEs are suffering. Taken as such, crowdfunding is not only efficient but it is also a means of

funding which is a veritable controlling tool of development for SMEs potentially innovating and for ordinary SMEs.

#### ANNEX

##### CAMEROON EXPERIENCE OF CROWDFUNDING

###### COMPANY NAME

"FundAndImpact Inc"

###### ADDRESS

Checkpoint, Molyko, [Buea, Cameroon](#)

###### COMPANY NAME

"MBOAGiveSAS"

###### ADDRESS

Rue de Ngouso, Immeuble Pharmacie Bleue, [Yaounde, Cameroon](#)

###### COMPANY NAME

"Guanxi Investment SAS"

###### ADDRESS

Activespaces, Immeuble TECNO, Akwa, [Douala, Cameroon](#)

###### COMPANY NAME

"CARDIOPAD"

[Arthur Zang, inventeur](#)

###### COMPANY NAME

le porte-monnaie numérique « Pursar » du camerounais Otto Isong

###### COMPANY NAME

« [webzine Afropolitain](#) » du camerounais « FlashizBlack »

#### REFERENCES

1. ALTMAN E. (1984), "A Further empirical investigation of the bankruptcy cost question", Journal of finance, vol. XXXIX, n°4, p. 1067-1059
2. AMAPILE T. (1997), "Motivating creativity in organization on doing what you love and living what you do", California Management Review 40, p. 39-58.
3. AMABLE B. (1997), « Confiance dans le système bancaire et croissance économique » Revue économique, 48 (3), p. 397-407.
4. AMABLE B. J-B. CHATELAIN et K. RALF (2006), ' Nantissement de brevets et croissance des innovations ', Revue d'économie politique, 117 (4), p. 523-540.
5. ANG J. S. (1992), "On the theory of finance for privately held firms", The Journal of Small Business Finance, vol. I, n° 1, p. 1-13.
6. ARMENDARIZ, B. AND MORDUCH, J. (2010) The Economics of Microfinance, Cambridge, MIT Press
7. BACH L. et G. LAMBERT (2000), « Une étude transversale des facteurs d'innovation forces et faiblesses respectives des PME et des grandes entreprises » séminaire organisation innovation et international sur le thème PME face à l'innovation et à la gestion des connaissances, rôle des grandes entreprises », Compiègne, janvier.
8. BALDWIN J. W., C. CHANDLER et T. PAPALIADIS (1994). Stratégies de réussite profil des petites et moyennes entreprises en croissance (PMEC) au Canada, Statistique Canada, n° 61-523R F, hors-série.
9. BARASINKA, N. AND SCHÄFER, D. (2010) 'Does Gender Affect Funding Success at the Peer-to-Peer Credit Markets? Evidence from the largest German Lending Platform', DIW Discussion Paper, Vol. 2010, No. 1094
10. BARNETT, C. (2013) Top 10 Crowdfunding Sites for Fundraising. New York: Forbes
11. BECK, R. (2012) Crowdinvesting: Die Investition der Vielen, Düsseldorf, CreateSpace Independent Publishing Platform
12. BEKOLO C. (2003), Réseaux relationnels et relais entrepreneuriaux dans le processus de création d'entreprises, les journées scientifiques du réseau entrepreneuriat de l'Agence universitaire de la Francophonie, Université de Rouen.
13. BELLEFLAMME, P., LAMBERT, T. AND SCHWIENBACHER, A. (2013) 'Individual crowdfunding practices', Venture Capital, Vol. 15, No. 4, pp.313-333.
14. BESSIERE, V. & STEPHANY, E. (2014). Le financement par crowdfunding: Quelles spécificités pour l'évaluation des entreprises ?. Revue française de gestion, 242,(5), 149-161.
15. BETBEZE, J. (2014). Financer les PME en France : encore un « papier » !. Revue d'économie financière, 114,(2), 31-38.
16. BEYINA E. (2009). Le financement par capital risque dans les PME innovantes : Le cas spécifique des PME innovantes camerounaises, revue innovations, n°29, 2009, p.169-184.
17. BEYINA E. (2007). Financements et rentabilité des PME innovantes camerounaises », Thèse de Doctorat ès sciences de gestion, ULP, Strasbourg 1.
18. BEYINA E. (2003). Financements et rentabilité des PME, Mémoire de DEA, Université. Louis Pasteur Strasbourg.
19. BRABHAM, D.C. (2009) 'Crowdsourcing the Public Participation Process for Planning Projects', Planning Theory, Vol. 8, No. 3, pp.242-262
20. CHABBAL R. (1994), Un plan d'action pour les PME innovantes, rapport de l'OCDE, Paris.
21. CHARREAUX G. (2001), Image de l'investissement, Ouvrage collectif, édition Vuibert, FNEGE, 413p.
22. CHARREAUX G. (1987), La théorie positive de l'agence une synthèse de la littérature, dans de nouvelles théories pour gérer l'entreprise, Economica, Paris.
23. CHATEAU TERRISSE, P. (2012). Le dispositif de gestion des organisations hybrides, régulatrice de logiques institutionnelles hétérogènes ? Le cas du capital-risque solidaire. Management & Avenir, 54,(4), 145-167.
24. COLLONGUES Y. (1977), "Ratios financières et prévision des faillites des PME", Revue banque.
25. CONSTAND R., J. OSTERYOUNG et D. NAST (1990), "Asset-based financing and the determinants of capital structure in the small firm", in R. Yadzipour (cd.), Advances in small business finance, Kluwer, Boston.
26. DIETSCH, M. & MAHIEUX, X. (2014). Comprendre le déficit de financement des PME pour stimuler leur croissance. Revue d'économie financière, 114,(2), 17-30. doi:10.3917/ecofi.114.0017.
27. DOSI G. (1990), "Finance, innovation and industrial change", Journal of Economic Behaviour and Organization, n° 13, P. 299-319.
28. DUFOURCQ, N. (2014). Le financement des PME : un enjeu de compétitivité. Revue d'économie financière, 114,(2), 39-54.
29. ETOUNDI C. (2003), Analyse de l'impact d'un financement par capital risque sur la

