MOBILE MONEY FAILURE - CAN THE BALANCED SCORECARD BE OF ANY HELP?

Last Mazambani*, Emmanuel Mutambara**

* Finance Lecturer Management College of Southern Africa (MANCOSA), Cape Town, South Africa
** Graduate School of Business & Leadership, University of KwaZulu Natal, South Africa

Abstract

Mobile money has the potential to attract the unbanked and capture money outside the financial system yet failed implementations are of gravy concern. The balanced scorecard is extoled for successfully in turning around the performance of ailing firms and industries. The research undertakes to review literature on the causes of failure in mobile money. In the context of those causes of failure, the paper proposes and explains how the adoption of the balanced scorecard by mobile money innovators can lever their performance and ultimately survival. By demonstrating how the balanced scorecard can align strategy to mission in mobile money deployments, the study contributes towards improved strategy execution in the sector. It also sets a research agenda.

Keywords: Balanced Scorecard, Financial Inclusion, Mobile Money, Strategy Execution, Unbanked, Low-Income Communities
JEL Classification: O31, Q55
DOI: 10.22495/rgcv7i1art5

1. INTRODUCTION

Mobile money has attracted global attention as a panacea to financial inclusion but the rampant failure of deployed innovations is a problematic challenge. Poor performance has dogged a sector that has unfathomable potential to mobilize other business sectors (Ibrahim, 2009). There are various names and definitions coined to financial services offered through mobile phone technology, but in this paper mobile money refers to the convergence of mobile telephony and financial services. Hence the paper looks at mobile money based on the use of the handset and the SIM card.

There have been 160 live mobile money deployments across the world following after M-PESA's success in Kenya but only 14 are successful (Lonie, 2013). This is partly because M-PESA's business strategies have been hard to replicate (Morawczynski, 2010; Heyer & Mas, 2011) for the majority of the innovators and mainly because there is scarce strategy execution research to help managers examine mobile money success levers in the formative research area (Chandra et al., 2010; Tobbin, 2010). Currently a successful mobile money provider is crudely defined as one that is either breaking-even, has moved into profit or has at least one million active subscribers who perform at least one transaction per month (Lonie, 2013).

In this article, the aim is to demonstrate the rationale for the adoption of the balanced scorecard as a strategic management tool and a performance measure technique in order to turnaround the performance of the mobile money sector. There is a strong likelihood that good performance by mobile money companies will result in availing banking services to billions of unbanked poor people across the globe.

The paper makes an account of the rise of the balanced scorecard as a result of faults in traditional performance measurement. It explains the mechanics of value creation that result from the adoption of the balanced scorecard. Next, the paper searches literature to identify major performance challenges faced by the mobile money companies. After that the paper demonstrates how the adoption of the balanced scorecard can solve the identified problems of poor performance in mobile money and help them attain their private goals as well as the social goal of financial inclusion. Finally, conclusions are drawn and a research agenda for further studies is set.

2. THE RISE OF THE BALANCED SCORECARD

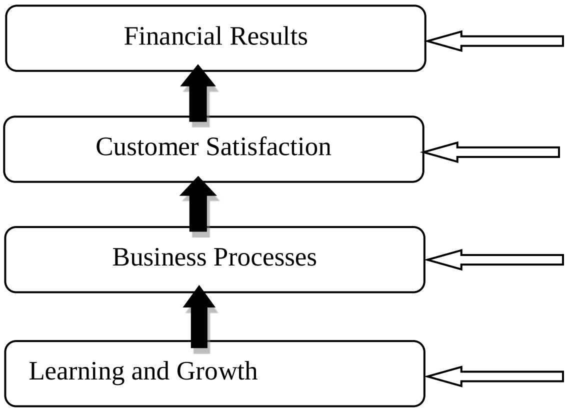
The development and rise of the balanced scorecard can be tracked to the discontentment with the use of lagging traditional financial performance indicators which are historic, backward looking and could not guide the future performance of companies in the early 1990s. The traditional financial performance indicators only give a cross-sectional snap-shot of the historic and current performance without indicating how the business's future opportunities and threats evolve. These shortcomings led to the development of a multi-dimensional balanced scorecard performance measurement system in 1992 by Kaplan and Norton, which included apart from financial indicators, external and future looking performance measures; namely customers', process, learning and growth perspectives.
Kaplan and Norton (1996, p.2) content that:

"The balanced scorecard translates an organization's mission and strategy into a comprehensive set of performance measures and

provides the framework for strategic measurement and management".

