

EFFECT OF MOBILE PHONE USE IN SMALL AND MEDIUM ENTERPRISES SUCCESS

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Abstract

This research sought to identify the key success factors for SMEs and how they can leverage on the mobile phone use to enhance their competitiveness in this epically competitive globalised business environment. The research sought to achieve the objectives outlined in the introduction. A survey research design of SMEs offering services within the Orange walk, Belize was used for the purpose of the research. 100 respondents from seven SMEs were selected as sample elements through a purposive sampling technique. Data collection was done mainly through questionnaires and was analysed using simple percentage. The research found that effective management, effective marketing and good customer relationship are critical success factors for SMEs with effective management and good customer relationship management taking precedence and that SMEs are able to enhance the effectiveness of their management operations, marketing programs and customer relations by investing in mobile phone use. It was therefore recommended that SMEs should train their staff and customers effectively and promote the use of the mobile phone services to enhance effective adoption by customers.

Keywords: *SMEs, mobile phone, success, factors*

Introduction

Over the recent past, SMEs (SMEs) have attracted significant attention from different quotas including politicians, economic analysts, policy makers and business analysts. One of the most common illuminated aspects of the SMEs is their importance in the economic development of different economies especially in the developing economies.

Within a society whose work is to enhance its economic growth, the role played by SMEs in the developing economies continues to be a significantly debated topic. Gibson and Vaart (2008) opine that this debate has been based on faulty definitions of SMEs. Bridge, O'Neill and Cromie (2003) observes that enterprise as a word has been used in a wide range of undertakings and contexts. An enterprise as described by Salminen (2000) as a controlled system comprising of a detector, selector and an effector. The detector acquires information from the environment which forms the basis for selecting a behavioural response by the selector, which is executed by the effector. Due to the diversity of small businesses, there are varied definitions for SMEs (Lindne and Bagherzadeh, 2004). The basis for these definitions is also varied including capital investment, economic, social and cultural dimensions and the number of employees as identified by Ahmed and Salaheldin (2005). Different multilateral institutions have developed their own definition of an

SME based on various bases some of which are indicated in the table below;

Table 1: Definitions of SMEs by Multilateral Institutions (Gibson and Vaart, 2008)

Multilateral institution	Maximum number of employees	Maximum revenues or turnover (USD)	Maximum asset value (USD)
ADB	50	None	None
UNDP	200	None	None
MIF – IADB	100	3,000,000	None
World Bank	300	15,000,000	15,000,000

Ghosh *et al*, (2018) defines key success factors as those factors which are critical for excellent performance of the business, as opposed to mere survival of the business which is the function of the critical success factors. Several studies have been undertaken on SMEs to identify key success factors attributable to their success businesswise. A cross-national study done by Ghosh and Kwan (2016) covering SMEs from different nations identified a number of factors that contribute to successful SMEs. However, three major factors were identified as standing out including effective management, marketing and good customer relationship. However, research identified that the reason for success of SMEs is that they have developed their ability to identify and focus their synergies on one or a few market niches.

Effective management determines the manner in which resources within the enterprises are put into use, through effective strategies. The management is tasked with the responsibility of formulating strategies that would spur their businesses to higher levels by beating the forces of competition in their respective areas of operation. Under this onus, they therefore play a significant role in the successful performance of their respective businesses.

Good customer relationship helps in acquisition, retention and extension of customer accounts with the business. Customer acquisition refers to the process of bringing into the business new customers while customer retention refers to the activities of maintaining the acquired business by soliciting repeat business from the customers and customer extension refers to the activities that lead to an increase in the volume of business held by an individual customer. Good customer relationship is the product of good customer service that a customer would cherish. In some quotas good customer service is considered as the lifeblood of any business irrespective of its size. This is mainly concerned with bringing customers back for another transaction with the

business to become repeat customers. Finally, marketing is an important factor in enhancing the success of a business especially where the business operates in a highly competitive environment. Marketing is defined as the process of determining the wants and needs of customers and going forth to deliver products that meet the identified needs and wants.

Paelke, Reinmann and Rosenbach (2013) and Sarker and Wells (2013) defined a mobile device as a handheld pocket sized device for computing with a small screen for displaying the output and a mini keyboard on either a touch screen or keypad used as an input device. The authors identified a number of devices as examples of the mobile devices including cell phone, PDA, smart phone or any other computing device that is portable. According to Huang (2008) the handheld mobile devices that affect small and medium scale enterprises include PDA, cell phones and the like, which are expected to influence positively the business performance of the SMEs. The author identified that mobile devices that are used for entertainment purposes for instance Play Station Portable and MP3 players were of less relevance to the performance of the SMEs.