- contrôlabilité de la PME: cas de Cenainvest SA et 18 PME camerounaises », 8es journées scientifiques du réseau entrepreneurial de l'agence Universitaire de la Francophonie, Université de Rouen.
30. FIEDLER, S. AND HORSCH, A. (2014) 'Crowdfunding als Finanzierungsalternative', Zeitschrift für KMU und Entrepreneurship, Vol. 1, No. 2014, pp.91-98.
  31. FREEMAN C. and C. PEREZ (1988), "Structural crises of adjustment, business cycles and investment behaviour", in G. Dosi et al (dir), Technical Change and Economic Theory, Pinter Publishers, London, p. 3866.
  32. GAGNON J. M. et B. M. PAPILLON (1984), Risque financier, taux de rendement des entreprises Canadienne et intervention de l'Etat, Conseil économique du Canada, Ottawa.
  33. GILSON S. C. (1997), "Transactions costs and capital structure choice Evidence from financially distressed firms", Journal of Finance.
  34. GIRIN J. (1989), L'opportunisme méthodologique dans les recherches sur la gestion des organisations, communication à la journée d'étude, la recherche-action en action et en question, AFCET, colloque systémique, Ecole centrale de Paris, 10 mars.
  35. GOMPERS R. A. et J. LERNER J. (2001), "The venture capital revolution", Journal of Economic Perspectives, vol. 15, n° 2, p. 145-168.
  36. GUILHON B. et S. MONTCHAUD (2003), Le capital-risque et les jeunes entreprises innovantes: problématique et enjeux', Revue internationale PME, vol. 16, n° 3-4.
  37. HEMER, J., SCHNEIDER, U., DORNBUSSCH, F. AND FREY, S. (2011) Crowdfunding und andere Formen informeller Mikrofinanzierung in der Projekt- und Innovationsfinanzierung, Karlsruhe, Fraunhofer ISI
  38. HERAUDJ. A., F. MUNIER, et F. RONDE (2007), «La densité scientifique et technologique des régions, facteur de la capacité d'innovation des firmes », p. 133-149, in Rallet et Torre (eds), Quelles proximités pour innover
  39. HOLMES S. et P. KENT (1990), "An empirical analysis of the financial structure of small and large Australian manufacturing enterprises", 5th National Small Business Research Conference, Toowoomba, Queensland.
  40. HOWE, J. (2008) Crowdsourcing: Why the Power of the Crowd is driving the Future of Business, New York, Crown Business.
  41. HOWE, J. (2006b) Crowdsourcing: A Definition: Crowdsourcing.
  42. HOWE, J. (2006a) 'The Rise of Crowdsourcing', Wired Magazine, Vol. 14, No. 6, pp.1-5
  43. HUSSLER C. (2004), Espaces, externalités de connaissances et innovation éclairages théoriques et empiriques, Thèse de doctorat, ULP.
  44. JENSEN M. C. (1986), "Agency costs of free cash flow, corporate finance, and market of takeovers", American Economic Review.
  45. JULIEN RA. (1994), Les PME, Bilan et perspectives, Economica, GREPME (groupe de recherche en économie et gestion des PME), Paris.
  46. KAMDEM E. (2001), Enracinement socioculturel et innovation managériale en AFRIQUE, Revue camerounaise de management.
  47. KAREN HOPPER W. (1990), "Financial distress, reorganization, and organizational efficiency", Journal of Financial Economics, vol. 27, n° 2, p. 419-444.
  48. KAZAI, G. (2011) 'In Search of Quality in Crowdsourcing for Search Engine Evaluation', Computer Science, Vol. 2011, No. 5511, pp.165-176.
  49. KLEEMAN, F., VOB, G.G. and RIEDER, K. (2008) 'Un(der)paid Innovators: The Commercial Utilization of Consumer Work through Crowdsourcing', Science, Technology and Innovation Studies, Vol. 4, No. 1, pp.5-26.
