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The role of mobile money adoption in moderating the influence of access to finance in firm performance

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The role of mobile money adoption in moderating the influence of access to finance in firm performance

Abstract

Purpose –Africa is becoming the fastest-growing continent despite significant challenges to accessing finance and the use of technology. This research aims to examine the direct effect of mobile money adoption on firm performance and its moderation effect by examining how it moderates the effect of access to finance on firm performance.

Design/methodology/approach –Quantitative data were obtained from the World Bank Enterprise Survey for Cameroon, Ivory Coast and Zimbabwe. A series of hierarchical regression analyses were done to test the hypotheses.

Findings –The main findings show a negative significant relationship between mobile money adoption and firm performance while access to finance had a positive relationship. The moderation effect though positive was not significant. Research examining the effect of mobile money adoption in Africa on firm performance is limited and existing studies have focused on the determinants of mobile money usage. By examining the direct and contingency effect on other determinants of firm performance, this research makes both theoretical and practical contributions. Theoretically, this research shows that not all strategic resources are valuable in improving firm performance. Practically, this research provides insights into how technology could be embedded into business processes for firms to benefit from such technology.

Originality/value – This research has complemented by the extant literature by assessing the role of mobile money adoption in moderating the influence of access to finance on firm performance.

Keywords: Mobile money, Access to Finance, Firm Performance, Resource-based view, Sub-Saharan Africa.

Acknowledgement

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1. Introduction

Information and communication technology (ICT) has transformed the world by connecting people and places (Buys et al. 2009) and by digitising the way firms do business (Asongu and Nwachukwu, 2016a; 2016b; Ngoasong, 2017; Ashurst et al., 2011; Ferreira et al. 2018; Eiriz et al. 2018; Efobi et al. 2018; Koellinger 2008; Mohsen et al. 2019; Tchamyou 2019). Mobile money is one such technology that is currently revolutionising how firms do business in Africa (Lorenz and Pommet 2021; Senyo and Osabutey 2020). Mobile money is a financial technology (Fintech) that facilitate financial transaction between firms, customers, suppliers and employees through making and receiving payments (Aker and Mbiti 2010; Ferreira et al. 2018; Tchamyou et al. 2019; Gosavi 2018; Wanyonyi and Bwisa 2013).

It is a service delivery platform where money is accessed and spent using a mobile phone (Jenkins, 2008; Lorenz and Pommet 2021; Ngaruiya et al. 2014). Moreover, the firms that do business can also be influenced by their financial viability as a lack of access to finance may limit their entrepreneurial activities (Bottazzi et al. 2014; Lorenz and Pommet 2021). Accessing finance is vital to entrepreneurs as it enables them to take risks and pursue entrepreneurial activities, supporting their growth and contributing to wider economic development (Pellegrina et al. 2017; Ayyagari et al. 2011).

The resource-based view (RBV) (Barney 1991; Wernerfelt 1984) highlights the configuration of resource combinations to achieve a competitive advantage that produced desired firm outcomes. Access to finance and mobile money usage represents two important firms' resources whose configuration has not received due consideration. First, the literature on mobile money is limited and has focused on the antecedents of mobile money usage (e.g., Senyo and Osabutey 2020) and perceived intention to use mobile money (Baganzi and Lau 2017). A recent study by Lorenz and Pommet(2021) shows how mobile money influences firm innovation and that such a relationship is mediated by whether the firm is a financial constraint. Therefore, an examination of the direct effect of mobile money usage on firm performance is required to influence its usage as a tool for gaining a competitive advantage.

Second, while access to finance has been a barrier to entrepreneurial activities for firms, which limited their performance (Bottazzi et al. 2014; Tagoe et al. 2005; Fowowe 2017; Adegboyeand and Iweriebor 2018), the use of such technology may complement the limitations of access to finance. This is because its usage reduces the operational cost that the firm could have incurred in carrying out its business activities by creating better

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3 communication channels and increasing sales (Behera et al. 2014; Lee and Grewal
4 2004). Based on the above, the study examines the direct effect of access to finance and
5 mobile money usage on firm performance and whether money moderates the relationship
6 between access to finance and firm performance.
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11 To address the above question, we obtained data from the World Bank
12 Enterprise Survey (WBES) on mobile money usage, access to finance and firm
13 performance for three African countries (Cameroon, Ivory Coast, and Zimbabwe) with
14 available data. The research then used hierarchical regression to test the hypotheses of the
15 study. The study explores other variables and examines their effects to rule out alternative
16 explanations. The result, therefore, makes the following contribution. First, given that,
17 existing studies have focused more on analysing the determinant and usage of mobile
18 money (e.g., Senyo and Osabutey 2020), the study extends these studies by showing how
19 usage of mobile money affects firm performance directly and indirectly through its
20 moderation effect on access to finance.
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29 Based on the RBV, the research provides a possible explanation of what could
30 be done for the configuration of mobile money and access to finance to have a more
31 desirable effect on firm performance. Second, technology is rapidly evolving (Kyobe 2004)
32 and while its effect is well established in Western economies, there is a need to explore its
33 impact in another context (Fuller-Love 2000) and most especially on how its usage affects
34 firms in the private sector (Islam et al. 2018; Eiriz et al. 2018; Parameswar et al., 2021). The
35 examination of the direct and moderation effect of mobile money usage on firms from
36 three African countries demonstrates an understanding of how technology usage may
37 affect firms in the private sector and therefore provide both policy and managerial
38 implications.
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47 Finally, the context of the study is relevant because it is characterised by
48 resource scarcity (especially regarding financial availability) and a high potential for the
49 penetration of information technology (Ngoasong 2018; Efobi et al. 2018). The context is
50 important due to the increased use of mobile money services by firms (Islam et al. 2018;
51 Baganzi and Lau 2017). Such an increase has been facilitated by the increase in mobile
52 phone usage (Asongu and Nwachukwu 2016a; 2016b; Essegbey and Frempong 2011).
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58 The remainder of the paper is structured as follows. Sections 2 and 3 developed
59 the theoretical argument underpinning the study's framework. This review develops
60 hypotheses depicting how access to finance and mobile money usage affect firms' performance and the moderating effect of mobile money. In section 4, the research developed a quantitative

