

The Use of Mobile Phones in Enhancing High Profitability among Small and Medium Enterprise Owners in Odeda Local Government Area of Ogun State

Onasoga, Olusola T.

*Business Education Department,
Federal College of Education, Abeokuta
olusolaina@gmail.com
+234 806 095 0638*

&

Olusanya Omolara O.

*Business Education Department
Federal College of Education, Abeokuta
laradus@gmail.com
+234 806 968 1851*

Abstract

The study examined the use of mobile phones in enhancing high profitability among Small and Medium Enterprise (SME) owners in Odeda Local Government Area (LGA) of Ogun State, Nigeria. The study adopted descriptive research design. It was guided by three research questions and two hypotheses. The population of the study consisted of one hundred SME owners within the location. A structured questionnaire which consisted of 20 items was used to elicit information from the respondents. The tool used for data analysis were the Mean and Standard Deviation while t-test was used to test hypotheses at 0.05 level of significant. The findings revealed that SME owners in the area are using mobile phones to carry out their various business activities as well as enjoying some benefits in its usage such as promptness to customers' requests, minimizing costs and maximizing income among others. They encountered some challenges which hindered SME owners in this particular area. Finally, the findings on the hypotheses indicated that there was no significant difference between the way male and female SME owners in Odeda LGA of Ogun State perceived the usage of mobile phones. Furthermore, old and young SME owners did not differ significantly in their perception of their benefits of mobile phones. Therefore, it was recommended that network service providers should establish special packages for owners of SME so as to reduce the money for recharging their mobile phones, and also ensure that both rural areas and sub-urban centers enjoy adequate network coverage.

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Keywords: Mobile phones, Enhancing Profitability, Small and Medium Enterprise owners.

Introduction

Mobile phones have been observed to be one of the important means of disseminating information in business world. Since the advent of mobile phones, the utilization of mobile phone network for more than voice and Short Message Service (SMS) communication has increased greatly. The spread of mobile telephony across the developing world has raised hopes among policymakers that Small and Medium Enterprises will benefit from easier access to telecommunication (LaFraniere, 2005).

According to Fan (2008), Small and Medium Enterprises (SMEs) serve as the engine of growth to an economy, they are essential for a competitive and efficient market and they are critical for poverty reduction. Roldan and Wong (2008) have also realized that small and medium enterprises are helpful in creating employment, generating income and the redistribution of economic opportunities. They are also noted for the support they give to non-agricultural household enterprises. Ongo'olo and Awino (2013) argued that the idea of Small and Medium Enterprises differs from one country to another and its definition is based on the indicators used.

Like landlines, mobile phones allow people to communicate at a distance and exchange information instantaneously. Thus, there is significant potential for mobile use to increase SMEs productivity. However, since the dynamics underpinning this potential are nuanced and since current supporting evidence is scarce and methodologically heterogeneous (Jagun, Heeks and Whalley, 2008), it is important to rigorously examine mobile phone use by SMEs owners. For instance, there is a difference between using a mobile phone for business productivity and using it for personal purposes. There is also a difference between using a mobile phone to check market prices and using it to bypass a middleman who carries goods to market. Following the approach to use mobile phones for social and economic development, some studies further suggest that the developmental impact of using mobile phones can be extended to Small and Medium Enterprises (SMEs), a very important sector in most of the developing countries (Chew, 2012).

Roldan and Wong (2008), argued that the importance of mobile phone to Small and Medium Enterprises lies in the fact that mobile phone serves as a productive tool, a gatherer and disseminator of information and a tool to create network opportunities. They further explained that mobile phone provides productive services for business owners when they use the phone to transact business in the form of completing an order or a bid for a stock which helps to save precious time. In this regard, the study investigates the use of mobile phones in enhancing high profitability among SME owners in Odeda Local Government Area of Ogun State.

