

**CHALLENGES OF GROWTH AND EXPANSION
STRATEGIES ADOPTED BY SAFARICOM KENYA LTD FOR
M-PESA BUSINESS**

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DECLARATION

This research project is my original work and has not been presented for award of a degree in any other university.

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This research project has been submitted for the examination with my approval as the candidate's supervisor.

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DEDICATION

I commit this exploration venture to the all-powerful God whose effortlessness has empowered me seek after this course, and to my family for monetary support.

ACKNOWLEDGEMENT

I wish to recognize and offer gratitude to the Lord Almighty for seeing me through till now, my supervisor for his direction and my family for the ethical support.

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LIST OF ABBREVIATIONS

- CBD** -Central Business District
- CCK** - Communications Commission of Kenya
- GSMA** -Groupe Speciale Mobile Association
- ICT** - Information and Communications Technology
- IFC** - International Finance Corporation
- IFC** - International Finance Corporation
- IMF** - International Monetary Fund
- IT** - Information Technology
- MFI**s-Microfinance Institutions
- RBV** -Resource-Based View Theory
- TAM** -Theory of Technology Acceptance Model
- WEF**- World Economic Forum

ABSTRACT

The speed of change in the small scale enterprise division has expedited more organizations understanding the capability of utilizing the mobile payments as a part of their administration conveyance. This research work explores how Safaricom, through strategic initiatives' managed to create awareness and trust through branding, coming up with an widespread channel of retail specialists, valuing and operator commission structure which focus on key strategies of growth and expansion. The concentrate additionally assessed three hypotheses progressed by early specialists related to the study and exhibits the relationship between the factors. The study sketched out the examination procedure that the analyst used to gather information for study. This incorporates look into plan, target populace, examining outline, information accumulation instruments and methodology, information examination, investigate constraints and research morals. In selection of the study sample, the researcher purposively engaged the general manager business development, director financial services, head of M-pesa product development, head of business development, and head of customer development at the company headquarters located at Waiyaki way Nairobi Kenya. Data was analyzed on the basis of descriptive statistics and performance comparison done across time between the years 2010-2015. Subjective information was broke down in view of substance examination. The study concluded that, the ever increasing awareness of mobile money benefits has increased its uptake over the years, moreover the developments in mobile technology have expanded opportunities for additional mobile services for example currently, the extent and nature of mobile money transfer is highly dependent on the quality and quantity of the agent network, on which a company can ride to expand its operations. Finally the study proposes that, Safaricom limited company should get involved more on charity work in endeavor to uphold its reputation and status which might increase the goodwill from the public and also the company should, engage a professional marketing team that has superior understanding of its customer base and also design a more secure and structured channel program which should serve as an improved version of the current channel structure.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Business growth alludes to raising the bit of piece of the overall industry, deals income and profit of the present product or services (Rachid, Aker, Jenny, McClelland and Tierney 2011). For the most part the business can be stretched out through thing headway, publicize change, developing the line of thing et cetera. Olga (2009) contends that, advancement prompts better utilization of the advantages and to defy the resistance profitably. Business improvement gives budgetary parts of significant scale operations. The swift development of versatile installments innovations in the most recent couple of years, dominatingly in Kenya, South Africa, and the Philippines, has legitimized that there is shrouded enthusiasm for such organizations and that there is general capacity to grasp and pay for the development among low-pay customers (USAID, 2010).

Mobile payment techniques are basically data innovation (IT) systems and channels through which clients make different installment exchanges. This study focuses on the challenges of growth and expansion strategies adopted by Safaricom Kenya limited for M-pesa business and apply Technology Acceptance Model (TAM) theory, the resource-based view (RBV) theory and The Growth of the Firm hypothesis. TAM is a speculative model that uncovers how customers come to recognize and use advancement (Davis, 1989). The model recommends that when customers are given another development, different factors affect their decision about how and when they will use it. The Asset Based View (RBV) hypothesis as a reason behind the high ground of a firm lies fundamentally in the use of a store of critical unmistakable or insignificant resources at

the affiliation's exchange (Wernerfelt, 1984), while the Theory of the Growth of the Firm examinations administrative exercises and choices, authoritative schedules, furthermore the elements that definitely constrain a company's development prospects (Penrose, 1959).

According to International Finance Corporation (IFC) (2014), Safaricom's future value will rely on upon how the organization's versatile cash exchange benefit, M-Pesa, performs in an undeniably aggressive market. A speculation bank's examination demonstrates that M-Pesa's income expanded by a respectable 22 for every penny to Sh26.6 billion in the year finished March 31, 2014. M-Pesa faces expanded rivalry, both in its household advertise and those into which it is growing including South Africa and India (Cohen, *et al.* 2014). M-Pesa confronts rivalry from other portable administrators as well as a developing number of different players entering the versatile currency advertise, for instance M-Check in India and Wizzit in South Africa. In the meantime, powerful worldwide online gatherings, for example, Google and PayPal are forcefully pushing into portable installments, as are worldwide installment systems/Visa brands, outstandingly Visa and MasterCard.