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3 methodology using secondary data from the World Bank Enterprise Survey. The data
4 were described; the measurement of variables explained and issues of common method bias
5 from the data addressed. The paper presents the analytical procedure and discusses the
6 results of the analysis in section 5. Section 6 provides a discussion and contribution of the
7 research to existing literature and highlights policy and managerial implications from the
8 findings of the study. Section 7 provides the limitation and areas for further research while
9 section 8 gives a summary conclusion of the paper.

16 **2. Theoretical framework**

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18 The RBV suggests that the position of a firm in the marketplace could be determined by
19 its resources (Kim et al. 2015; Andersén, 2011). A resource is “anything which could be
20 thought of as a strength or weakness of a given firm” (Wernerfelt 1984, p. 172). Such
21 resources can be tangible or intangible and include, amongst others, technology, finance,
22 equipment, brand name, personal, and expert knowledge. For such resources to enable
23 the firm to gain a competitive advantage, Barney (1991) argued for them to have specific
24 characteristics such as being valuable, rare, inimitable and non-transferable. These
25 characteristics create a competitive advantage because their transferability will be costly
26 and difficult.

27
28 If other firms cannot imitate such resources, they create causal ambiguity due to
29 a lack of understanding of their interactions. Scarcity makes such resources unique to the firm
30 and act as a barrier to entry while also being able to provide value to the firm in terms
31 of positive outcomes. Also, central to the RBV is a resource combination or configuration
32 and this is often complex (Andersén,2011). Such a combination involves exploring how
33 best to use the firms to ensure they provide benefits to the firm, increase their
34 effectiveness and efficiency, and act as a trigger for the firm’s innovation (Paladino 2007).
35 This is important as the business environment is rapidly changing, customer preferences
36 seem very volatile, and the technology used can be combined to help transform these
37 scenarios to make sure firms can sustain such competition and satisfy customers’ needs
38 effectively.

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40 Access to finance and the use of technology (mobile money) represent scarce
41 and valuable resources for firms in Africa (Ngoasong 2018; Senyo and Osabutey 2020).
42 Africa has the fastest-growing population in the world, and this presents a market
43 opportunity for businesses to exploit (George et al. 2016). Due to the lack of alternative
44 sources of finance in Africa, the study adopts bank financing in terms of loans or
45 overdrafts from financial institutions as a source of finance, which is consistent with
46 existing literature (Ayyagari et al.
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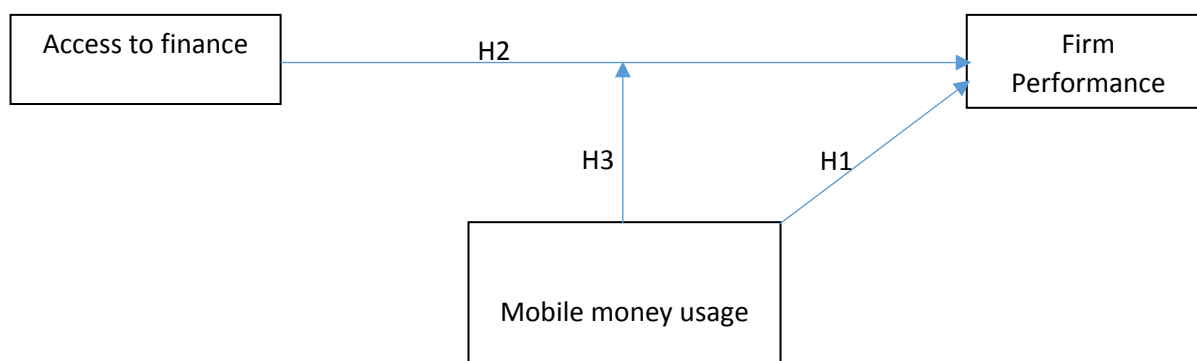
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3 2011). Lack of collaterals and poor creditworthiness is a limiting factor for firms gaining
4 access to finance in Africa as it increases their likelihood of default (Bottazzi et al.
5 2014; WBES, 2016). Gaining access to finance, therefore, gives the firm financial viability to
6 invest in its activities and improve its performance.
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11 Due to competition in the marketplace, business efficiency in terms of developing
12 a system that facilitates transactions is important for better customer experience
13 and performance. This is where the role of mobile money takes centre stage to
14 facilitate the business transaction by facilitating cashless transactions which reduce the
15 demand for physical cash to meet business transactions and allow the firm to focus on
16 managing its business (Wamboye and Bwisa 2013). Because buyers and suppliers are
17 easily connected, transaction times are reduced; there is great flexibility with suppliers
18 which results in faster operations and better performance (Eirit et al. 2018).
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26 Cost reduction from mobile money usage frees up extra resources that could be
27 invested in other areas and increase financial transaction also reduces credit constraints
28 and improves financial viability to operate efficiently (Lorenz and Pommet 2021).
29 Resource combination may have a desirable effect on firm performance. However,
30 with limited research on mobile money, the research examines its interaction with other
31 firms' resources (finance) on firm performance. This is based on the fact that
32 mobile money creates opportunities for firms, and they can use their finances to maximise
33 such opportunities. Based on the above, the study presents a framework (fig. 1) that guides
34 the hypotheses below. Based on the aim as stated in section 1, paragraph 4, figure 1
35 shows how access to finance and mobile money usage have a direct relationship with
36 firm performance (hypotheses H1 and H2). Then H3 shows the moderation effect of
37 mobile money on the relationship between access to finance and firm performance.
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Fig. 1.