Statement of the Problem

The use of mobile phones for development of Small and Medium Enterprises is not a new concept, however little is known about how mobile phones can assist in achieving national goals. Mobile phone is an appropriate technological invention for SMEs that continue to face challenges related to poor sound/breaking up of sound, calls ending unexpectedly, inability to send text messages and receive text messages occasionally and inadequate, affordable and accessible financial services to support enterprises. It is on this basis that this paper explores the use of mobile phones in enhancing high profitability among SME owners in Odeda Local Government Ogun State.

Purpose of the Study

The general purpose of this study is to assess the use of mobile phones in enhancing high profitability among SME owners in Odeda Local Government Area, Ogun State. Specifically, the study sought to:

- I. Access the extent of mobile phone usage among SME owners in Odeda Local Government, Ogun State.

2. Examine the benefits of mobile phones to SME owners in Odeda Local Government, Ogun State
3. Establish the challenges faced by SME owners in using mobile phones for business transactions

Research Questions

The following research questions guided the study:

1. What is the level of mobile phone usage among SME owners in Odeda Local Government, Ogun State?
2. What are the benefits of mobile phones to SME owners in Odeda Local Government, Ogun State?
3. What are the challenges faced by SME owners in using mobile phones for business transactions?

Research Hypotheses

The following null hypotheses were tested at 0.05 level of significance.

- H_{o1}: There is no significant difference in mean ratings in the ways male and female Small and Medium Business owners perceive the uses of mobile phone to carry out their business activities.
- H_{o2}: There is no significant difference in the mean rating in the ways old and young Small and Medium Enterprise owners perceive the benefit of mobile phones.

Review of Related Literature

The Use of Mobile Phone Technology

Many past studies have emphasized the role of mobile phone in the development of Small and Medium Enterprises using experiences in several continents. Usually, mobile phones give people the chance to converse at a distance and with the press of a button facts are accessed immediately. Therefore, mobile phone use has the likelihood of increasing SMEs productivity. Overa (2006) has argued that mobile phones use leads to reduction in both transportation and transaction costs both which are the features of business profitability. According to the authors, the two costs can affect incomes of both producers and merchants, and can determine the availability and pricing of goods. Mbogo (2010) in her study showed that supposed convenience had influence on the purpose to use the mobile payment services. In addition, perceived support from the mobile payment services provider impacts the intention to use. Perceived support from the mobile services provider had an influence on the perceived convenience. From a real point of view, this would be in order because the services become suitable to the user if they are sufficiently supported by the provider. Mbogo (2010), stated that previous studies have considered convenience as one of the factors that contribute to the use of mobile payments. Majority of the entrepreneurs who participated in the survey strongly agree that it is easy to access the mobile phone payment.

Njau and Njuga (2015) in their study which examined the impact of mobile phones usage on the performance on the Small and Medium Enterprises concluded that mobile phone services

contribute positively to SMEs performance. In their study, it was revealed that mobile phones have the ability to provide basic information about products, price, availability of products and services to customers and share business information with other micro entrepreneurs. The study concluded that mobile phone services had made a positive impact on the performance of Small and Medium Enterprises.

Onyango, Ongus, Awuor and Nyamboga, (2014) in their study of adoption and use of mobile phone technology among SMEs identified different uses of mobile phone technology as being memos/reminders, internet and data services, marketing services, voice communication, mobile banking, electronic payments, mobile money transfers, business contacts, remote computing and storage memory. They further stated that mobile phones can be used for making phone calls and sending SMS. In addition, Langat (2018), in his study on the use of mobile phone technology and the performance of agro-based Small and Medium Enterprises found out that most entrepreneurs make use of their mobile phones for mobile banking, electronic payments, marketing services, business contacts and storage memory in carrying out their business activities.

