

The Impact of Mobile Phone technologies on Micro and Small Enterprises/Jua Kali (MSEs)

Presented

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Micro-enterprises (MSEs) as a Business

MSE is a business segment that is slightly bigger than Income Generating and it which includes Small shops, metal working, carpentry, tailoring, and various forms of repair services (e.g. radio & TV, cars, household appliances). The main Characteristics of MSEs are:-

- · They work with a few family workers, apprentices with one or a few (up to 10 including the owner(s) of the business) permanent workers.
- · Their technology is a mix of traditional and more-modern-but-obsolete.
- · They lack access to capital, have modest technical skills and lack management.
- · They are more linked with markets as part of their production inputs are imported and they serve local and nearby markets.
- · They found in larger villages, rural towns and regional centers. Some of them have some potential for growth, or at least for the development of entrepreneurial skills.



MSES IN KENYA

Consolata Mwangi operates a curio shop in Nairobi (Westlands) has a curio shop which is replenished by stock from Kisii (stone carvings) ,100 km from Nairobi and from Ukambani (wood carvings) 300 km from Nairobi

- Consolata has mobile phone contacts for the suppliers both from Kisii and Ukambani.
- To avoid traveling expenses to make payments and collect the goods where time and distance are the main barriers, she uses the M-pesa services through her cell phone to make payments, and give instructions on the *bus/ matatu* to be used for delivering the curio products.



MSES STATISTICS IN KENYA

- According to CBS (2005) Kenya has over 5,970,600 people employed in the informal sector, which has translated to about 19% of the total Kenyan population.
- This sector has continuously experienced growth, and becoming a key sector in the in the economy of the country, creating most of the new jobs in Kenya.

Contd.

MSES STATISTICS IN KENYA

- Kenya's informal sector constitutes 98% of all businesses in the country, absorbing a high population of school, college and university leavers.
- The number of enterprises have grown from 910,000 in 1993 to 1.3 in 1999 (baseline survey, 1999). Out of 1.3 enterprises in 1999, 66% was located in the rural areas, while women owned 48% of the enterprises. 64.3% of the MSEs was in trade, 14.8% in services, 13.4% in manufacturing while 7.7% involved other activities

Adoption and use of mobile phones

- In Kenya there has been a sporadic mobile phone subscription by the rural and urban populations. The number of mobile subscribers in Kenya has risen to 8 million subscribers from 6.5 million subscribers in June 2006, from the country's two operators (*Safaricom and celtel*) against 293,400 fixed lines (ITU, 2007).
- This increased accessibility to mobile phones have introduced changes in most sectors of the economy and particularly the urban informal sector consequently *jua kali* business (MSEs) changing their business and operation environment, thereby creating an impact on Kenya's fastest growing sector and employer.

Perceived impacts of mobile phones in MSES

Type of a phone used in a business	High impact	Some impact	No impact	Do not know	Others	Total respondents
Fixed lines	4 (9.3%)	4 (9.3%)	22 (51.2%)	12 (27.9%)	1 (2.3%)	43
Mobile Phones	38 (88.4%)	4 (9.3%)	1 (2.3%)	0 (0%)	0 (0%)	43
Fax Machines	0 (0%)	0 (0%)	30 (69.8%)	11 (25.6%)	2 (4.7%)	43
Simu ya jamii	20 (46.5%)	18 (41.9%)	2 (4.7%)	1 (2.3%)	2 (4.7%)	43

Source(chogi,2006)

Contd Perceived impacts of mobile phones in MSEs

The perceptions from the micro-entrepreneurs on the impacts that various communication modes showed that:

- Mobile phones had the highest perceived impacts on their MSEs at 88.4% of the respondents while only 2.3% of the respondents felt that the mobile phones had no impacts on their MSEs.
- This was contributed by the fact that most of the micro entrepreneurs had no access to fixed lined and faxes machines and hence felt no impact about them on their businesses. The mobile phones were the mostly available tool to be used to perform business activities with the micro entrepreneurs.
- The mobile phone as a tool transformed the way entrepreneurs conducted their business :

Social context of using mobile phones in MSEs:

Activity Theory

Activity Theory' elements Investigated

Division of labor

Community

Subjects

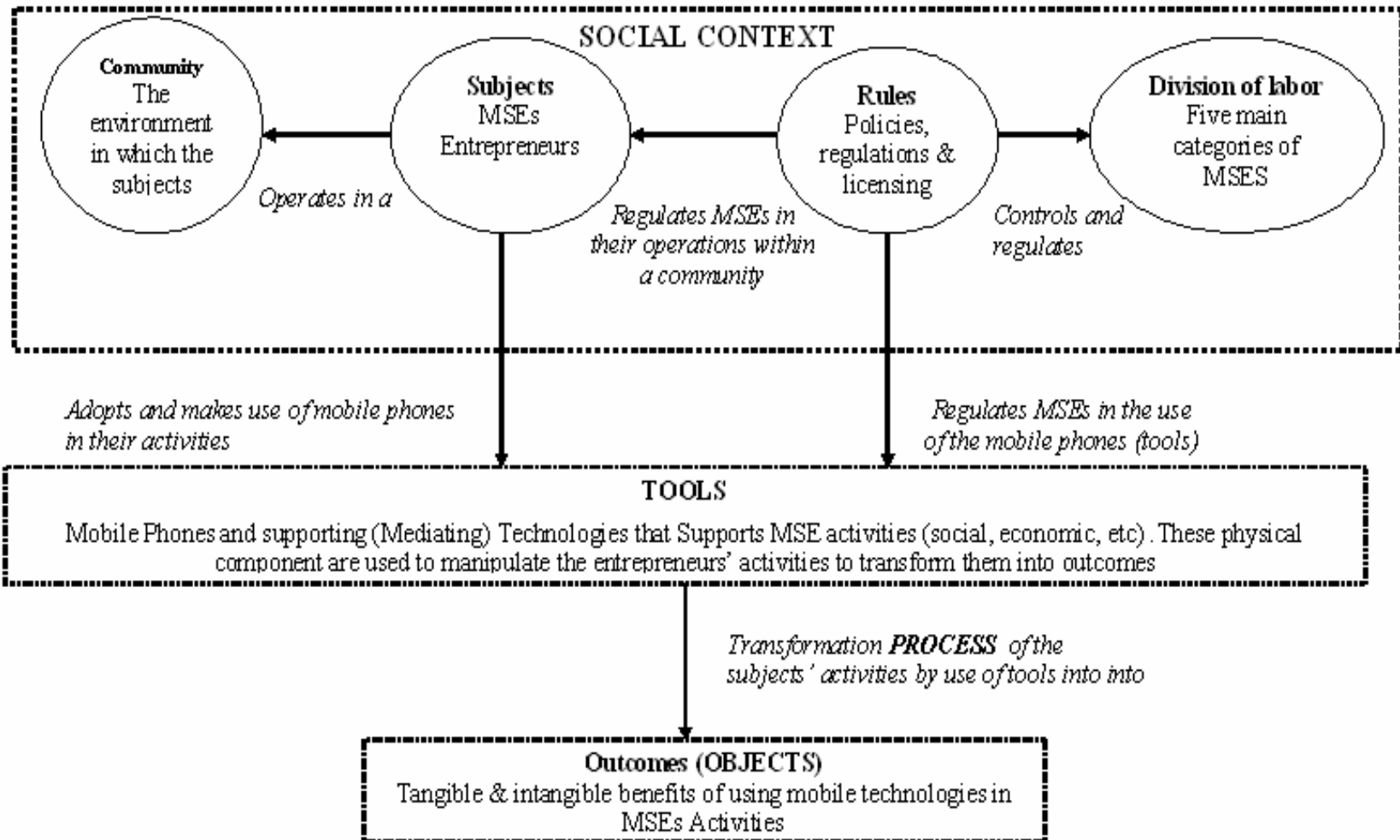
Objects

Rules

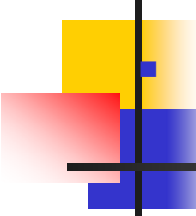
Tools

Relevance of a social context in use of mobile phones in the MSEs

FIGURE 2 AT and STN Integrated Framework for the analysis of mobile communication on MSEs Activities



Major transformations of mses by mobile phones

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- *Safaricom M-PESA*, which is a mobile money transfer service. This technological service which is a positive way in the advancement of mobile technology and its uses.
 - *Celtel-Soko Tele*, another mobile service provider is providing money transfer services in partnership with *K-Rep Bank* and Public Data Network Operator (Packet Stream).
 - The MSEs traders benefits from information of the Agricultural commodity prices. A service branded as *SMS Sokoni* is provided *Safaricom Limited* in conjunction with Kenya Agricultural Commodity Exchange (KACE) which is a private sector firm that facilitates a linkage between sellers and buyers of agricultural commodities
 - Utility bill payments and Mobile Banking (M- Banking) where the micro-entrepreneurs have benefited from reduced costs of traveling and time
 - The micro entrepreneurs, who can afford are benefiting from Mobile Advertisements. *Sasanet* is an example of an online /mobile advertisement company, which allows the mobile phone subscribers to send some free SMS with an advert appended on the message



Major constraints to successful adoption and usage of mobile phones in MSEs

1. **Low Levels of education**, which showed that 16.3% had primary school level of education, 55.9% secondary education, and 20.9% tertiary education with only 7% with university education level. It is evident that Most of the entrepreneurs (72.2%) had secondary education level and below. The higher the levels of education, the better for the entrepreneurs' to take advantage of different business changes and technological advances. Low levels of educations in reduce the accessibility of technology and training services in MSEs.
2. The initial cost of purchasing the mobile phones and the cost of maintenance and buying the air time.
3. Inadequate network coverage in all parts of the country and unclear communication
4. Difficulties in use of the handsets and other usability related problems
5. Phone thefts
6. Poor technical support services
7. Suppliers and customers without mobile phones.

Conclusion



- The adoption and use of mobile phones is product of a social process, embedded in social practices The micro enterprises are practices which leads to some economic benefits and defined through a social context, and therefore The community defines the style of mobile phone use e.g. In urban areas over 73 % of mobile phone usage (Chogi, 2006) is for business purposes while over 70 % of mobile phone usage in the rural areas is for social communication (CCK, 2005)
- The Micro entrepreneurs, policy makers researchers and all other stakeholders have hands in looking for more innovative ways in which technologies can enhance the productivity of MSEs and hence lead to economic growth. The benefits of integrating and using mobile technologies in the micro-enterprises can not be ignored by any government