Chu and Ganz (2015) define a cell phone as an electronic telecommunication mobile device that makes use of satellite transmissions or radio waves to communicate over either digital or analog wireless network. They are commonly named as mobile or cellular phones. This device supports Short Message Service (SMS), voice calls, Web browsing, email, Multimedia Message Service (MMS), Address Book, Money Transfer services and Banking. On the other hand a Personal Digital Assistant (PDA) support fax capability, email service and voice communication vide a wireless network connection. It also supports software applications like Internet Explorer (IE). These devices have evolved to include the functions of 3G and cell phone. A smart phone according to Zheng and Ni (2016) is a handheld device combining the functions of PDA and cell phone with advanced operating systems. The applications supported by the mobile devices could be of significant assistance to the SMEs if when integrated in business operations as identified by Roldan and Wong (2018). To this end, this paper aim to assess the key success factors for SMEs and investigate the effect of mobile phone use on SMEs' critical success factors.

Research Method

The research was conducted through a survey research design. The population of study for this research comprised of the SMEs within the Orange walk, Belize. The sample size constituted a total of 100 respondents from 7 SMEs providing services within the area of study. Purposive sampling technique was applied for the purpose of the proposed research. Since the research, has specific objectives that need to be achieved at the end of the research as indicated in the introduction section above, the sample elements was selected purposively to ensure that the objectives have been attained. Questionnaire was used to collect data. The questionnaire was designed to include three sections aimed at collecting different data for the purpose of the research. The first section aimed at collecting general information about the respondents. The second and third sections aimed at collecting data on the critical success factors of SMEs offering services and

contribution of mobile phone uses to the critical success factors as perceived by the respondents. Simple percentage was used to analyse the data collected.

Result and Discussion

Critical Success Factors for SMEs

Table 2: Critical success factors for SMEs

Critical Success Factors for SMEs					
Critical success factors	Importance				
	1	2	3	4	5
	important at all	Less important	Fairly important	Important	Highly important
Effective management	0	2	2	20	77
Percentage (%)	-	1.98	1.98	19.80	76.24
Effective marketing	0	1	13	18	69
Percentage (%)	-	0.99	12.87	17.82	68.32
CR management	0	1	10	17	73
Percentage (%)	-	0.99	9.90	16.83	72.28

The researcher also sought to understand, the critical success factors for SMEs. As indicated in table 2 below, 76.24% of the respondents indicated that effective management is highly important as a critical success factor for SMEs. This is followed by good customer relationship management at 72.28% then effective marketing at 68.32%. Those who indicated that effective management, effective marketing and good customer relationship management were important critical success factors formed 19.8%, 17.82% and 16.83% respectively. 12.87% of the respondents indicated that effective marketing while 9.9% for good customer relationship management and 1.98% for effective management was fairly important as critical success factors for SMEs. Only 3.96% of the respondents indicated that the three factors were less important in the success of the SMEs.

What one can get out of the findings is that, effective management, effective marketing and good customer relationship are critical success factors for SMEs with effective management and good customer relationship management taking precedence. Similar findings were made by Ghosh and Kwan (2016). However, Huck and McEwen (2011) identified and emphasized on the importance of technical knowledge in addition to customer relations as the most important competencies that will earn SMEs success in their critical success factors.

Effect of Mobile Phone Use on SMEs' Critical Success Factors

Table 3: Effect of mobile phone use on CSFs for SMEs

Mobile Phone Use in Achieving the Critical Success Factors						
Critical success factors	Level of agreement					
	1	2	3	4	5	
	Don't know	Strongly don't agree	Don't agree	Agree	Strongly agree	Agree + Strongly Agree
Effective management	2	1	7	40	51	91
Percentage	1.98	0.99	6.93	39.60	50.50	90.1
Effective marketing	2	1	13	30	55	85
Percentage	1.98	0.99	12.87	29.70	54.46	84.16
CR management	3	1	3	34	60	94
Percentage	2.97	0.99	2.97	33.66	59.41	88.07

As noted above, the success of SMEs is based on three major critical success factors. Therefore the researcher sought to understand the effect of mobile phone uses on these critical success factors. As indicated in table 3 below, 39.60% of the respondents indicated that they agree to the fact that effective management is enhanced with the use of mobile phones while 29.70% and 33.66% agree to fact that mobile phone use in the SMEs contribute to the effective marketing and good customer relationship management respectively. Those who strongly agree to the positive effect of mobile phone use to effective management, effective marketing and good customer relationship management represented 50.50%, 54.56% and 59.41% of the respondent respectively.

Overall, the research identifies that mobile phone use by SMEs is important in achieving the critical success factors as indicated by an aggregate of 90.1%, 84.16% and 88.07% of the respondents who pointed out that mobile phone use by SMEs contribute to the achievement of their critical success factors. This means that SMEs are able to enhance the effectiveness of their management operations, marketing programs and customer relations by investing in mobile phone use.

Conclusion and Recommendation

Furthermore, the success of SMEs is dependent on three critical success factors including effective management, effective marketing and good customer relationship management. Mobile phone uses have different positive influence on these critical success factors for the SMEs. However, this is dependent on the measures put in place by the SMEs to support the various mobile phone uses. It is recommended that the SMEs should provide sufficient necessary support facilities for the services. In addition, they should train their staff and customers effectively and promote the use of the mobile phone services to enhance effective adoption by customers.

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