In addition, although M-Pesa's user base in Kenya is still growing, this growth will be more challenging in the future as the number of users approaches saturation, close to 16 million of Safaricom's total 19 million subscribers are now M-Pesa users. This means that Safaricom will need to work harder on increasing usage and engagement within the existing customer base. This will require new product innovations and service partnerships (IMF, 2013). WEF, (2011) highlights that, there are critical advantages to be picked up by the utilization of versatile innovation by money related administrations

suppliers, particularly in provincial zones, as cost investment funds, proficiency, misrepresentation and blunder decrease, customer security and comfort.

1.1.1 Growth and Expansion Strategies

Successful business growth and expansion strategies begin with market insights. Stuart *et al.*, (2014) asserts that, telecommunications and payments are exchange based, with expenses gathered on exchanges; on the other hand, saving money is buoy based, with cash earned through holding stores. Building up the essential cross domain affiliations including partner social requests and heading may along these lines indicate troublesome. Moreover, smaller cash associations address a two sided showcase, and new approaches must incite both powers (supply) and clients (requests) to agree to the association in tasteful indicate be achievable.

Building and fittingly controlling the director system is no little assignment, and keeping up the fundamental money liquidity at outlets can display an unfaltering test. Captivating and holding the conviction of clients, including the general population who are poor and new to the improvement, is imperative to achievement. Business sensibility in this sector requires scale, and chiefs are run up against with the tradeoff between higher expenses to recover their speculations or lower expenses to fulfill scale and gather a mass market (Mas and Radcliffe, 2010). It is regarded by normal Kenyans as a home developed, private area example of overcoming adversity, outside the government owned entities and establishments which were often associated with bureaucracy what's more, in this manner they took pride in it, and believed it. For M-PESA to be comprehensively accessible to the greater part of the populace, Safaricom needed to outline a channel structure that

could bolster a huge number of M-PESA stores spread over a wide topography to offer trade out/money out administrations. Safaricom constructed a channel that depended on the key necessities of benefit (giving impetuses to outsider retail players to get included), versatility (accomplishing fast development) and control (over the brand, client encounter and geographic appropriation of stores) (IMF, 2013).

1.1.2 Communication Industry in Kenya

Broadcast communications in Kenya incorporate radio, TV, altered and cell phones, and the Internet (Communications Commission of Kenya (CCK), (2013). Since the beginning of the headway of the media communications division in 1999, Kenya has seen brisk web improvement and essentially speedier mobile phone advancement. Energized by this improvement, the administration has arrangements to transform Kenya into East Africa's pioneer in Information and Communications Technology (ICT) (CCK, 2013). At present the portable currency advertises in Kenya is ruled by one noteworthy player, Safaricom's M-PESA (IMF, 2013). Not just did Safaricom dispatch the primary administration, in 2007, yet despite everything it commands the field, with an expected 80% piece of the overall industry of all versatile cash exchanges in Kenya. Table 1.1 beneath gives a diagram of each of the versatile cash administrations accessible in Kenya.

Company	Mobile subscribers	Market share	Date launch	of Mobile money subscribers	Agents
SAFARICO	17.5 Million	69.89%	March, 2007	15.5 million	28,000
M M-PESA					
AIRTEL	3.3 Million	15.2%	November,	2.8 million	9,600

MONEY			2010		
ORANGE	2.1 Million	6.37%	November.	120,000	3,500
MONEY			2010		
YU CASH	1.6 Million	8.50%	December,	650,000	5,400
			2009		

Source; (CCK, 2013)

Each of the versatile cash players offer comparative sorts of administrations, despite the fact that the three more up to date benefit suppliers have attempted to separate themselves in different courses, to a great extent through their stage abilities and administration structures for corporate portable cash administrations. As indicated by World Bank (2014), numerous associations need to offer their customers and clients their preferred portable cash benefit supplier when connecting such administrations to their item offerings, however these administrations are not yet accessible. Consequently, for the present, anybody hoping to use a portable cash benefit in Kenya has minimal decision however to work with Safaricom, which has the biggest system of memberships and operators.

The achievement of versatile cash in Kenya has been out and out incredible. In a little more than seven years, a nation with just 1,072 bank offices have witness the quantity of operator outlets giving versatile cash benefit develop to 120,000. Individuals have admittance to money related administrations as at no other time; with the end goal that the extent of the populace which is totally rejected from money related associations is lesser in Kenya than whatever other African nation adjacent to South Africa. The key drivers of this trade related thoroughly considered Kenya, most amazingly Safaricom's

M-PESA and Equity Bank, focus on an extremely steady administrative administration, creative plans of action and mechanical advances, especially in the cell phone segment (Cohen, *et al.* 2014).