The moderating effect of mobile money usage on the relationship between access to finance and firm performance



3. Hypotheses development

3.1. Mobile money and firm performance

Technology adoption is an important resource due to the variety of impacts it has on firm operations and its influence on firm performance (Eiriz et al. 2018; Islam et al. 2018; Mohsen et al. 2019; Koellinger 2008; Parameswar et al., 2021). However, empirical studies suggest contradictory evidence on how technology usage affects firm performance. On the negative side, this is evidenced by Kim (2017) using manufacturing firms in Korea by arguing that firms may not be knowledgeable in maximising the benefit of technology. Also, mobile money users and providers should be wary of its risks, particularly the risk of fraud, and of providing poor services to users, which may mean the public loses faith in the platform (Masocha and Dzomonda 2018; Baganzi and Lau 2017). Eiriz et al. (2018) indicate that the impact of technology on the performance of food retailers was not positive and suggest that technology adoption entails costs that do not generate immediate benefits (Eiriz et al. 2018).

On the positive side, technology usage simplifies administrative processes by eliminating unproductive tasks and delivering products to customers in a new way different from what the firm normally does (Koellinger 2008). As a result, technological adoption such as mobile money reduces cost, and time constraints, and therefore increases operational efficiencies and therefore firm performance (Senyo and Osabutey 2020; Lorenz and Pommet

2021; Ngaruiya et al. 2014; Wanyonyi and Bwisa 2013). Technology usage help firms collect information from customers and such information could help in making a strategic decision for the firm (Tagoe et al. 2005). Such decisions may include developing new products and services to satisfy customer's need and sustain their competitive advantage, which therefore influences the firm's performance (Mohsen et al. 2019; Fuller-Love 2000).

Also, Bharadwaj et al. (1999) reported a positive relationship between information technology and firm performance for IT companies in the USA and based their argument on the fact that adopting technology brings plenty of intangible benefits to the firm. Such a positive effect is also confirmed by Lee and Grewal (2004) on the fact that technology adoption creates a communication channel through which firms build alliances and increase sales. Focusing on the banking and software firms in India, Behera et al. (2014) argued that technology adoption enables firms to redesign the management of service delivery in a way that is opposed to traditional systems. The reduction of financial constraints and timesaving from the use of mobile money are ways through which it can influence firm performance (Lorenz and Pommet 2021; Ngaruiya et al. 2014). This is because financial transactions that could have required physical travel are being done electronically which saves time and cost (Koellinger 2008). Such time saving and cost, free up financial resources that are then allocated to productive activities and therefore help improve performance via improving efficiency (Parameswar et al., 2021). Moreover, mobile money usage is a valuable resource that firms may use for different purposes to gain a competitive advantage. The way firms incorporate this into their business activities can be unique and therefore makes it non-transferable. Firms can conduct financial transactions without using a bank account anywhere and anytime and therefore facilitate transactions even with clients without a bank account. With existing studies focusing on behavioural outcomes by examining the antecedent of mobile money usage (e.g., Senyo and Osabutey 2020), its actual effect on firm performance has not been examined. Therefore, the first hypothesis is thus.

H1: Mobile money usage will have a positive effect on firm performance.

3.2. Access to finance and firm performance

Another resource under consideration in this research is access to finance, which is a significant challenge for firms in SSA (Tagoe et al. 2005; Fowowe 2017). The sample estimates, from the World Bank Enterprise Survey 2016 data, suggest that while 85.66% of firms have a bank account, just 18.27% have access to credit, indicating a major obstacle to

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3 firm performance. Firms in SSA have limited access to finance due to a lack of collateral and
4 poor creditworthiness, amongst other factors (Bottazzi et al. 2014; WBES 2016). Tagoe et al.
5 (2005) suggest that, unlike small firms, large firms can provide information about the current
6 operation to the banks, have better collateral and banks can use the legal system to
7 recover nonperforming loans. This, therefore, reduces the banks' perception of the risk of
8 large firms. Access to finance (loans/credits from financial institutions) is an important
9 determinant of firm performance through an increase in sales as a result of expanding its
10 operations, being more innovative in developing new processes and products (Lorenz and
11 Pommet 2021) and investing in the recruitment and training of staff (OECD, 2006).

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Extant research (e.g., Musso and Schiavo 2008) suggests a negative relationship
between lack of access to finance on firm performance in the long run and not in the short run.
This is because, in the short run, firms that are financially constrained often develop
a strategy of cost-cutting, which helps them generate extra resources to function
efficiently (Musso and Schiavo 2008). Nevertheless, in the long run, this may not be
sustainable. In the long run, Bottazzi (2014) suggests that a lack of access to finance will
constrain the firm's activities and they will struggle to seize growth opportunities, which
further deteriorates the growth prospects for the corresponding firms. Fowowe (2017)
examined 30 African countries and show that firms that are financially not constrained have
faster growth than firms that are credit constrained and encourage African governments to
develop policies for understanding the financial system in Africa and how firms can gain
increased access to finance. Ayyagari et al. (2011) analysed data from African countries to
suggest that access to external finance is associated with greater innovation. Ayyagari et al.
(2011) also suggest the development of policies to improve access to finance because its
effect on the firm has implications for economic growth. It is therefore suggested that
access to finance will influence firm performance and the second hypothesis is thus.

H2: Access to finance will have a positive effect on firm performance.