In translating the organization's mission and strategy, the balanced scorecard identifies performance measures from four perspectives (financial, customer, process and, learning and growth) of the business which management can monitor and control for reaching or surpassing the overarching objective of the organization. Kaplan and Norton argue that by maintaining a balance amongst the performance metrics in the four quadrants the organization will be able to attain its short-term financial objectives while building long-term organizational resources and capabilities to take advantage of opportunities. The causal-effect relationship of lower quadrant perspectives to the organization's financial performance is demonstrated in the hypothetical balanced scorecard in Figure 1.

Figure 1. Balanced Scorecard Adapted from Kaplan and Norton



Satisfied and Loyal customers lead to increased revenues

Improved processes lead to improved products and service for customers

Skilled, creative employees question the status quo and work to improve business processes

Learning and growth of employees is the foundation for innovation and creativity

While the balanced scorecard retains traditional financial measures as the ultimate objective, it however draws management to pay a balanced attention to leading performance drivers that drive great financial results in the customer and internal processes perspective and the continued innovation in the learning and growth perspective (Niven, 2005). Building a strong balanced scorecard philosophy dictates that in order to achieve superior financial results, an organization should consistently meet and exceed its target customers' needs. It further says to excel at the customer needs; the organization should have a matching value proposition delivered through business processes that meet the needs of the targeted market. Finally, the balanced scorecard philosophy reiterates an important facet that, business processes that surpass customer expectations can only be delivered when you put in place employees with the right skills and aptitude complimented with efficient and effective organization systems that promote continuous knowledge acquisition for service innovation, improvement and improvisation.

The adoption of the balanced scorecard further inculcates a deeper organization-wide customer-centric culture that builds future superior performance based on a rigorous strategic process of providing products for identified customer needs. It effectively dismantles departmental silos and leads the organization to improved and well coordinated strategy implementation, effective strategy communication and infuses a goal oriented teamwork spirit. Used as a performance measurement technique, the balanced scorecard can show shop floor workers what is expected of them while directing management on a real-time basis toward strategic management issues falling out of line that needs their attention and improvement thereby guiding the whole organization to aligned strategy execution for consistent superior results. This is evidenced by adopters of the balanced scorecard who persistently outperform their non-adopters peers (Lingle & Schiemann, 1996) and the far and wide spread across nations and adoption of the performance measurement and strategic management technique across industries (Niven, 2005).

The paper proposes the adoption of the balanced scorecard philosophy by the embryonic mobile money sector in order to refocus its heavy reliance on churning out production oriented technological products that continue to miss the needs of the customers (Heeks, 2005) and the objectives of the implementing organizations.

3. ILLS IN MOBILE MONEY INNOVATIONS

A review of the literature around mobile money reveals that the general weakness of the sector is caused by development of technological services looking for user problems rather than developing customer-focused services (Heeks, 2005; Rao, 2001; Sgriccia et al., 2007; Ivatury & Mas, 2008; Donner & Tellez, 2008; Duncombe & Boateng, 2009); skipping of crucial feasibility studies before service deployment (Moore, 2002; De Marez & Verleye, 2004; Yovanof & Hazapis, 2008); lack of resources by innovators creating a mismatch between the mission and organizational capabilities or preparedness (Bangens & Soderberg, 2008; Alampay & Bala, 2010; Heyer & Mas, 2011); and failure to develop a customizable value proposition (Sgriccia et al., 2007; Tobbin, 2010) thereby leading to misalignment of mission and strategy implementation. The performance of mobile money is also weakened by the absence of strategy management academic research in the areas of strategy analysis, formulation and particularly strategy execution. This has even made mobile money performance measurement a far distant peripheral issue even though sustainable corporate performance and measurement are a prerequisite to value-based strategic management.