According to GSMA, Mobile Money Tracker (2012), M-PESA is developing from quantity to quality. The most recent improvements and figures reported by Safaricom as of November 2009 seem to be: 8.6 million enrolled clients, of which the dominant parts are considered to be dynamic. This relates to 57% of Safaricom's client base, 21% of the whole populace or 40% of grown-ups, 14,800 retail locations upon which M-PESA clients can trade out and money out, of which about half are situated outside urban focuses.

1.1.3 Safaricom-Kenya Limited

Safaricom was begun in 1993 as a branch of the previous state-possessed media communications collaborate, Kenya Post and Media transmission Company. In 1997, Safaricom Restricted was merged as a private compelled chance association with 40% ownership in Vodafone Kenya Constrained. In 2002, it was changed over to an open association even as the organization held 60% of the shares, 25% of which would be sold in 2008 on the Nairobi Securities Trade (Wikipedia, 2015).

Safaricom has familiar different organizations with Kenya and been a primary player in the flexible market and national economy. As of May 9, 2015, Collymore is the CEO; he succeeded Michael Joseph on November 1, 2010, after Joseph's ten years as Safaricom President. Safaricom utilizes more than 1,500 individuals for the most part arranged in Nairobi and different tremendous urban gatherings like Mombasa, Kisumu, Nakuru and

Eldoret in which it administers retail outlets. At this moment, it has the nation over dealerships to ensure customers the country over have induction to its things and organizations.

As of December 2013, Safaricom boasted an endorser base of about 17.5 million, a huge part of who are in the critical urban groups; Nairobi, Mombasa, Kisumu and Nakuru (Wikipedia, 2015). However, Olga, (2009) argues that, many endeavors' around the world aimed at growth of Mobile money development are advancing gradually, at times for reasons identified with showcasing techniques utilized, usage or administrative imperatives or on the grounds that suppliers at first centered around simple Microfinance Institutions (MFIs) as accomplices. Regardless of these difficulties, there is a lot of energy about the conceivable outcomes of portable cash innovation system to amplify money related administrations into underserved territories, and the fruitful execution of a portion of the present offerings gives a lot of support to endeavors to demonstrate the idea around the world (WEF, 2011).

The unavoidable issue about the Safaricom M-Pesa achievement is the manner by which the organization has strategized in making mindfulness and building trust through marketing, making a steady client encounter while building a broad channel of retail operators offering trade out/money out administrations and a client valuing and specialist commission structure that concentrate on key drivers of client ability to pay and influenced early adoption.

1.1.4 M-pesa services

M-Pesa, mobile phone based electronic installments framework, had been received by 8.5 million Kenyans in a generally limited ability to focus 2½ years. Radcliffe et al., (2010) take a shot at the valuation of administrations of M-pesa indicate it is a profoundly esteemed administration and that Safaricom keeps on extending the scope of utilizations it can be utilized for (Suri *et al*, 2011).

Toward the start, Safaricom was gone up against with the test of creating trust in the new installment system (Stuart *et al.*, 2014). This was all the more troublesome in light of the fact that Safaricom was presenting another item, as well as a whole item classification to a market that had little involvement with formal budgetary administrations. In spite of a developing number of victories, the portable cash industry confronts various difficulties. Portable cash organizations in creating nations regularly target clients who might be poor, scattered, and remote. Versatile cash likewise traverses two unmistakable ventures with various plans of action (Mas *et al.*, 2010).

As indicated by Samuel *et al.*, (2011), the inner dispatch focus for M-PESA was around 1 million clients inside one year, equivalent to 17% of Safaricom's client base of around 6 million clients around then (Stuart *et al.* 2014). The substantial interest in marking was based on the officially surely understood and trusted Safaricom mark, utilizing a similar shading plan. As the versatile administrator with an overwhelming piece of the overall industry (more than 80% at M-PESA's dispatch and hardly less today, in spite of the passageway of two new administrators), Safaricom was at that point a comprehensively

regarded organization that had presented items supported by people in general including paid ahead of time broadcast appointment accounts and per-second charging.

1.2 Research problem

Two billion people are unbanked in the world and are without access to safe, secure and affordable financial services (GSMA, 2012). Besides, IMF (2013) contends that, of the main 20 nations on the planet for portable cash use, 15 are in Africa. Kenyan market for example offers an extensive market for local settlements, given the huge rustic urban movements, which regularly brings about split families. To add to this, poor budgetary choices, particularly for residential settlements confirm by pre-M-PESA circumstance where the most well-known method for sending cash around the nation was through the street transport framework. The Post Offices had a costly, badly arranged administration which was not exceedingly esteemed by clients (Njenga, 2012).