3.3. Moderation effect of mobile money adoption

The above hypotheses have argued for the direct effect of access to finance and mobile
money usage on firm performance. However, the centre of the RBV is also the aspect of how
firms can reconfigure their resources to achieve the desired outcome or whether the effect of
combining resources is better than the effect of individual resources. Mobile money adoption
can transform the management process of firms in terms of how they deal with different

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3 stakeholders such as customers and suppliers. Mobile money adoption enables real-
4 time transactions that provide a cost-effective way of functioning. The impact of this
5 cost-effectiveness is an increase in performance. Mobile money is a classic example of
6 recent technological change blowing across Africa that provides firms with new
7 opportunities as well as enables them to sustain their competitive advantage.
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12 In such a situation where technology automatically creates market opportunities, firms
13 do not need to spend financially to maintain a competitive advantage and sustain
14 their performance. Besides, the reduction of transaction costs via mobile money usage may
15 reduce liquidity equipment and therefore free up resources that can be invested in
16 other areas (Lorenz and Pommet 2021). By reducing transaction costs through mobile money
17 usage, the firm needs to focus on and leverage its financial viability to attain its
18 competitive edge. Therefore, firms with access to finance from financial institutions will
19 benefit from improved performance. This is because the firms will be able to invest in
20 R&D to introduce new products and services and expand their operations and the
21 efficiency of their business activities. Therefore, the third hypothesis is thus.
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31 **H3: Mobile money usage will moderate (strengthen) the positive effect of access to**
32 **finance on firm performance.**
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34 **4. Research context and data**

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37 Sub-Saharan Africa (SSA) is witnessing a dramatic increase in access to, and use of
38 the mobile telephone (Wamboye et al. 2015; Ejemeyovwi and Osabuohien 2020) with
39 mobile-cellular telephone subscriptions per 100 inhabitants currently at 75.3% (ITU
40 2019). The research context is Cameroon, Ivory Coast, and Zimbabwe, which reflect some
41 of the SSA countries that have embraced mobile money based on available data. These
42 countries have distinctive geographic context commonalities and yet notable institutional
43 and technology contextual differences. They are contexts that are underexplored and
44 characterised by resource scarcity (Ngoasong and Kimbu, 2016) or institutional voids
45 (George et al. 2016). The data used for this research is obtained from the World Bank
46 Enterprise Survey 2016 (WBES 2016).
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55 WBES 2016 data is selected since it is the most comprehensive year, with
56 available data for the three countries under investigation and is collected from
57 enterprises across emerging economies using the same methodology (Cumming et al.
58 2014). Using a random stratified sample, the WBES collects data on a variety of firm
59 variables from manufacturing,
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3 service, and other firms, to understand the investment climate in emerging economies. Due to
4 the quality of the WBES data, it is increasingly used in business research (e.g, Cummiing
5 et al.2014; Tajeddin and Carney 2018; Islam et al. 2018). The WBES was used to collect
6 data on firms' adoption of mobile money. As a result, a total sample of 1,322 firms is
7 obtained with 361 from Cameroon, 361 from the Ivory Coast, and 600 from Zimbabwe.
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10 11 12 *4.1 Measurement of variables*

13 14 15 *4.1.1. Independent variables*

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17 The first independent/moderator variable is mobile money usage. This was obtained from the
18 WBES in which firms were asked, "does the establishment use mobile money?" This is
19 a binary variable with "1" = yes indicating that firms use mobile money and "0" = no,
20 implying that they do not. The second independent variable is access to finance. Studies such
21 as Gosavi (2018) have measured it based on whether the firm has a bank account or not, and
22 whether the firm also has a bank loan from a financial institution. Access to finance is
23 captured by the WBES data based on whether "the establishment has a line of credit or
24 loan from financial institutions?" with "1" = yes indicating that they do have loans from
25 financial institutions and "0" = no, implying they do not. These measures represent the most
26 available external source of finance for small businesses in Africa (Ayyagari et al. 2011)
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34 35 *4.1.2. Dependent variable*

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37 Total annual sales are used as the dependent variable. Firms were asked to know their
38 total annual sales in the last fiscal year (WBES 2016). The use of annual sales as a measure
39 of firm performance is widely utilised in existing literature (Colombelli,
40 2015;Goedhuys and Sleuwaegen, 2013). Annual sales were logged to make the variables
41 comparable. The use of such objective measures against perception measures helps
42 minimise issues of common method bias (Podsakoff et al. 2003).
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49 50 *4.1.3. Control variables*

51 The study takes into consideration some firm characteristics that may influence firm
52 performance. The study therefore controlled for the size of the firm based on the number of
53 employees (micro = < 5 employees; small = ≥ 5 and ≤ 19 ; medium = ≥ 20 and ≤ 99 and large =
54 ≥ 100 employees). Respondents had to respond with "1" = small, "2" = medium and "3" =
55 large. Literature (e.g, Lorenz and Pommet 2021) suggest how firm size may influence their
56 access to credit and or performance. The study also controlled for managers' experience
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(based on the number of years of managerial experience, and this was a continuous variable that was logged normalised). Also, the paper controls for the gender of the manager, with a value of 1 assigned as the answer to the question of when the gender of the manager is female and 0 when the gender is not female.

Research suggests women are more risk-averse and spend the firm's money carefully by making a careful investment decision, which affects the firm's performance. The study controls whether formal training is being provided to staff with "1" = yes and "0" = no. Whether they invest in research and development with "1" = yes and "0" = no. Moreover, innovation in terms of new product/services being introduced over the past three years with "1" = yes new product/service was introduced and "0" = no and control for the sector. Table 1 below presents a summary of the variables and their measurements as obtained from the WBES.