4. RATIONALE OF ADOPTING BALANCED SCORECARD

It is evident from the above sector-wide ills that companies operating in this industry more than need to embrace an all-encompassing performance measurement system such as the balanced scorecard. There is evidence in both practice and theory that the mobile money sector can improve performance by adopting the balanced scorecard as did other industries (Voelpel et al., 2006). In the current circumstances, there is no evidence of the adoption of the widely applauded comprehensive multi-dimensional scientific performance measurement system which align corporate vision to strategy, thereby assuring the attainment of the objectives of the company.

The poor performance of mobile money is blamed on the dearth of research on the financial needs of the low-income communities and the fact that the process of implementation of mobile money innovations is technological driven rather than customer focused (Donner & Tellez, 2008; Duncombe & Boateng, 2009). The focus on driving through the customers any product that the mobile technology can produce is synonymous to the long banished production orientation. Without taking into consideration the needs of the customers the mobile money service might be misplaced and fail to acquire any value proposition (Heeks, 2005).

The gist of the balanced scorecard is straightforward. It says, in order to attain an organization's financial goal or some social goal in case of not-for-profit organizations, an organization needs to offer a value proposition that meets and exceeds the needs of its targeted customers. The company has to deliver the proposed value proposition using internal processes that conveniently, efficiently and effectively meet the expectations of the targeted customers. Finally, the organization has to attract the right employees, information technology resources and fully utilize its organizational capital to manage and innovate around the internal processes in order to deliver a superior service or product that captures a sustainable market share. It is evidently clear in this account that the adoption of the balanced scorecard makes customer needs the centre focus of the whole organization thereby instilling a deep-rooted and systematic adaption of the marketing concept and orientation. Furthermore, it is argued that adaptation of the marketing concept and orientation are embedded salient beneficial achievements in a company that adopts the balanced scorecard. Mobile money organisations have been blamed for their failure to meet customer needs, hence the adoption of the balanced scorecard may help them refocus their strategies towards meeting customer needs. It also enforces a customer-focused marketing philosophy throughout the other functional areas such as finance and accounts, research and development, production, operations, among others.

There are wide beliefs in the mobile money sector that the M-PESA (the most successful mobile money operator in Kenya) business model can be replicated in any circumstances and business environment but that has so far proved very difficult and costly (Lonie, 2013). The innovators are not taking cognisant of their particular business context thereby failing to adapt to their obtaining business environment and are rushing to deploy the service, skipping critical feasibility studies (Donner & Tellez, 2008; Moore, 2002; De Marez & Verleye, 2004; Yovanof & Hazapis, 2008). A systematically deployed balanced scorecard looks at both the internal and external business environment before determining how a company can take advantage of the opportunities existing in the market. The balanced scorecard leads to studies that determine the viability of the business and keeps the strategies evolving to the ever changing business environment. The balanced scorecard also aids understanding of a deployed strategy by reducing it into a one page all-in-one picture, thereby making it easy to comprehend and customize to local circumstances.

Current research in mobile money is funded quasi-academic and lacks academic rigour (Duncombe & Boateng, 2009). Lack of contextual research related to the environment around which the mobile money service is delivered, restricts the knowledge of critical factors for mobile money development and adoption (Donner & Tellez, 2008). The adoption of the balanced scorecard is tailored for the specific circumstances of the adopting company (Marr et al., 2004) and evolves as circumstances change which further aid our understanding of which strategies works in various contexts.

The BSC is founded on an organization's objectives. It measures objectives towards the attainment of the organization's overall goals by quantifying the business strategy (Kaplan & Norton, 1996; Bilkhu-Thompson, 2003). It outlines how an organization competes for value creation in the market place. It therefore assists managers to proffer and pursue a superior value proposition that meets the market's intrinsic needs. It is also a tool that provides pointers to areas in the distribution of the service that needs improvement. Its comprehensiveness supports quick real-time decisions with regards to changes and challenges in the service, processes, customers and market channel development.