M-Pesa (M intended for mobile, Pesa is Swahili meaning money) is a mobile phone based money trade and littler scale financing organization, pushed in 2007 by Vodafone for Safaricom and Vodacom, the greatest adaptable framework chairmen in Kenya and Tanzania. It has since reached out to Afghanistan, South Africa, and India and in 2014 to Eastern Europe (Cohen *et al.* 2014). According to Machoka, (2014), M-Pesa grants customers to store, pull back, trade money and pay for stock and endeavors (Lipa na M-Pesa) easily with a phone. The organization grants customers to store money into a record set away on their PDAs, to send equalities using PIN-secured SMS texts to various customers, including merchants of items and wanders, and to recoup stores for reliable

money. Customers are charged a little cost for sending and pulling back money using the organization. M-Pesa is a branchless saving money benefit; M-Pesa clients can store and pull back cash from a system of operators that incorporates broadcast appointment affiliates and retail outlets going about as keeping money specialists (Machoka, 2014).

Toward the start, Safaricom was stood up to with the test of creating trust in the new installment system (Machoka, 2014), this was all the more troublesome in light of the fact that Safaricom was presenting another item, as well as a whole item classification to a market that had little involvement with formal money related administrations. Samuel *et al.*, (2011) brings up that, Safaricom additionally needed to rapidly accomplish a minimum amount of clients to vanquish antagonistic system and chicken-and-egg impacts. The inner dispatch focus for M-PESA was around 1 million clients inside one year, equivalent to 17% of Safaricom's client base of around 6 million clients around then. Today Safaricom gloats of 17.5 Million Mobile endorsers and 15.5 million versatile cash supporters with a 80% piece of the overall industry (CCK, 2013).

Tarazi *et al.*, (2013) addressed "Who might have suspected that more than 33% of grown-ups in Kenya would get to be standard clients of a cell phone-based electronic installments framework that procedure a larger number of exchanges locally than Western Union does universally?" According to Njenga (2012), the kept money and the unbanked can likewise keep up record adjusts in their cell phones which can be seen as stores. In any case, there are no current studies that have been done to discover the viability of techniques utilized by Safaricom-Kenya on development and extension of M-pesa administrations. This study explores the three key procedures received by Safaricom Company that is marking, channel administration and evaluating methods.

The study offers insight into establishing the effectiveness of key strategies adopted by successful mobile money company what's more, gives suggestions for future research in this regard. The study looks to answer the accompanying examination questions; What value does branding techniques adopted by Safaricom add to growth and expansion of its mobile money services, How effective are the channel management techniques practiced by Safaricom-Kenya for M-pesa services, to what extent has pricing strategies adopted by Safaricom-Kenya contributed to growth and expansion of M-pesa services and what are the major challenges experienced by Safaricom on expansion and growth of its mobile money services?

1.3 Research Objectives

The study went for accomplishing the accompanying examination goals:

- i. To establish growth and expansion strategies adopted by Safaricom for M-pesa business
- ii. To determine the major challenges experienced by Safaricom on expansion and growth of its mobile money services.

1.4 Value of study

This research work anticipated that, various growth and expansion strategies as analyzed by the study might be valuable to other mobile money firms in Kenya and may help in driving more competition in the industry.

The business sector as whole and individual firms will also benefit from an understanding of successful and effective growth and expansion strategies. Once a firm has established

itself as a company which conducts business competitively, it takes a level of strategic responsibility to achieve growth and this is of immediate value to the business.

The staff and employees of various mobile money firms may benefit from the study findings since, creating business efficiency and gaining market leadership through growth and expansion strategies is another advantage to running a business.

The study findings for research can be useful to aid in strategy formulation pertaining to the competitiveness of the mobile money business and marketing strategy orientation. The policy makers will know how well to apply best growth and expansion strategies in organizations to ensure sufficient competitive advantage.

Other scholars will be furnished with relevant information regarding various growth and expansion strategies in the mobile money sector and the challenges therein. The findings will stimulate other researchers to venture into other potential systems that have not been examined. This will likewise add to the general assemblage of learning and frame a reason for further research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter highlights briefly a review of literature on challenges of growth and expansion strategies theories relevant to this study. It highlights the empirical evidence on the challenges of growth and expansion strategies employed by telecommunication organizations. Literature review is the examination of the current knowledge on a specific line of study (Mugenda, 2003). It concentrated on the current studies done by different researchers and specialists and gives some essential learning of the examination subject in view of the pertinent speculations.

2.2 Theoretical background of the study

Challenges of growth and expansion strategies are devastating to all categories of companies and could be devastating to all of the economic and non-economic activities. This chapter reviewed fundamental theories underlying growth and expansion strategies. The theories under review include; Technology Acceptance Model (TAM) hypothesis, the resource-based view (RBV) theory and the Growth of the Firm hypothesis.

2.2.1 The Theory of Technology Acceptance Model (TAM)

The Hypothesis of Innovation Acknowledgment Display (CAP) is a speculative model that gives elucidations on how customers come to recognize and use a development (Davis, 1989). The model prescribes that when customers are given advancement, different components impact their decision about how and when they will use it. These variables saw helpfulness is characterized in view of how much a man trusts that utilizing

a specific framework would improve the employment execution furthermore would be free from exertion (Davis, 1989). These two elements are thought to be the essential determinants for receiving and utilizing another innovation and are impacted by different factors, for example, security concerns, cost, comfort, and fulfillment (Lu, Yu, Liu and Yao, 2003).

