

RELEVANCE OF MOBILE PHONE USE IN THE PERFORMANCE OF SMALL AND MEDIUM ENTERPRISES

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Abstract

The focuses on the relevance of mobile phone use in the performance of Small and Medium Enterprises (SMEs). Objectively, the study was out to examine Mobile Phone Uses Relevant to SMEs, Financial services that can be accessed through the use of mobile phones and areas to Improve to Enhance Mobile Phone Use by SMEs. A survey research design of SMEs offering financial services within Bugembe, Uganda was used for the purpose of the research. One hundred and fifty respondents from eighty SMEs were selected as sample elements through a purposive sampling technique. Data was collected through questionnaires and was analysed using mean. The research identified that five major uses of mobile phones including making voice calls, SMS/MMS, money transfer services, internet banking and mobile banking and a range of mobile banking services were identified including balance inquiry, cash deposit, cash withdrawal, airtime purchase, paying bills, money transfer and accessing account statements. The research also found that providing necessary facilities and support for the various mobile phone services was critical to enhance their use in the SMEs. It was therefore recommended that SMEs should provide sufficient necessary support facilities for the services.

Keywords: *SMEs, Mobile, Phone, ICT, Financial Services*

Introduction

The role of ICTs and specifically the applications supported by mobile phone in advancing the development of national economic activities through enhanced efficiency and productivity and increased market access, is both irreversible and undisputed. It is within this vein of understanding that adequate and significant strategic intent has to be keenly focused to enable the access to the new opportunities offered by the transformations in the Information and Communication Technologies, not only by the larger enterprises within the national economies but also by the SMEs (SMEs). This indeed is important in enabling the enterprises to compete effectively and favourably with the developed and larger corporations within the national economies (Tomecko and Dondo, 2012).

Bridge, O'Neill and Cromie (2013) observes that Small and Medium Enterprise is simply an enterprise as a word which has been used in a wide range of undertakings and contexts. An enterprise as described by Salminen (2020) 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.

Premised on the fact that SMEs face a myriad of challenges, which to a large extent precipitate into their ultimate failure, adoption and subsequent utilization of Information and Communication Technologies, with specific reference to the mobile phone use, would be a stepping stone towards recording a success story in their operations (Bowen, *et al.*, 2019). To say the least, mobile phone use would significantly enhance the competitive strength of the SMEs and offer access to new profitable and better promising opportunities. Furthermore, improved operational efficiency would also be a positive outcome of the successful adoption of the technologies by the SMEs. The flow and integration of trade and commerce within the area of operation of the SMEs would also be enhanced with the successful adoption of these technologies.

As noted by Rao and Troshani (2017) opine that mobile technologies and services are heralded as the viable tools for creating a tremendous spectrum of opportunities in business. The mobile technology is facilitated by the collective use of different communication infrastructure technologies and battery-powered portable devices. These devices encompass various applications which deliver different services, promoting mobility, efficiency and flexibility for the device users in both life and business domains. Mobile services can be categorised severally, providing different functions to the users. The first category of the mobile services include messaging services encompassing Short Message Service (SMS), Multimedia Messaging Service (MMS) and email, which enable the exchange of information in form of text and multimedia. Secondly, mobile information and content services like google maps, entertainment content, personalization and news among others make information available to the users of the mobile devices in various modalities. Thirdly, transaction-based services facilitate the mobile users to undertake various transactions for instance mobile banking. Generally, the ubiquity, portability and the personalised features of the mobile devices, provide an explanation for their seamless and pervasive use across different spheres of life.

Information and communication technologies to which mobile phone fall are globally regarded in the modern world as powerful tools for socio-economic development. On the other hand Nielinger (2013) opines that SMEs are often than not considered as a major source of productivity in different economies and especially in the developing economies. According to Cooper and Zmud (2010) adopting mobile phones or fixed line provides an important opportunity for the SMEs to effectively link up with their business partners both inbound and outbound. A key strength pointed out by the researchers is that this communication is undertaken without necessarily visiting the brick and mortar organization or individual in person. However, King (2004) hint that the adoption of e-commerce and e-business by SMEs as facilitated through mobile phones, is based on the consideration of the accruing benefits vis-à-vis costs involved including acquisition and maintenance costs in terms of infrastructure and knowledge development.