  50. LACHMANN J. (1992), Le seed capital: une nouvelle forme de capital risque, Economica, Paris.
  51. LAMBERT, T. AND SCHWIENBACHER, A. (2010) An Empirical Analysis of Crowdfunding, Louvain-la-Neuve, Louvain School of Management, Catholic University of Louvain.
  52. LEIMEISTER, J.M. (2012) 'Crowdsourcing: Crowdfunding, Crowd voting, Crowdcuration', Zeitschrift für Controlling und Management, Vol. 2012, No. 56, pp.388-392.
  53. LEIMEISTER, J.M. AND ZOGAJ, S. (2013) 'Neue Arbeitsorganisation durch Crowdsourcing', Hans-Böckler-Stiftung Arbeitspapier Arbeit und Soziales, Vol. 2013, No. 287.
  54. LENFLE S. et C. MIDLER C. (2002), Stratégies (l'innovation et organisation de la conception dans les entreprises amont », Revue française de gestion, 140 (28), p. 89-105.
  55. LEVRATTO N. (1990), Le financement des PME par les banques: contraintes et limites de la coopération', Revue Internationale PME, vol. 3, n° 2, p. 193-213.
  56. MATRAY L. (1992), "Les PME manquent de fonds propres», Revue Française de gestion, 95p. 70-76.
  57. MAUNOURY J.-L. (1980), Encyclopédie Universalis «, vol. 8, Paris.
  58. MAZZOLA, D. AND DISTEFANO, A. (2010) Crowdsourcing and participation process for problem solving: the case of BP, Naples, VII Conference of the Italian Chapter of AIS, Information technology and Innovation trend in Organization
  59. MCKINLEY, D. (2012) Practical management strategies for Crowdsourcing in libraries, archives and museums, <http://www.digitalglam.org/wp-content/uploads/2013/03/McKinley-2012-Crowdsourcing-managementstrategies.pdf>, accessed on 14.08.2014.
  60. MODIGLIANI E et M. MILLER (1963), "Corporate Income taxes and the cost of capital: a correction", American Economic Review, 53 (3), p. 433-443.
  61. MODIGLIANI F. et M. MILLER (1958), "The Cost of capital, Corporation finance and the theory of investment", American Economic Review, 48, p. 26 1-297.
  62. MOLLICK, E. (2013) 'The dynamics of crowdfunding: An exploratory study', Journal of Business Venturing, Vol. 29, No. 2014, pp.1-16
  63. MORITZ, A. AND BLOCK, J. (2014) 'Crowdfunding und Crowdfunding: State of the Art der wirtschaftswissenschaftlichen Literatur', ZfKE, Vol. 62, No. 1, pp.57-90
  64. MYERS S. C. (1977), "Determinants of corporate Borrowing", Journal of Financial Economic, vol. 5, p. 147-175.
  65. NDONG NTAHM. (2004), « Informatisation et performance dans la PME au Cameroun », Revue Internationale PME, vol. 17, n° 2.
  66. NKAKLEU R. (2001), « Pour une approche contingente des PME au Cameroun », Thèse de Doctorat ès Sciences de Gestion de l'Université Louis Pasteur-Strasbourg 1.
  67. OSEO (2006), « PME et innovation technologique. Pour une relation plus naturelle », Regards sur les PME, Paris.
  68. PACITTO J. C. et P. A. JULIEN (2006), Le marketing est-il soluble dans la très petite entreprise?, Revue internationale PME, vol. 19, n° 3-4.
  69. PAIRAUT T. (1993), Banques et PME et financement tontinier, in Ponso B. et Schaan J. L., L'esprit d'entreprise : aspects managériaux dans Le monde francophone, John Libbey Eurotext, Ottawa p. 427-446.
  70. PARANQUE B. et S. CIEPLY S (1997) « Comportement d'endettement et risques : Apports et limites d'une approche en termes de taille », Bulletin Banque de France, n° 37 janvier, Paris.
  71. PIGE B. (1997), Le marché boursier réagit-il à l'annonce des changements de dirigeants ? » Revue Finance, vol. 18, n° 2, p. 51-66.