Benefits of Mobile Phones to Small and Medium Enterprises

Mobile phones influence the success of small and medium business in two ways. Firstly, it helps with simplifying administrative tasks in the business. Mobile devices provide convenience as they simplify access to business documents and financial records for business owners as and when needed (Agwa-Ejon and Mbohwa, 2006). Secondly, by making communication and marketing easier and more affordable (Agwa-Ejon & Mbohwa, 2006). Its capability to access the internet through applications provides cost effective platforms, such as websites and social media, for communication and marketing. Websites and social media allows small businesses to have a “global reach” through marketing, promoting and advertising when they would otherwise not have the financial resources to use traditional marketing tools. Efficient use of mobile technology for small business boosts the prospect of success for a small business (Chew, 2012; Frempong, 2009). Langat (2018), concluded in his study that the use of mobile phone has been of great help to SMEs and they have benefitted greatly because it has helped lower operational cost and increased savings. He stated further that it improved customers’ services, interactions with suppliers and customers, open up new branches, keep up with competitors and it has helped increased profit.

According to Agwa-Ejon and Mbohwa (2006) technology such as mobile phones has a direct positive impact on small businesses. It affects them in two distinct ways, namely, through productivity and competitiveness. They explore the idea that technology enables small businesses to improve administration, communications and processes through automation. This in turn gives small business that is technology-led a competitive edge (Agwa-Ejon and Mbohwa, 2006). According to Chew (2012), proper use of mobile technology by small business boosts the prospect of success for that business. He conceded that business growth is a function of both the use of mobile technology for business processes and entrepreneurial intent to grow the business. Aker and Mbiti (2010), in their study, revealed that mobile phones provide technical services that bring about proficiency in the operational cost resulting in increase in incomes and also suppliers’ ability to network with the stakeholders. Therefore, mobile technology does not, in itself, promote growth but must be used in relevant and useful ways. The role played by

mobile technology in the success of a small business depends on three things, namely, the nature of the business, the sector it operates in and lastly, the strategy of the business (Chew, 2012).

Challenges of Mobile Phones Usage among SME Owners

Bao, Pierce, Whittaker and Zhai, (2011) argues that there are still limitations to the extent to which mobile phones affordances can be maximized. For example, they identify the fact that smart phone screens are much smaller than normal computer screens which makes it more complicated to promptly process or read through large amount of information. Furthermore, in the context of running a business, even with the use of hard keyboards and word completion algorithms, typing can still remain onerous on phones. These difficulties could explain the reluctance of business owners to use emails or read documents on their phones. Additionally, they claimed that security mechanisms pose big barriers to mobile technology usage by small businesses. The security controls that are required to protect business records in the mobile device are often arduous as many businesses need complex alphanumeric passwords to safeguard their proprietary information. As such, entering passwords may be particularly complicated on smart phones, potentially leading to users avoiding the use of mobile devices for business purposes (Bao, Pierce, Whittaker and Zhai,2011). Another limitation is the costs associated with the buying of mobile technology hardware and access or use of it. These costs include subscription costs, the cost of mobile devices and the cost of mobile data and airtime. These have been identified as being a major hindrance to access and usage of mobile technology. This is because small businesses may not have financial capacity to invest in mobile technology for its employees, coupled with the stringent sim card registration processes that require physical address, identity documents and a postal address (Frempong, 2009). Paul (2012) in his study revealed that despite the benefits SMEs enjoy from the use of mobile phone, they are still faced with some challenges such as: no reception, poor sound or breaking up of sound and calls ending unexpectedly. He further stated that inability to send and receive text messages as and when needed posed a threat to the usage of mobile phones by SMEs.

Method

The study adopted a survey research design. This was because a structured questionnaire was used to elicit responses from the respondents (Owoso and Njoku, 2018). Osuala (2004) as quoted by Owoso and Njoku (2018), says that survey design is appropriate for studies dealing with people's opinions, beliefs, attitude, motivation and behaviour. The population for the study comprised 100 respondents (small and medium scale business owners) from Odeda Local Government Area of Ogun State, Nigeria. All the respondents were used for the study because of the small number of the population involved. The instrument employed for the collection of data was 20-item structured questionnaire. The questionnaire was structured on a 4-point scale of Strongly Agree (4points), Agree (3points), Disagree (2points) and Strongly Disagree (1 point). The instrument was validated by three experts in Business Education Department, Abeokuta to ensure face and content validation.