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 (2018) 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 can be of significant assistance to the SMEs if properly integrated in their business operations as identified by Roldan and Wong (2018).

The importance of mobile phones to SMEs is identifiable in the argument by Roldan and Wong (2018) who identifies three major importances. The authors indicate that mobile phones act as tools for production, are used for information gathering and dissemination and can be used as tools for creating individual and business network opportunities. In explaining the assertions, the authors indicate that mobile phones act as tools of production when they are used by the SMEs to transact business for instance by completing an order or bidding for stock, which saves productive time for the enterprises. As a facilitator of information gathering and dissemination, the authors argue that mobile phones help in eliminating the economic boundary in reaching out to customers and business partners. Supporting the argument for mobile phone use by businesses, Rabayah and Qalalwi (2011) opine that mobile phones are helpful in achieving better prices for services and hence decreasing the price fluctuations and dispersion.

In addition the use of mobile phones confers five importances to both the consumers and producers as identified by Aker and Mbiti (2020). First, the authors argue that mobile phone usage leads to improvement in the access to and use of information, hence reducing the related costs including search costs. Secondly, the authors aver that mobile phone use enhance the efficiency with which businesses perform their production processes. Thirdly, mobile phones

assists in coordinating different business partners and agents for SMEs hence reducing the coordination costs. The fourth importance as identified by the authors is that the mobile phone usage aid in enhancing the efficiency of markets hence reducing the costs resulting from market inefficiency. Fifthly, mobile phones facilitate communication among social networks thus providing an effective response to shocks, hence reduced exposure to risk. Aker and Mbiti (2020) have also noted that the adoption and subsequent use of mobile phones by households has impacted positively in the transformation of their lives.

There has been continuous evolution of mobile phone uses which if well considered would have a significant positive impact on the performance of the SMEs. Consequently, the businesses would be opened up to new and better opportunities in the market in their quest to beat the rising competition in the business platform. It is within this understanding that this paper sought to unravel the relevance of mobile phone use in the performance of SMEs.