As per Viehland and Leong, (2007), the apparent usability straightforwardly influences saw convenience and both decide the client's disposition towards utilize, (behavioral expectation to utilize BIU) and in the long run to the genuine utilization of the framework. Cap has been broadly used to foresee client acknowledgment and utilize in light of saw handiness and usability (Ndubisi and Richardson, 2002).

Subsequently, TAM was picked as the proper model and was reached out to incorporate different variables, for example, saw simplicity of availability of the portable installment administrations, saw minimal effort of the versatile installment administrations, saw comfort, saw security, saw bolster from the versatile administrations supplier and from the legislature, saw fulfillment and genuine utilization of the versatile installments

2.2.2 Growth of the Firm Theory

The Growth of the Firm model gives an investigation of the exchange off between item expansion and outside market entrance. It likewise can represent the speed of section into remote markets (Penrose, 1959). Penrose's Theory of the Growth of the Firm gives a record of internationalization fusing land development designs, successive basic leadership and learning. Firm development can be contemplated

as a dynamic procedure of administration communicating with assets as administration tries to make the best utilization of assets accessible, a really dynamic connecting process happens which energizes persistent development yet confines the rate of development (Penrose *et. al.*, 1959).

There is a nearby connection between the different sorts of assets with which a firm works and the advancement of thoughts, experience, and learning of its chiefs and business people (Penrose, 1959). Private and implicit information of the company's assets, capacities, hierarchical structures, standard working techniques, interesting chronicled conditions, and faculty, including human capital resource specificity (Williamson, 1996).

As per Penrose (1959), Critical parts played by supervisors and entrepreneurial administration groups: Interacting with the association's assets, subjectively seeing and making new uses for assets and driving the rate and bearing of the company's development and key experimentation. Contrasted with chiefs who are moderately new to a firm, administrators with implied learning of the association's abilities and hierarchical schedules may imagine a prevalent subjective gainful open door set for the firm (Penrose, 1959). Viably dispensing money related and HR to grab these open doors can make entrepreneurial development and upper hand With inferred comprehension of the association's innovation information bases, supervisors can adequately survey the execution capability of various R&D ways and send the budgetary assets to ventures in which the firm will probably get to be

aggressive With experiential learning of the company's workers, chiefs can likewise coordinate representative abilities to tasks and workers to each other in group settings (Prescott & Visscher 1980).

Penrose, (1959) additionally clarifies that, experience produces expanded learning about things and adds to target information in so far as its outcomes can be transmitted to others. In any case, encounter itself can never be transmitted; it delivers a change regularly an inconspicuous change in people and can't be isolated from them.

2.2.3 Resource-Based View (RBV) Theory

Asset Based Hypothesis or Asset Based View (RBV) of firms relies on upon the likelihood of cash related lease and the perspective of the relationship as a social event of breaking points. This perspective of system has a soundness and integrative part that spots it well before different instruments of key basic power (Wernerfelt, 1984). The advantage based view (RBV) as a clarification behind the high ground of a firm lies mostly in the utilization of a store of colossal unmistakable or immaterial assets at the association's trade (Penrose, 1959).

To change a short-run high ground into a managed high ground requires that these advantages are heterogeneous in nature and not consummately advantageous (Peteraf, 1993). Adequately, this converts into enormous assets that are neither splendidly imitable nor substitutable without amazing exertion (Barney, 1991). On

the off chance that these conditions hold, the pile of advantages can keep up the associations above normal returns. RBV has been widely related in association and advancing (Wernerfelt, 1984).

As showed by RBV advocates, it is fundamentally more practicable to try external open entryways using existing resources as a part of another way instead of endeavoring to increase new aptitudes for every exceptional open entryway. In RBV illustrate, resources are given the noteworthy part in helping associations to finish higher definitive execution. There are two sorts of advantages, considerable and vague.

Makadok (2001) stresses the refinement amongst capacities and assets by characterizing abilities as "an exceptional kind of asset, particularly a hierarchically inserted non-transferable firm-particular asset whose intention is to enhance the profitability of alternate assets controlled by the firm. Assets are loads of accessible variables that are claimed or controlled by the association, and abilities are an association's ability to send assets. Basically, it is the packaging of the assets that constructs abilities.

The asset based perspective of system underlines financial lease creation through particular capacities. Monetary lease, or Economic Value Added (EVA), is the thing that organizations acquire well beyond the cost of the capital utilized in their business. It is the measure of the upper hand, and upper hand is the main means by

which organizations in aggressive markets can win financial lease. The goal of an organization is to build its monetary lease, as opposed to its benefit in that capacity. An organization which expands its benefits however not its financial lease as through speculations or acquisitions which yield not exactly the cost of capital crushes esteem (Wernerfelt, 1984). Safaricom-Kenya is the market pioneer in the utilization of versatile cash is Kenya (World Bank, 2014).