Table 1

Variable description

4.2. Common method bias and endogeneity

Endogeneity arises as a result of many factors and no amount of ex-post analysis could completely control its effect (Richardson et al., 2009). The study uses cross-section data for the analysis, which may be associated with issues of common method bias (CMB). As a result, different techniques are employed to control for such bias based on existing literature. According to Chang, Van Witteloostuijn, and Eden (2010), using data from different contexts minimises the occurrence of multicollinearity. The study also examines correlations between the variables and computes the variance inflation factor (VIF). The highest correlation is 0.5 (see table 2 below) and the mean VIF for each model is less than 2 given the fact that both are within acceptable ranges, CMB does not present a threat to the data (Tabachnick and Fidell 2001). It is therefore believed that the data collection process by the WBES is robust and reliable to minimise such threat of CMB based on the following reasons: (1) it guarantees anonymity and confidentiality of participants, 2) the questions are asked in simple English for easy understanding and there is no use of vague and terminology that participants can miss interpreting.

Podsakoff et al., (2003) these points as ways of minimising CMB, 3) With participants being required to answer more than 50 questions of different scales, their

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3 cognitive ability to recall previous responses to try to establish relationships is
4 reduced (Baker et al., 2016) and it is also unlikely that the cognitive ability of respective
5 participants across countries will be the same (Podsakoff et al., 2003). To control for
6 endogeneity, the study has carefully selected theoretically sound control variables (see
7 4.1.3) and adopted a hierarchical analysis by regressing the control variables against
8 the dependent variable without the independent variables in the first regression. The
9 independent variables are then added to the regression and finally the interaction term. By
10 adding more variables, changes can be observed between the dependent and independent
11 variables. Finally, by using other variables to test for the robustness of the model,
12 alternative explanations are provided that help control for endogeneity (Jean et al., 2016).

21 **Table 2**

22 **Descriptive and correlation statistics**

23 **5. Data analysis and results**

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26 The study reports the result of the hierarchical regression that provides an understanding
27 of the relationships hypothesis in figure 1. A series of hierarchical OLS regressions
28 were conducted. The starting point was to regress the control variables against annual sales
29 (firm performance), as shown in Table 2, Model 1. In doing so, the study assessed how
30 much the controls could provide an alternative explanation for the respective models.
31 After this, the paper tests the direct effects of access to finance and mobile money
32 usage on firm performance followed by the interaction effect of mobile money usage and
33 access to finance on firm performance. In addition to all these, the study ran a series of
34 robustness tests to strengthen the contribution of the model. However, before
35 presenting the results corresponding to the tested hypotheses, for contextual relevance,
36 the paper presents the findings on the cross-country analysis for an overview of access to
37 finance and mobile money usage for contextual relevance.

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40 The results of the effect of mobile money usage on firm performance, as shown in
41 Table 3 Model 3 are significantly negative ($\beta = -0.821$, $SE = 0.195$, $P = 0.000$). This result
42 was contrary to the hypothesis about the positive effect of mobile money adoption on firm
43 performance. Holding other factors constant, this negative significance suggests firms that
44 use mobile money show less performance than firms that do not.

Table 2**Regression results on the moderation effect of mobile money usage and access to finance on firm performance**

However, a significant positive effect of access to finance on firm performance is established as shown in table 3Model 1 ($\beta = 1.763$, $SE = 0.254$, $P = 0.000$) and therefore hypothesis H2 is confirmed. This means that holding other factors constant, firms with access to finance will experience higher performance than firms without access to finance. With regards to the interaction effect of mobile money usage and access to finance, Table 3Model 4 suggest that despite the interaction effect is positive, it was not significant ($\beta = 0.393$, $SE = 0.488$, $P = 0.427$) but such a positive effect shows how valuable it could help a firm sustain its competitive advantage and improve performance.

5.1. Robustness Checks.

To check the robustness of the results, other measures of access to finance are used. This includes a bank overdraft in which firms are asked in the WBES whether the firms have an overdraft from a financial institution with “1” = Yes and “0” = No, they do not. Just as access to finance, bank overdraft offers firms an alternative source of finance to invest and expand on their business activities and therefore improve performance. Table 3Model 5 shows that the direct effect of bank overdraft on firm performance was significant ($\beta = 1.969$, $SE = 0.187$, $P = 0.000$). Nevertheless, the interaction effect between mobile money usage and bank overdraft on firm performance though positive, was not significant as shown in Table 3Model 6 ($\beta = 0.311$, $SE = 0.409$, $P = 0.451$). The literature review provides a variety of reasons why firms adopt mobile money and the uses of mobile money services. The study, therefore, examines whether any of this is associated with performance improvement as a way of providing evidence for policy and practical implications. Table 4Models 2 and 3 suggest the reasons for and uses of mobile money adoption were not significantly related to firm performance. The only significant effect, which was negative, was that its use was to align with competitors’ usage of the technology.

Table 4**Robustness test.****6. Discussion, contributions to knowledge and managerial implications**