Research Method

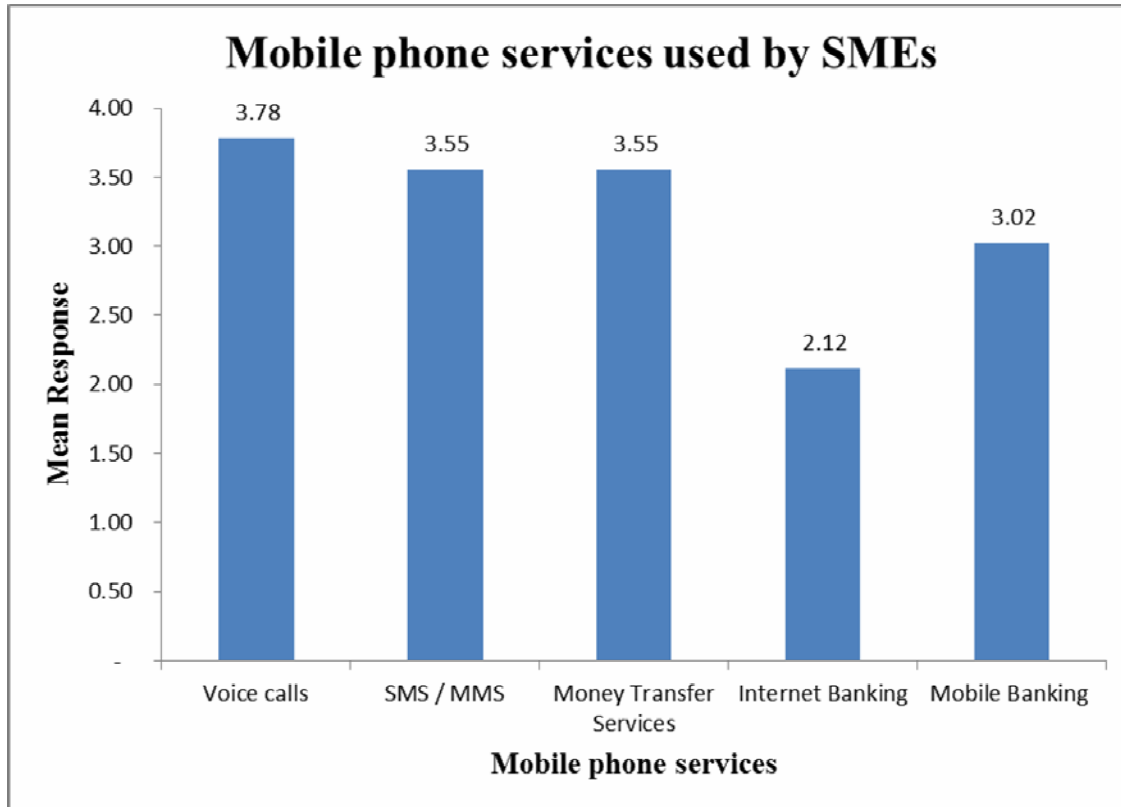
The survey research design was adopted for this study. The population of study for this research comprised of the all SMEs within the Bugembe, Uganda. 150 respondents from eighty SMEs providing financial services within the area of study made up the sample size. Purposive sampling technique was used to select the SMEs. This technique was used in order to achieve the aim of the study. The instrument used was a Questionnaire 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 relevance of mobile phone to SMEs and areas to improve to enhance mobile phone use by SMEs as perceived by the respondents. Descriptive statistics of mean was used to analyse the data collected and the result presented in bar chart.

Result and Discussion

Mobile Phone Uses Relevant to SMEs

Figure 1: Mobile phone services relevant to SMEs

The findings are presented in figure 1 below.