  72. ROSS S. (1977), "The Determination of financial structure: the incentive signaling approach", Bell Journal of Economics.
  73. SCHLINK G. (2006), « Les déterminants du partage des idées créatives comme enjeux de l'innovation, une application à la relation entre la nouvelle entreprise innovante et son financeur » Thèse de doctorat ès sciences économiques, Université Louis Pasteur.
  74. SCHNEIDER M. (1999), Analyse contingente du processus d'innovation », Thèse de doctorat, ULP, Strasbourg.
  75. SILEM A. (éd.) (1994), Encyclopédie de L'économie et de gestion, Hachette Education, Paris.
  76. STEPHANY E. (2001), « L'évolution des pratiques du capital-risque en France », Revue française de gestion, septembre-octobre, p. 62-75.
  77. STIGLITZ J. et A. WEISS A. (1987), "Credit rationing in markets with imperfect information", The American Economic Review, June, p. 393-409.
  78. STIGLITZ J. et T. HELLMANN (1998), "Credit and equity Rationing in markets with adverse selection", European Economic Review, August, p. 281-304.
  79. SURET J. M. et L. ARNOUX (1995), « Capitalisation (les entreprises Québécoises : évolution et état de la situation, Revue internationale PME, 1995, vol. 8, n° 3-4, p. 165-179.
  80. SUROWIECKI, J. (2004) The wisdom of crowds: Why the many are smarter than the few and how collective wisdom shapes business, economies, societies, and nations, New York, Doubleday
  81. TAMARI M. (1980), 'The financial structure of the small firm: an international comparison of corporate accounts in the USA, France, U.K., Israel and Japan', American Journal of Small Business, vol. 4, n° 4, p. 20-34.
  82. TITMAN S. et T. OPLER (1994), "Financial Distress and Corporate Performance", Journal of Finance, vol. 49, n° 3, p. 1015-1040.
  83. TOMCZAK, A. AND BREM, A. (2013) 'A conceptualized investment model of crowdfunding', Venture Capital: An International Journal of Entrepreneurial Finance, Vol. 15, No. 4, pp.335-359
  84. VITALE, M. (2013) Crowdfunding: Recent International Developments and Analysis of Its Compatibility with Australia's Existing Regulatory Framework, <http://ssrn.com/abstract=2324573>, accessed on 21.03.2014
  85. VOORBRAAK, K.J.M. (2011) Crowdfunding for Financing New Ventures: Consequences of the Financial Model on Operational Decisions, Eindhoven, Eindhoven University of Technology.
  86. VUKOVIC, M., MARIANA, L. AND LAREDO, J. (2009) PeopleCloud for the Globally Integrated Enterprise, In Asit, D., Gittler, F. and Tourmani, F. (eds.), Service-Oriented Computing, Berlin: Springer Verlag, 109-114
  87. WENZLAFF, K., GUMPELMAIER, W. AND EIFELD-RESCHKE, J. (2012) D e f i n i t i o n v o n C r o w d f u n d i n g . <http://www.ikosom.de/2012/06/11/definitionvoncrowdfunding-beta/>, accessed on 01.08.2014.
  88. WIGGINS, A. AND CROWSTON, K. (2011) 'From Conservation to Crowdsourcing: A Typology of Citizen Science', Proceedings of the 44th Hawaii International Conference on System Science (HICSS-44), Vol. 2011, No. 44
  89. WILLIAMSON S. (1986), "Costly monitoring, financial intermediation, and equilibrium credit rationing", journal of Monetary Economic, 18 (2), p. 159-179.
  90. WITTEWULGHE R. (1998), La PME, une entreprise humaine, De Boeck Université, Paris-Bruxelles.
  91. ZIANE Y. (2001), ' La structure d'endettement des PME Françaises une étude sur données de panels e, mémoire de LEA, 2001, Université Paris X Nanterre.