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3 This research aimed to examine whether the interaction effect of mobile money adoption and
4 access to finance on firm performance was significant. The study developed
5 hypotheses suggesting that the impact of adopting such technology on the firm
6 performance will be positive and that firms with access to finance will benefit from
7 positive performance. With the main effects well established, the paper then builds the
8 argument for the interaction effect of mobile money usage and access to finance on firm
9 performance. Using data from the WBES on SSA countries, the study was able to test
10 the framework (see fig. 1 above) and contribute to the existing literature on mobile money
11 in several ways.
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20 First, the paper draws on the resource-based view to develop and test the
21 framework for examining the interaction effect of mobile money adoption and access to
22 finance on firm performance in SSA. The result shows that the effect of individual firm
23 resources was not positively related to the firm's performance. As expected, having access
24 to finance either in the form of credit or bank overdraft enables the firms to invest in their
25 business activities to sustain competitive advantage and improve their performance, which
26 is in line with existing literature (e.g., Ayyagari et al. 2011; Fowowe 2017; Bottazzi 2014).
27 Surprisingly, however, mobile money usage had a negative significant effect on firm
28 performance which was contrary to existing literature demonstrating the positive effect of
29 technology usage on firm performance (e.g., Bharadwaj et al. 1999; Kyobe 2004; Lee and
30 Grewal, 2004; Behera et al., 2014). Specifically, the paper contradicts the limited studies on
31 mobile and firm performance in Africa. This includes Ngaruiya et al. (2014), who used self-
32 administered questionnaires to collect data in a single city (Nakuru- Kenya), measuring
33 firm performance using sales revenue. Masocha and Dzomonda (2018) also used self-
34 administered questionnaires from various towns in Zimbabwe and measured firm
35 performance using a composite measure. Wanyonyi and Bwisa (2013) used questionnaires
36 to collect data in a single town in Kenya and used sales increases for firm performance.
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49 The study provides a possible explanation for this negative relationship. First,
50 these studies are however focused on just one city in a country. They are also
51 methodologically weaker than the research and are not based on a sound theoretical
52 underpinning. The research involves firms from major business cities across three different
53 SSA countries. The research is also more robust because the paper conducted a series of
54 tests on possible reasons why firms adopt mobile money and the uses of mobile money on
55 firm performance. Second, the negative effect of the results aligns with Kim (2020)
56 arguing that firms may not be knowledgeable in maximising the benefit arising from
57 the usage of such technology. This
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3 could be relevant in SSA where technology infrastructures are still developing and integration
4 of such technology into the firm's operating system may take a long time to materialise
5 real benefits (Eiriz et al. 2018). Such evidence is supported by Kyobe (2004) who said that a
6 lack of technical knowledge and skill to make technology work might hinder its benefit
7 from materialising. Firms, therefore, need to develop this unique resource and better
8 incorporate it into their business activities. This will increase their resource base and
9 enable them to develop and expand on business activities which increase their performance.

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16 The study did not, however, find a significant interaction effect of mobile
17 money adoption and access to finance on firm performance as expected. What this implies is
18 that in situations where technology (mobile money) automatically creates a competitive
19 advantage, firms should be cautious about how they invest financial resources to introduce
20 innovation and take advantage of this competitive edge. Therefore, firms need to use
21 their financial resources not just to develop new products and services and expand their
22 business activities but also to engage in other areas that can give them a competitive
23 advantage. This is because the usage of such technology may not compensate for the
24 competitive advantage that could have been developed through financial investment. Such
25 firms will need to build alliances to minimise costs and benefit from external knowledge or
26 resources. Another reason for the lack of interaction effect may be that the competitive
27 advantage of mobile money turns to provide is not beneficial in improving the firm's
28 performance. This is evidence of the robustness test in which the reasons for using mobile
29 money and the uses of mobile money were not positively and significantly influencing
30 firm performance.

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43 Second, the study contributes to the existing literature on mobile money, which
44 has focused on the antecedents of mobile money usage (Senyo and Osabutey 2020),
45 perceived intention to use mobile money (Bganzi and Lau 2017) and how firm financial
46 constraints mediate the relationship between mobile money usage and firm innovation
47 (Lorenz and Pommet 2021). For example, Senyo and Osabutey (2020) examine whether
48 performance expectancy (a benefit that may accrue from mobile money usage) influences the
49 intention of the firm to use mobile money. The research examines the direct and
50 moderation effects of mobile money usage on firm performance and the negative direct
51 effect shows that these behavioural expectations of mobile money usage may not
52 provide a desirable impact in practice. This is further demonstrated by the fact that the
53 analysis of the reasons and uses of mobile money usage was not found to
54 significantly and positively influence firm performance. Given the fact that existing
55 studies on mobile money have focused on the
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3 technology acceptance model, the use of resource-based, the view provides a
4 different perspective to understand how the study can conceptualise the use of such
5 technology as a resource that has implications on the firm performance.
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9 Third, the study responds to existing studies calling on how technology is used
10 by firms in the private sector (Islam et al. 2018; Eiriz et al. 2018) and a different context
11 (Fuller-Love, 2000) to inform and operationalise businesses (Kyobe 2004). The study
12 showed why mobile money usage by firms in Africa is growing, there should be caution
13 about its direct and moderation effects on performance. The lack of a significant
14 moderation effect and the presence of a direct negative effect of mobile money on firm
15 performance may be due to some factors. For example, the development and integration
16 of such technology into the firm's business processes may need good leadership,
17 architecture planning, and business system thinking to ensure the benefit does not
18 outweigh the cost of using such technology (Ashurst et al. 2011). Also, firms may need
19 to use such technologies to differentiate and introduce new product/service that
20 differentiates them from their competitors and meet the needs of their customers (Kyobe
21 2004).
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32 **7. Limitations and further research**

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34 The contribution the study makes is not without its limits. First, the study focuses on
35 three SSA countries with available data on mobile money, access to finance and firm
36 performance in a specific year, which is the most comprehensive the study could get.
37 However, while these countries may not be too different from others within SSA
38 due to institutional similarities (George et al. 2016), broad generalisation of the findings
39 could only be possible when more data is collected from other SSA countries or non-
40 African developing countries. Given that the value of technology usage on firm
41 performance is dependent on the capabilities that have been built to make it work, the
42 study has not explored the types of capabilities that these firms have to engage to maximise
43 the benefits of mobile money usage. Such is left for future research.
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52 Moreover, because it takes time for the impact of technology adoption to
53 materialise (Eiriz et al. 2018), studies that use longitudinal data are also worthwhile in
54 assessing the effect of time on mobile money adoption (Baganzi and Lau 2007). Firms have
55 different uses and reasons for using mobile money, which may influence their effect on
56 firm performance. An examination of how these reasons and uses of mobile money
57 mediate its effect on firm performance will be a welcome avenue for further research and
58 will complement Lorenz and
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Pommet(2021) calling for research to examine mechanisms through which mobile money usage may influence firm performance. The study encourages the use of other robust measures of performance as more data becomes available.