2.3 Impacts of Mobile Money

As per the World Economic Forum (WEF), (2013), the majority of the 100 or more arrangements of mobile money frameworks have been in creating nations, with around half in Africa alone. Versatile cash frameworks can be made accessible wherever there is remote telephone benefit, conquering separation, and also the absence of branch workplaces in rustic regions.

The discussion additionally fights that, despite the fact that the portable cash industry has accomplished critical scale in just a modest bunch of nations, a developing number of studies like; World Bank, 2014; Cohen *et al.*, 2014; and IFC (International Finance Corporation), 2013 are setting up its impact in an assortment of territories. Its forthcoming points of interest incorporate advantages emerging from the natural qualities of the administrations, benefits emerging naturally from across the board utilization and system impacts and advantages emerging from intentional and imaginative applications, either made by engineers or made by individuals' employments of portable cash administrations.

Cohen *et al.*, (2014) contends that, portable cash is typically effective on the grounds that it is extensively less expensive than different other options to money. In a global examination of 26 banks, McKay *et al.*, (2010) found that branchless managing an account including portable cash was 19 percent less expensive by and large than option administrations. At low exchange sums or for casual cash exchange alternatives, this distinction dramatically increased. In Kenya the measure of cash dispatched expanded when exchanged utilizing M-PESA contrasted and conventional types of settlements. Then again, where exchange expenses are high, as in Botswana where the cost per exchange is at least 8 pula (\$1.07), portable cash has been ease back to flourish.

Early investigations of M-PESA in low wage ranges for example McKay *et al.*, (2010) found that the danger of muggings declined in light of the fact that money was less clear. Since it is less noticeable than money, portable cash additionally has results for security and self-governance. Morawczynski *et al.*, (2011), additionally discovered that ladies can have individual reserve funds without looking for authorization from their spouses be that as it may, obviously, this self-governance remains constant for both sexual orientations. The speed and liquidity of portable cash are additionally key advantages. Versatile cash can be an available and advantageous medium for the conveyance of money related administrations and more solid than conventional, casual strategies.

As indicated by Stuart and Cohen, (2011), enhancing the capacity of the poor to exchange cash is absolutely helpful, yet in separation, versatile exchange administrations don't catch the maximum capacity of portable cash to improve money related consideration. Early investigations of South African versatile cash found that while it could progress money related incorporation, it had not expanded access to managing an account,

particularly contrasted and non-mechanical endeavors, for example, a specific sort of financial balance planned particularly for poor people (Porteous, 2007).

In Kenya, for instance, the prevalent utilization of M-PESA is as yet sending cash, albeit a few people utilize it for funds (Stuart and Cohen, 2011). Morawczynski *et al.*, (2011), highlights that, a few associations are purposely utilizing versatile cash to improve their conventional offerings. Regardless of a developing number of victories, the versatile cash industry confronts various difficulties. Versatile cash arrangements in creating nations frequently target clients who might be poor, scattered, and remote.

Portable cash additionally traverses two particular enterprises with various plans of action. Media communications and installments are exchange based, with expenses gathered on exchanges; on the other hand, managing an account is buoy based, with cash earned through holding stores. Building up the vital cross area organizations including connecting societies and controls may along these lines demonstrate troublesome. Furthermore, portable cash administrations speak to a two sided showcase, and new arrangements must persuade both operators (supply) and clients (request) to agree to the administration in adequate amount to be reasonable (Morawczynski *et al.*, 2011).

Building and suitably affecting the authority framework is no little errand also, keeping up the key money liquidity at outlets can demonstrate a reliable test. Winning and holding the trust of clients, including the general population who are poor and new to the headway, is imperative to achievement. Business sensibility in this industry requires scale, and directors are confronted with the tradeoff between higher expenses to recover their attempts or lower expenses to fulfill scale and store up a mass market (Mas and

Radcliffe, 2010). Despite these difficulties, reduced exchange has made out a gathering of business sections. Notwithstanding the way that the Global Back Organization (IFC) perceived more than 50 components influencing the progression of minimized cash, three are particularly key (IFC 2011): control, rivalry with different instruments of budgetary get to, and client affirmations and aptitudes.

2.4 Empirical Review

Empirical studies on challenges and growth and expansion strategies for firms have posited different conclusions depending on the method used or determinant of financial performance applied for instance, Oginda *et al.*, (2013) investigation on the Impacts of Vital Basic leadership on Firm`s Execution: A Contextual analysis of Safaricom Constrained, Nairobi, Kenya. The reason for the study was to examine impacts of key basic leadership on company's execution. These connections were tried in four cell phone cash benefit suppliers to evaluate impacts of key choices on execution. These organizations are Safaricom M-PESA, Airtel Money, Orange Money, and Essar Yucash. Safaricom was observed to be the worldwide pioneer in portable cash benefit giving. The study demonstrated that there are noteworthy positive relationship between the utilization of key choices and company's execution; however the execution connections contrast crosswise over modern settings.