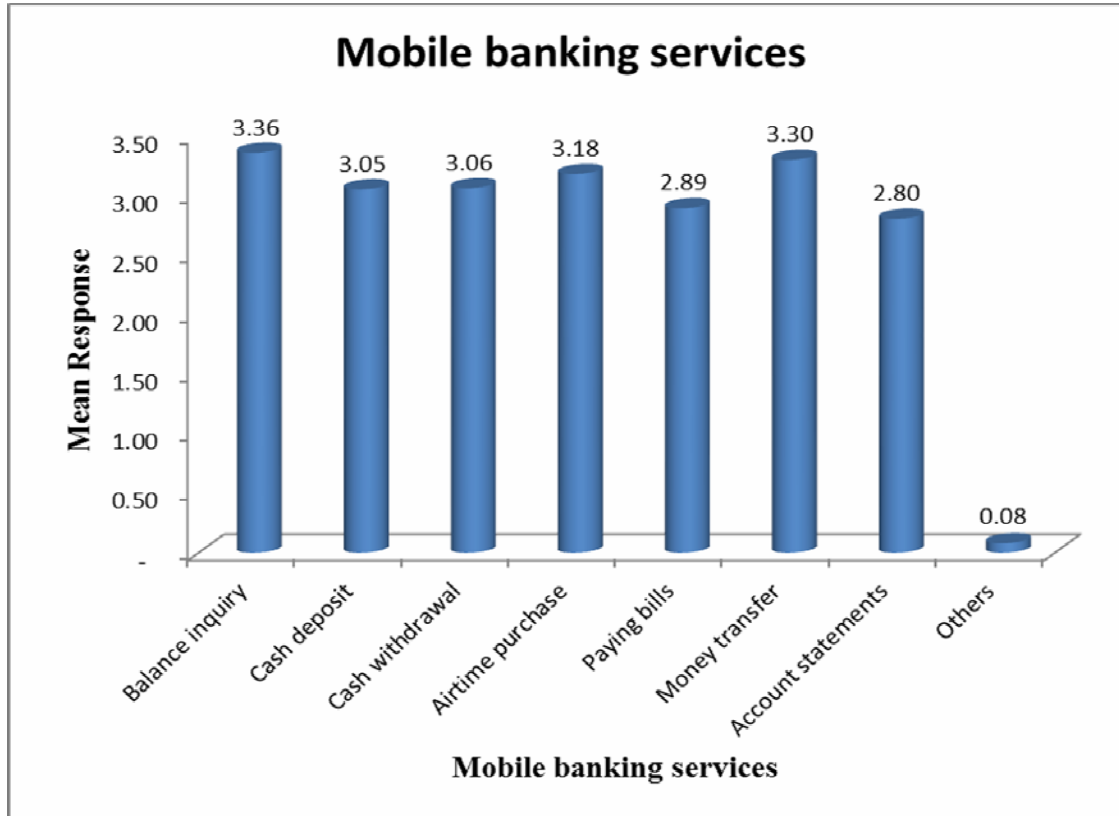
The researcher, sought to identify different mobile phone uses relevant to SMEs. The respondents were requested to indicate in the questionnaire the different mobile phone uses applicable to their respective organizations and the regularity of their use. A scale of 1 to 5 was used where 1 meant never used and 2, 3, 4 and 5 meant rarely, sometimes, regularly and always used respectively. The researcher identified five major uses of mobile phones including making voice calls, SMS/MMS, money transfer services, internet banking and mobile banking. The respondents indicated that voice calls services were regularly used as a medium of interaction between the organizations and their customers. In this case customers would call the customer care desk to inquire on various issues relating to the services offered by the organizations. This was indicated by a mean response of 3.78. This was followed by

SMS/MMS services and money transfer services tying at 3.55 response and mobile banking at 3.02 mean responses. Internet banking is rarely used by the SMEs as indicated by a 2.12 mean response.

What can be gathered from this finding is that different mobile phone services can be used by SMEs to spur their growth in business. The findings agree with Rao and Troshani (2017) findings on mobile phone services useful for SMEs.