Mobile money as an embryonic product innovation can be challenging to its implementers and innovators. Adopting the BSC will help organizations focus on developing leading performance indicators that foster a culture of real-time decision making far beyond the capabilities of traditional lagging indicators such as historic financial reports and customer satisfaction surveys (Love et al., 2008). Love, *et al.* (2008) also concur that the balanced scorecard makes it easy for leaders to comprehend the organization-wide systems and operational processes. The BSC can easily facilitate the understanding of how the product is deployed, what equipment and expertise is required and processes necessary in order to deliver the promised value proposition. By employing a comprehensive future looking balanced scorecard, mobile money operators will consistently improve their performance by building on their resources and improvise on their weaknesses to capitalize on anticipated future opportunities and mitigate challenges (Hamel & Prahaalad, 1989).

The adoption of the balanced scorecard is usually championed from top management who sell the strategic management tool to the team. The selling process and training that follows ensures an adoption that cascades and permeates throughout the units and functional areas of the organization. While a corporate level balanced scorecard will guide the focus of growth and the allocation of resources amongst the business units, each business unit and the functional areas would develop their own balanced scorecard in line with the corporate level balanced scorecard to ensure that overall organizational goals are attained. This alignment for common purpose throughout the company which is a direct result of the adoption of the balanced scorecard will leverage the performance of mobile money.

There are genuine attempts by the Groupe Speciale Mobile Association (GSMA) and McKineys and Company to track performance of mobile money innovators and benchmark their performance against peers. However, for these initiatives to create real value and spur performance of individual firms, they need to be directed at identifying performance bottlenecks and addressing the fundamental causes of the current poor performance. The use of static performance benchmarks in a fast paced technological environment will not help the future performance of mobile money innovators. The sector which is in its early stages of the life cycle and susceptible to disruptive changes, requires a dynamic strategic management tool like the balanced scorecard that evolves with the competitive environment (Lawrie & Cobbold, 2004). The ability of the balanced scorecard to marry competitive strategy and future performance of an organization can help to address the attentive challenges bedevilling the sector.

CONCLUSIONS

There are numerous challenges faced by mobile money innovators such as producing products without identifying market needs, skipping business feasibility studies, jumping to launch the service without proper self-assessment to gauge resourcefulness and preparedness leading to a weak value proposition and failed strategy implementation. These challenges emanate from production orientated practitioners who skip critical business research processes mistakenly believing that innovating services around mobile technology is a run-of-the-mill. Limited resources continue to burn by offering products that are divorced from customer needs. These sector wide weaknesses can be addressed by adopting a customer-focused balanced scorecard. The balanced scorecard shows management areas of weaknesses and areas that needs improvement. This facilitates management decision-making in terms of how those areas can be improved or improvised for value creation.

The paper gives an overview of how the adoption of the balanced scorecard by mobile money innovators can help address their current challenges. It seeks to warrant the possibility of the inclusive financial service reaching low-income communities through successful strategy execution. Adopting the balanced scorecard increases the chances of organizational survival and the chances of offering banking services to the low-income communities. The paper sets the research agenda in mobile money towards strategy execution, performance measurement and identification of strategy-based performance indicators to support the fledgling high potential sector.

REFERENCES:

1. Alampay, E. & Bala, G., 2010. Mobile 2.0: M-Banking for the BoP in the Philippine. Annenberg School for Communication and Journalism, 6(4), pp. 77-92.
2. Bangens, L. & Soderberg, B., 2008. Mobile Banking - Financial Services for the Unbanked?, s.l.: s.n.
3. Bilkhu-Thompson, M. K., 2003. A Process Evaluation of a Health Care Balanced Scorecard. Journal of Healthcare Finance, 30(2), pp. 37-64.
4. Chandra, S., Srivastava, S. C. & Theng, Y., 2010. Evaluating the Role of Trust in Consumer Adoption of Mobile Payment Systems: An Empirical Analysis. Communications of the Association for Information Systems (CAIS), October, 27(29), pp. 561-588.
5. De Marez, L. & Verleye, G., 2004. Innovation Diffusion: The Nedd for More Accurate Customer Insights, Illustration of the PSAP Scale as a Segmentation Instrument. Journal of Targeting Measurement and Analysis for Marketing, 13(1), pp. 32-49.
6. Donner, J. & Tellez, C. A., 2008. Mobile Banking and Economic Development: Linking Adoption, Impact and Use. Asian Journal of Communication, 18(4), pp. 318-322.
7. Duncombe, R. & Boateng, R., 2009. Mobile Phones and Financial Services in Developing Countries: A Review of Concepts, Methods, Issues, Evidence and Future Research Directions. Third World Quarterly, 30(7), pp. 1237-1258.
8. Hamel, G. & Prahaalad, C. K., 1989. Strategic Intent. Harvard Business Review, May/June.pp. 63-76.
9. Heeks, H., 2005. ICTs and MDGs: On the Wrong Track?, s.l.: s.n.
10. Heyer, A. & Mas, I., 2011. Fertile Grounds for Mobile Money: Towards a Framework for Analysing Enabling Environments, s.l.: s.n.
11. Ibrahim, M., 2009. Prerequisite to Prosperity: Why Africa's Future Depends on Better Governance. Innovations: Technology, Governance, Governance, Globalization Journal, 4(1), pp. 5-10.
12. Ivatury, G. & Mas, I., 2008. The Early Experience with Branchless Banking, Washington, D.C.: s.n.
13. Kaplan, R. S. & Norton, D. P., 1992. The Balanced Scorecard - Measures that Drive Performance. Harvard Business Review, January/February, 70(1), pp. 71-79.
14. Kaplan, R. S. & Norton, D. P., 1993. Putting the Balanced Scorecard to Work. Harvard Business Review, January/February.pp. 71-79.
15. Kaplan, R. S. & Norton, D. P., 1996. The Balanced Scorecard:Translating Strategy in Action. Cambridge, MA: Harvard Business School Press.
16. Lawrie, G. & Cobbold, I., 2004. Third Generaation Baalanced Scorecard: Evolution of an Effective Strategic Control Tool. International Journal of Productivity and Performance Management, 53(7), pp. 611-623.

17. Lingle, J. H. & Schiemann, W. A., 1996. From Balanced Scorecard to Strategy Gauge: Is Measurement Worth it?. Management Review, pp. 56-62.
18. Lonie, S., 2013. The Mobile Money Paradox – If everyone wants it why is it doing so badly?. [Online]
Available at: http://www.chyp.com/media/blog-entry/the-mobile-money-paradox-if-everyone-wants-it-why-is-it-doing-so-badly
[Accessed 29 July 2013].
19. Love, D., Revere, L. & Black, K. A., 2008. A Current Look at the Key Performance Measures Considered Critical by Health Care Leaders. Journal of Healthcare Finance, 34(3), pp. 19-33.
20. Marr, B., Schiuma, G. & Neely, A., 2004. The Dynamics of Value Creation - Mapping your Intellectual Performance Drivers. Journal of Intellectual Capital, 5(2), pp. 312-325.
21. Moore, G. A., 2002. Crossing the Chasm: Marketing and Selling Technology Products to Mainstream Customers. Oxford: Capestone.
22. Morawczynski, O., 2010. Examining the Adoption, Usage and Outcomes of Mobile Money Services: The Case of M-PESA in Kenya, s.l.: s.n.
23. Niven, P. R., 2005. Balanced Scorecard Diagnostics: Maintaining Maximum Performance. New Jersey: John Wiley aand Sons, Inc.
24. Rao, M., 2001. Creating a Development Dynamic: Final Report of the Digital Opportunity Initiative, s.l.: s.n.
25. Sgriccia, M. et al., 2007. Drivers of Mobile Business Models: Lessons from Four Asian Countries. International Journal of Mobile Marketing, 2(2), pp. 58-67.
26. Tobbin, P., 2010. Modeling Adoption of Mobile Money Transfer: A Consumer Behaviour Analysisi, Kampala: s.n.
27. Voelpel, S. C., Leibold, M. & Eckhoff, R. A., 2006. The Tyranny of the Balanced Scorecard in the Innovaation Economy. Journal of Intellectual Capital, 7(1), pp. 43-60.
28. Yovanof, G. S. & Hazapis, G. N., 2008. Disruptive Technologies, Services or Business Models?. Wireless Personal Communications, 45(4), pp. 569-583.