Mbogo (2010) analyzed the effect of versatile installments on the achievement and development of miniaturized scale business: the instance of M-Pesa in Kenya. The study expected to examine the achievement variables owing to the utilization of versatile installments by miniaturized scale business administrators. The study depended on an

overview directed through organization of polls. The information was gathered from a specimen of 409 small scale business people in Nairobi, Kenya. The study connected the Theory of Technology Acceptance Model (TAM) which was reached out to incorporate different variables to help us foresee achievement and development in smaller scale organizations. Investigations of the information uncovered that accommodation of the cash exchange innovation in addition to its openness, cost; support and security variables are identified with behavioral aim to utilize and real utilization of the versatile installment benefits by the miniaturized scale organizations to upgrade their prosperity and development.

Ignacio *et al.*, (2014) logically broke down three keys to M-PESA's prosperity that is; Branding, channel administration and valuing. The study concentrated on three key parts of M-PESA's prosperity: mindfulness creation through marking, constructing a broad channel of retail specialists offering trade out/money out administrations and a client valuing and operator commission structure that concentrate on key drivers of client ability to pay and influenced early appropriation. The study inferred that, achievement in respect to M-PESA depends on: less expensive electronic exchanges, more prominent store motivating forces to acknowledge vast esteem withdrawals and plausibility of direct linkage into a formal ledger.

Karuri and munyu (2014), likewise looked into on the difficulties confronted by Safaricom Limited, Kenya, in its development system utilizing the M-Pesa Agents Network. Sixteen respondents were chosen to partake in the study. Profundity meetings were led with them being drawn from Safaricom's four areas that arrangement straightforwardly or in a roundabout way with M-PESA business, to be specific: Agent

organization, Operations group, Customer Care and Risk and Fraud Detection group. The information was gotten by method for a meeting aide of inquiries. Examining inquiries were additionally postured one-on-one to the subjects in order to pick up a savvy thought of what the subjects 'suppositions were. The information was investigated by method for the subjective substance examination where the distinguished key difficulties were assembled under individual topics and afterward talked about in accordance with the topical approach in the substance investigation. The study discovered that, among the development techniques received by Safari com was utilizing the M-PESA operators system to reach whatever number regions and clients as could be expected under the circumstances. Furthermore, the approach has not been without difficulties as the business environment is constantly exceptionally dynamic with unexpected difficulties, implying that in utilizing the specialist demonstrate, Safaricom constrained has been confronted with different difficulties also.

2.5 Summary of Literature Review and research gap

In summary, based on the literature reviews done and hypotheses survey it has been discovered that the acknowledgment of market initiative by Safaricom Kenya has not been without difficulties and that there is potential for development and extension. In light of the asset based perspective of procedure which accentuates financial lease creation through unmistakable abilities, Safaricom Kenya has increased some level of monetary lease, a valid example in August 2010 when Safaricom's benefit and share cost drooped after Zain (now Airtel) set off a cost war by slicing rates taking after the Communications Commission of Kenya's bringing down the portable end rate (MTR) from Sh4.42 to Sh2.21.

The explanations behind M-PESA's prosperity have been concentrated widely and for the most part researchers concur on a few contributing components an expansive underserved populace with couple of options for money related administrations, a demographic profile that saw noteworthy quantities of grown-ups move to urban communities like Nairobi looking for work, while holding solid familial and budgetary connections to their home towns, a trusted versatile system administrator with critical piece of the overall industry and a wide operator arrange, moderately high cell phone entrance at the time and a controller willing to take a "watch and learn" way to deal with the new administration.

This study has distinguished the hole of uncovering the mystery of how 33% of grown-ups in Kenya would get to be standard clients of a cell phone-based electronic installments framework those procedures a bigger number of exchanges locally than Western Union does all around.

This study investigates the three key strategies adopted by Safaricom Company that is branding, channel management, pricing techniques and challenges by Safaricom Company in its quest to sustainable market leadership.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides an account on how this study was conducted. The methodology include the research design, the population size, the data collection instruments as well as the data analysis techniques that were used to analyze the data.

3.2 Research Design

The study adopts a descriptive research design in investigating the challenges of growth and expansion strategies adopted by Safaricom Kenya ltd for M-pesa business. Descriptive research design is the most pertinent for the study, as the study concentrated on portraying factors of study. This logical strategy for examination includes accumulation and investigation of information keeping in mind the end goal to portray a remarkable in its present condition or status, Mugenda (2003) indicated that this design is favored in light of the fact that it is efficient, and simple for the analyst to acquire current real data from the association.

3.3 Data Collection Method and Instrument

Qualitative primary data was used for the study. The primary data was collected by use of an interview guide to probe the general manager business development, director financial services, head of M-pesa product development, head of business development, head of customer development at the company. Direct interview assisted in getting the information about the complex phenomena like strategies and can be easily adapted to the ability of the person being interviewed (Mugenda, 2003).