Financial services that can be accessed through the use of mobile phones

Figure 2: Mobile banking services accessed via mobile phone

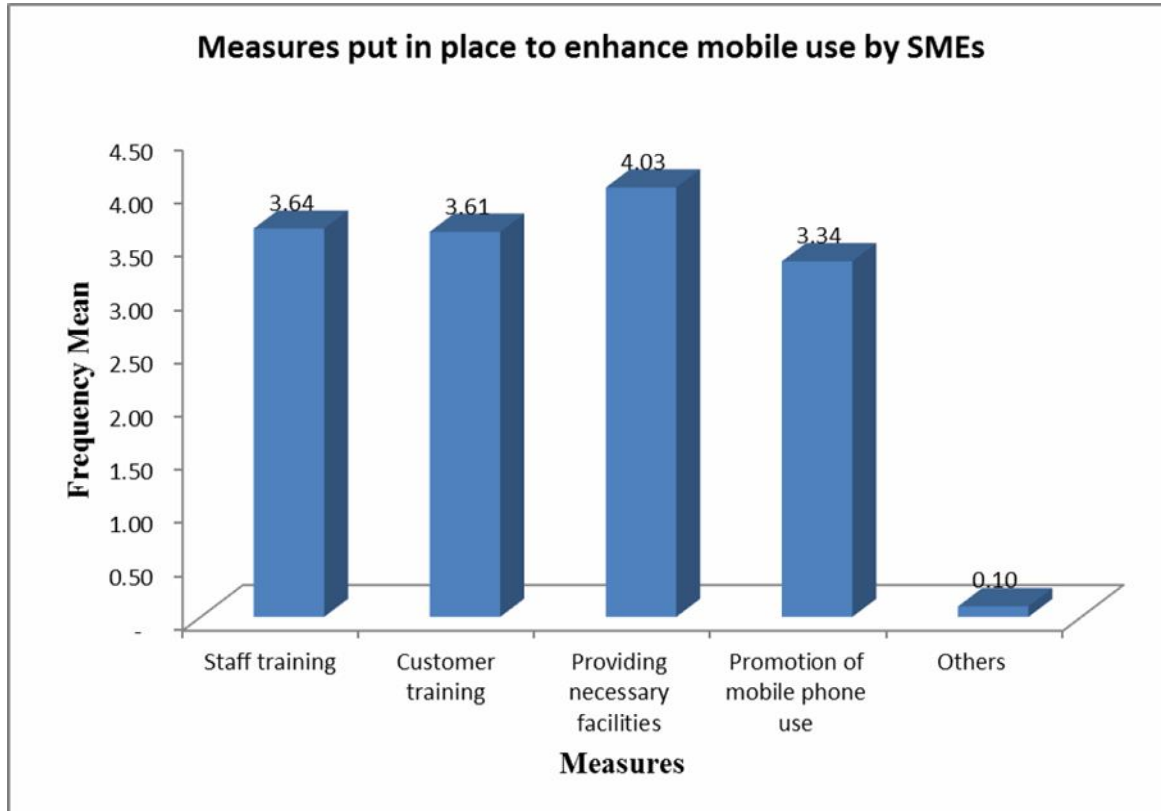


The researcher also sought to identify different financial services that can be accessed through the use of mobile phones. A range of mobile banking services were identified including balance inquiry, cash deposit, cash withdrawal, airtime purchase, paying bills, money transfer and accessing account statements. According to the mean responses from the respondents, mobile phones are sometimes used to make balance inquiries, money transfers, airtime purchase, cash withdrawal, cash deposit, paying bills and accessing account statements in that order as indicated by the respective mean responses presented in figure 2.

It is observable from the findings that there is still low uptake in the use of mobile phones in accessing the different services provided by the SMEs. This could be attributable to lack of awareness on the part of the customers or failure of the SMEs to put in place the necessary infrastructure to support the use of mobile phones by its customers. These results are similar to findings by Mundim et al., (2020) who noted that there are significant portion of SMEs that are yet to take advantage of the mobile uses. However, Mundim et al., (2020) attributed the low uptake to the high cost of the supportive technologies for mobile phone use.

Areas to Improve to Enhance Mobile Phone Use by SMEs

Figure 3: Areas to improve to enhance mobile phone use in SMEs



The researcher sought to identify the different areas that need to be improved to enhance the effective use of mobile phone by the SMEs. The respondents contacted indicated that providing necessary facilities and support for the various mobile phone services was critical to enhance their use in the SMEs. These facilities include for instance provision of good technological platform to support the mobile phone uses. This is indicated by a mean response of 4.03. Staff training followed closely by customer training with mean response rates of 3.64 and 3.61 respectively were also identified as important in enhancing mobile use in the SMEs. Promotional activities for the various mobile phone uses was also identified as an important measure that need to be put in place to enhance mobile phone use by the SMEs.

Conclusion and Recommendation

The research identified five mobile phone uses that have positive impact on the success of SMEs including voice calls, SMS/MMS, money transfer services, internet banking and mobile banking. A range of mobile banking services were identified including balance inquiry, cash deposit, cash withdrawal, airtime purchase, paying bills, money transfer and accessing account

statements. However, their effective contribution to the success of the SMEs depends on the number of uses applied and the extent or frequency of their use in the SMEs. For effective contribution of mobile phone uses to SMEs it is important for the SMEs to provide necessary support facilities, provide adequate and effective training to its staff and customers on the operation of the different mobile phone uses and promote the 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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