8. Conclusion

This research aimed to examine the direct and moderation relationship between a firm's usage of mobile money and access to finance on firm performance. Using the RBV, the study conceptualises finance and mobile money usage as valuable resources that could influence a firm's performance directly. Moreover, due to resource configuration, the study assesses whether the interaction effect of mobile money usage and access to finance could be desirable for the firm's performance. The result shows that while access to finance had a positive significant effect on firm performance, mobile money usage had a negative effect and the interaction effect between mobile money usage and access to finance through positive was not significant. The paper has departed from existing studies focusing on the determinants of mobile money to a focus on the effect of its usage on a firm's outcome using objective measures of performance (annual sales). While providing a possible explanation for the results and how they contribute to existing literature, the study provides avenues for more exploration of how mobile money influences firm performance.

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Table 1**Variable description**

Variables	Measure	Data Source
Annual Sales	Log total annual sales	WBES
Mobile money usage	A dummy variable, coded as '1' if a firm uses mobile money technology and "0" if not.	WBES
Access to finance	A dummy variable is coded as "1" if the firm has access to finance from a financial institution and "0" if not.	WBES
Firm size	A categorical variable coded as "1" = small firms, "2" = medium and "3" = large	WBES
Managers experience	A continuous variable on the number of years of experience the manager has in the industry (log)	WBES
Formal staff training	A dummy variable is coded as "1" if the firm provides training to staff and "0" if not.	WBES
The firm is part of a large establishment	A dummy variable is coded as "1" if the firm is part of a large establishment and "0" if not.	WBES
Investment in R&D	A dummy variable, coded as "1" if the firm invests in R&D and "0" if not.	WBES
Introduction of new products	A dummy variable is coded as "1" if the firm introduces a new product and "0" if not.	WBES
Sector	A categorical variable coded as "1" if it is a manufacturing sector, "2" = retail services, and "3" = other services.	WBES
Managers experience	Continuous variables on the number of years of experience the manager have in the industry (log)	WBES
Male manager	A dummy variable is coded as "1" if the firm has a male manager and "0" if not.	

Table 2: Descriptive and correlation statistics

	1	2	3	4	5	6	7	8	9	10	11	12
Annual Sales (1)	1.0000											
	(0.0000)											
Mobile money usage (2)	-0.1871	1.0000										
	(0.0000)	(0.0000)										
Access to loan (3)	0.3423	-0.0390	1.0000									
	(0.0000)	(0.3609)	(0.0000)									
Firm size (4)	0.5080	-0.1349	0.1704	1.0000								
	(0.0000)	(0.0015)	(0.0001)	(0.0000)								
Managerial experience (5)	0.2196	-0.0332	0.1125	0.1435	1.0000							
	(0.0000)	(0.4371)	(0.0083)	(0.0007)	(0.0000)							
Formal staff training (6)	-0.2894	0.0241	-0.1866	-0.1204	-0.0572	1.0000						
	(0.0000)	(0.5735)	(0.0000)	(0.0047)	(0.1802)	(0.0000)						
Firm is part of a large establishment (7)	-0.3474	-0.0014	-0.0982	-0.2764	-0.0338	0.1344	1.0000					
	(0.0000)	(0.9730)	(0.0213)	(0.0000)	(0.4283)	(0.0016)	(0.0000)					
Investment in R&D (8)	-0.1967	-0.0136	-0.0618	-0.1794	0.0315	0.1042	0.0926	1.0000				
	(0.0000)	(0.7505)	(0.1475)	(0.0000)	(0.4616)	(0.0144)	(0.0299)	(0.0000)				
Introduction of new product (9)	-0.1246	-0.0376	-0.1599	-0.0431	-0.0482	0.1713	0.1446	0.1400	1.0000			
	(0.0034)	(0.3792)	(0.0002)	(0.3126)	(0.2588)	(0.0001)	(0.0007)	(0.0010)	(0.0000)			
Sector (10)	-0.0240	0.0332	-0.0144	-0.1439	-0.0636	-0.1127	-0.0396	0.0639	-0.0056	1.0000		
	(0.5745)	(0.4378)	(0.7353)	(0.0007)	(0.1365)	(0.0082)	(0.3541)	(0.1345)	(0.8961)	(0.0000)		
Firm experiences power outages (11)	0.0873	-0.0570	0.0872	0.0502	0.0948	-0.0622	-0.0486	-0.0411	-0.0509	-0.0578	1.0000	
	(0.0408)	(0.1821)	(0.0410)	(0.2401)	(0.0263)	(0.1451)	(0.2549)	(0.3362)	(0.2332)	(0.1757)	(0.0000)	
Male manager (12)	0.0579	0.0630	0.0949	-0.0280	0.1125	0.0464	-0.0321	0.0421	0.0619	0.0067	0.0151	1.0000
	(0.1748)	(0.1398)	(0.0260)	(0.5128)	(0.0082)	(0.2778)	(0.4523)	(0.3239)	(0.1474)	(0.8751)	(0.7239)	(0.0000)
N	1243	717	1259	1305	1269	1308	1322	1305	1316	1322	1320	1322
Mean	15.8286	0.200837	0.18189	1.675862	2.68442	1.664373	1.614221	1.882759	1.667173	1.97882	0.828788	0.80938
SD	3.343251	0.400906	0.385907	0.758333	0.704551	0.47239	0.486963	0.321831	0.471404	0.854877	0.376837	0.392939
Min	10.12663	0	0	1	0.693147	0	0	0	0	1	0	0
Max	24.12335	1	1	3	3.912023	1	1	1	1	3	1	1
Robust p values in parentheses												