Mean and Standard Deviation was used to analyze the data generated from the answer to the research questions while t-test was used to test two hypotheses at 0.05 level of significance. The split-half method was used for a pilot study conducted on 20 respondents who were part of the research sample. The Rulon's method was used to arrive at internal consistency

co-efficient of 0.77 which implies that the instrument was adequate and reliable. 100 copies of questionnaire were administered and all were returned correctly and found useful for analysis with the help of three Research Assistants. Data were analyzed using mean of 2.50 or above to signify agree while below 2.50 signifies disagree and t-test analysis was used for the test of the hypotheses.

Results

Research question I: What are the uses of mobile phones among owners of Small and Medium Enterprises (SMEs)?

Table I: Mean and Standard Deviation of responses on uses of mobile phones among small and medium business owners.

S/N	Uses of Mobile Phones	Mean	SD	Remarks
1.	To access information from customers, banks, suppliers, etc	3.44	0.94	Agree
2.	To transact business within and out of business environment	3.42	0.92	Agree
3.	To entertain customers and business owners within and outside the business premises	3.36	0.86	Agree
4.	To advertise products and services to members of the public	3.33	0.83	Agree
5.	To check statement of accounts, withdraw, transfer and deposit money through e-banking	3.36	0.86	Agree
6.	To process and store information pertaining to business affairs as well as family matters	3.24	0.74	Agree

N=100, decision rule=2.50 weighted mean = 3.36 with a weighted mean of 3.6, Table I revealed that respondents agreed that all the items were uses of mobile phones among owners of SMEs in Odeda Local Government Area of Ogun State, Nigeria.

Research question 2: What are the benefits of mobile phones to owners of SMEs?

Table 2: Mean and Standard Deviation of responses on benefits of mobile phones to owners of SMEs.

S/N	Benefits	Mean	SD	Remarks
1.	Mobile phones help to minimize cost and maximize income	3.37	0.87	Agree
2.	Improvement in service delivery	3.35	0.85	Agree
3.	Mobile phones help SME owners to link up easily with customers	3.33	0.83	Agree
4.	Improvement in communication with suppliers and customers	3.28	0.78	Agree
5.	Mobile phones help to boost the effectiveness of marketing and distribution of goods and services	3.30	0.80	Agree
6.	Mobile phones enables business owners receive immediate feedback from their clients	3.27	0.77	Agree
7.	Mobile phones helps business owners to compete favourably with their rivals	3.20	0.70	Agree
8.	Mobile phones help to foster a fruitful relationship between business owners and members of the public.	3.27	0.77	Agree
9.	Mobile phones help business owners to respond promptly to customers' requests.	3.24	0.74	Agree
10.	Mobile phones increase internal efficiency of SMEs	3.16	0.66	Agree

N= 100, decision rule =2.50, weighted mean= 3.28

Results in Table 2 indicated that respondents agreed that all the items were the benefits of mobile phones to owners of SMEs in Odeda Local Government Area of Ogun State Nigeria.

Research question 3: What are the challenges of mobile phone usage among SME owners?

Table 3: Mean and Standard Deviation of responses to challenges of mobile phone usage among SME owners.

S/N	Uses of Mobile Phones	Mean	SD	Remarks
1.	No reception in some areas	3.15	0.81	Agree
2.	Poor sound/breaking up sound	3.01	0.71	Agree
3.	Call ending unexpectedly	2.94	0.71	Agree
4.	Inability to send and receive text messages	2.62	0.61	Agree

N= 100, decision rule =2.50, weighted mean= 2.93 with a weighted mean of 2.93, respondents agreed that all the items were some of the challenges encountered by SME owners in the usage of mobile phones for business purposes.

Hypotheses

H₀₁: There is no significant difference in the way male and female small and medium scale business owners perceive the uses of mobile phones.

Table 4: Summary of t-test analysis of male and female business owners' perception of the uses of mobile phones.

GENDER	N	mean	SD	df	t-cal	t-crit	decision
Male	58	3.37	0.09	98	1.00	1.96	N S
Female	42	3.35	0.06				

Table 4: indicated that the calculated t-value of 1.00 is less than the critical t-value of 1.96 at 0.05 level of significance. This implies that the null hypothesis was accepted since t.cal (1.00) < t-crit (1.96). Therefore, it was concluded that there was no significant difference in the ways male and female small business owners in Odeda Local Government Area perceived the uses of mobile phones.

H₀₂: There is no significant difference in the way old and young business owners perceive the benefit of mobile phones to small and medium enterprises (SMEs).

Table 5: Summary of t-test analysis of old and young business owners' perception of the benefits of mobile phones.

AGE	N	mean	SD	df	t-cal	t-crit	Decision
41yrs. & above	25	3.25	0.14				
		98	- 36.06	1.96	NS		
20-40yrs.	75	3.28	0.06				

Table 5 revealed that the calculated t-value of -36.06 is less than the critical t-value of 1.96 at 0.05 level of significance. Since the calculated t-value is less than the critical t-value, the null hypothesis was accepted. Hence, it was concluded that old and young business owners did not differ significantly in their perception of the benefits of mobile phones to small and medium enterprises (SMEs) owners.

Discussion of Findings

The discussion of the findings was based on the three research questions and two null hypotheses that guided the study. Research question 1 sought to ascertain the uses of mobile phones among owners of small and medium enterprises (SMEs). Responsively Table 1 revealed the various uses of mobile phones among owners to SMEs. This finding supports the findings of Onyango *et al* (2014) and Langat (2018) that uses of mobile phones among owners of SMEs include mobile banking, business contacts, internet and data services among others.

In another dimension research question 2 sought to determine the benefits of mobile phones to owners SMEs. In response to the research question, Table 2 indicated various benefits of mobile phones to owners of SMEs. This finding buttressed the findings of Chew (2012) and Langat (2018) that the use of mobile phones by owners of SMEs leads to reduction in operational cost, increase in savings and increase in profits.

In addition, research question 3 sought to identify some of the problems encountered by owners of SMEs in the course of using mobile phones for business purposes. In response to the research question Table 3 identified some challenges of mobile phone usage by SME owners. This finding was in consonance with the finding of Paul (2012) that owners of SMEs grappled with multiple challenges such as lack of reception, breaking up of sound and calls ending unexpectedly among others

Furthermore, Table 4 revealed that there was no significant difference in the way male and female small business owners in Odeda Local Government Area perceived the uses of mobile phones.

This finding corroborated the opinion of Roldan(2008)that mobile phones serve as a productive tool, a gatherer and disseminator of information and a tool to create a network of opportunities to owners of SMEs regardless of their gender.

Finally, Table 5 showed that old and young owners of SMEs did not differ significantly in their perception of the benefits of mobile phones to business owners. This finding was in tandem with the finding of Mbogo (2010) that majority of entrepreneurs strongly agreed that it is easy to access the mobile phone payment.

Conclusion

Based on the findings of this study the following conclusions were drawn.

1. Mobile phones are very useful to owners of SMEs
2. SME owners have been deriving some benefits from the usage of mobile phones.
3. Majority of SME owners have been making use of mobile phone to expand the frontiers of their businesses.
4. Owners of SMEs sometimes encounter challenges in the usage of mobile phones for business purposes.

Recommendations

Based on the conclusion of this study, it was recommended that:

1. Mobile phone network service providers should ensure that rural areas and sub-urban centres enjoy adequate network coverage.
2. Government at all levels should create an enabling environment for network service providers so that SME owners can enjoy business-friendly rates that will help reduce their overhead costs.
3. Network service providers establish special packages for owners of SMEs.
4. Owners of SMEs in a local area can create a common platform for interacting with their clients thus promoting economy of scale.

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