Table 3

Regression results on the direct effect of access to finance and mobile money on firm performance

VARIABLES	(1)	(2)	(3)	(4)	(5)	(6)
	Annual Sales	Annual Sales	Annual Sales	Annual Sales	Annual Sales	Annual Sales
Access to finance		1.763*** (0.000)		1.234*** (0.000)		
Mobile money usage			-0.821*** (0.000)	-0.946*** (0.000)		-0.976*** (0.000)
Access to finance*Mobile money usage				0.393 (0.427)		
Bank Overdraft					1.969*** (0.000)	0.903*** (0.000)
Bank overdraft*Mobile money usage						0.311 (0.451)
Medium firms	1.076*** (0.000)	0.855*** (0.000)	1.086*** (0.000)	0.961*** (0.000)	0.902*** (0.000)	1.053*** (0.000)
Large firms	2.872*** (0.000)	2.621*** (0.000)	2.950*** (0.000)	2.739*** (0.000)	2.558*** (0.000)	2.872*** (0.000)
Retail sector	1.257*** (0.000)	1.242*** (0.000)	0.328 (0.154)	0.320 (0.170)	1.192*** (0.000)	0.299 (0.200)
Other sectors	0.869*** (0.000)	0.861*** (0.000)	0.145 (0.519)	0.225 (0.314)	0.820*** (0.000)	0.144 (0.527)
Year of managerial experience	0.929*** (0.000)	0.892*** (0.000)	0.555*** (0.000)	0.495*** (0.000)	0.832*** (0.000)	0.525*** (0.000)
formal staff training	-1.308*** (0.000)	-1.151*** (0.000)	-1.067*** (0.000)	-0.902*** (0.000)	-1.174*** (0.000)	-0.938*** (0.000)
Firm is part of a large establishment	0.247 (0.180)	0.239 (0.194)	-1.145*** (0.000)	-1.183*** (0.000)	0.384** (0.032)	-1.049*** (0.000)
Firm invests in R&D	0.107 (0.733)	0.093 (0.772)	-0.851*** (0.009)	-0.819** (0.014)	0.007 (0.981)	-0.669** (0.045)
Firm introduces new products	-0.762*** (0.000)	-0.621*** (0.002)	-0.134 (0.477)	-0.027 (0.889)	-0.483** (0.012)	0.016 (0.936)
Firm experiences power outages	0.509** (0.021)	0.434* (0.052)	0.203 (0.420)	0.071 (0.779)	0.483** (0.025)	0.197 (0.437)
Male manager	0.050 (0.810)	-0.063 (0.767)	0.515** (0.019)	0.388* (0.081)	0.083 (0.685)	0.502** (0.023)
Country effect	Yes	Yes	Yes	Yes	Yes	Yes
Constant	14.154*** (0.000)	13.738*** (0.000)	20.753*** (0.000)	20.538*** (0.000)	13.140*** (0.000)	19.596*** (0.000)
Observations	1,166	1,128	578	550	1,121	543
R-squared	0.248	0.288	0.405	0.446	0.320	0.436
Mean VIF	1.17	1.17	1.19	1.25	1.17	1.33
Robust p values in parentheses; *** p<0.01, ** p<0.05, * p<0.1						

Table 4

Robustness test

	(1)	(2)	(3)
VARIABLES	Annual Sales	Annual Sales	Annual Sales
Reasons for adopting mobile money			
To reduce time in transaction		-0.240	
		(0.597)	
To reduce risk in transaction		0.038	
		(0.950)	
To Satisfy suppliers		-0.713	
		(0.164)	
To satisfy consumers		-0.043	
		(0.929)	
To align with competitorsuse		-2.988***	
		(0.000)	
Uses of mobile money			
To receive payments from customers			0.156
			(0.155)
To pay employees			-0.156
			(0.754)
To pay suppliers			0.082
			(0.442)
To pay utility bills			-0.042
			(0.896)
Medium firms	1.076***	0.255	0.041
	(0.000)	(0.499)	(0.918)
Large firms	2.872***	1.978***	1.891***
	(0.000)	(0.004)	(0.004)
Retail sector	1.257***	1.058**	0.929**
	(0.000)	(0.012)	(0.026)
Other sectors	0.869***	0.491	0.515
	(0.000)	(0.256)	(0.237)
Year of managerial experience	0.929***	0.529**	0.588**
	(0.000)	(0.042)	(0.022)
formal staff training	-1.308***	-1.537***	-1.501***
	(0.000)	(0.000)	(0.000)
Firm is part of a large establishment	0.247	-0.303	-0.404
	(0.180)	(0.429)	(0.311)
Firm invest in R&D	0.107	-1.736***	-1.750***
	(0.733)	(0.003)	(0.002)
Firm introduces new products	-0.762***	-0.236	-0.231
	(0.000)	(0.482)	(0.491)
Firm experiences power outages	0.509**	0.940**	0.932**
	(0.021)	(0.016)	(0.029)
Male manager	0.050	0.127	-0.007
	(0.810)	(0.811)	(0.990)
Country effect	Yes	Yes	Yes
Constant	14.154***	20.901***	20.999***
	(0.000)	(0.000)	(0.000)
Observations	1,166	112	114
R-squared	0.248	0.475	0.464

Mean VIF	1.17	1.41	1.32
Robust p values in parentheses; *** p<0.01, ** p<0.05, * p<0.1			