3.4 Data Analysis

Information was investigated on the premise of clear measurements where quantitative information was examined with the utilization of Statistical Package for the Social Sciences (SPSS) version 21 due to its ability to cover a wide range of most statistical and graphical data analysis and is systematic. Content analysis was used to analyze qualitative data from the interview guide and conclusions and recommendations made.

CHAPTER FOUR : DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

In this chapter the findings of the study on challenges of growth and expansion strategies adopted by Safaricom Kenya ltd for M-pesa business are presented. Data collection was done using interview guides and probing the interviewees. The study targeted 6 senior employees of Safaricom Kenya limited in the category of the general manager business development, director financial services, head of M-pesa product development, head of business development, head of customer development at the company. The researcher was convinced that this category of employees will be helpful in answering the objectives of the study since they dealt directly or indirectly with M-PESA business, namely: Agent administration, m-pesa operations management and customer care.

4.2 Response Rate

The targeted sample size was 6 participants in the category of the general manager business development, director financial services, head of M-pesa product development, head of business development, head of customer development at the company. All the targeted interviewees were successfully engaged in the study ensuring 100% response rate. According to Mugenda and Mugenda (2010), a response rate of half is satisfactory for investigation and reporting; a rate of 60% is great and a reaction rate of 60% is great and more than 75% is great and phenomenal. This implies the reaction rate for this study was magnificent and accordingly satisfactory for information investigation and understanding.

Table 4.3 Response Rate

Questionnaires	Frequency	Percent (%)
Response	6	100%
Non-response	0	0.00%
Total	6	100.0%

Source: Author, (2016)

4.3 Pilot Test Findings

A pilot test was led keeping in mind the end goal to test for legitimacy of the poll control. To establish validity, the researcher drew in the supervisor as bolstered by Cooper and Schindler (2010), to check the poll things on their suitability of substance and to decide all the conceivable ranges that need change so as accomplish the destinations of the study.

4.4 Demographic attributes of the respondents

This segment introduces the demographic attributes of the respondents required in the study. The demographic attributes included, sexual orientation (Male or Female), education qualification (Post graduate qualification, undergraduate qualification, any other), and, years of work in the association which was arranged by as between 1-5years , 5-10 years and more than 10 years

4.4.1 Gender

It is observed from Table 4.4 that majority 4 (66.7%) of the interviewees were male employees as compared to 2 (33.3 %) of respondents who were female as shown in table

Table 4.4 Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	4	66.7	66.7	66.7
	Female	2	33.3	27.5	100.0
	Total	6	100.0	100.0	

Source: Author (2016)

4.4.2 Level of education

Table 4.5 shows that majority 3(50.0%) of the interviewees had postgraduate qualification, 2(33.3%) of interviewees had undergraduate qualifications while 1(16.7%) of interviewees had other qualifications. The researcher noted that the interviewee who had other qualifications had professional courses like the ACCA professional qualifications plus undergraduate qualifications.

Table 4.5 Highest level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Any Other	1	16.7	16.7	16.7
	Undergraduate qualification	2	33.3	33.3	50.0
	Postgraduate qualification	3	50.0	55.5	100.0
	Total	6	100.0	100.0	

Source: Author (2016)

4.4.4 Length of service

The study results from table 4.6 shows that out of the 6 interviewees, 3(50%) of them have served for less than 5 years, 2(33.3%) of the interviewees had served between 5-10 years while 1(16.7%) of interview had served for more than 10 years

Table 4.6 Length of service

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 years	3	50.0	50.0	50.0
	5-10 years	2	33.3	33.3	83.3
	Over 10 years	1	16.7	16.7	100.0
Total		6	100.0	100.0	

Source: Author (2016)

4.5 Growth and expansion strategies adopted by Safaricom for M-pesa business

In this section the researcher analyzed both strategy choices and their efficacy on growth and expansion for M-pesa business in Kenya. Specifically the study focused on: channel management techniques, pricing strategies and branding strategies. The study mirrored these strategies with book estimates of M-pesa Goodwill value and revenue in Kenya shillings of M-pesa business estimates for the period 2010-2015 in attempt to analyze their effectiveness over the same period of time.

4.5.1 Channel Management Techniques

In this section the researcher wanted to ascertain how useful the channel management strategy employed by the company had been to the growth and expansion of M-pesa business. The interviewees were asked to ascertain how channel management strategy employed by the company had helped the growth and expansion of the M-pesa business. The interviewees (the general manager business development, director financial services, head of M-pesa product development, head of business development, and head of customer development) were unanimous that, amongst the key strategies in channel management were: Agent training, network management and staff development. They highlighted that, the company had over time been offering the underlying training session when another new agent is brought on board which involves inside and out scope

of all organization work and covers all parts of the operation of the stage and the necessities for AML and KYC consistence. In addition, there is further type of training which happens in the field and is given by an outside office that has been enlisted by Safaricom to go around the nation and give refresher sessions to ace and retail specialists.

The interviewees collectively additionally demonstrated that, the organization utilizes the specialist aggregator show which has altogether diminished the many-sided quality of operator administration since they don't need to bargain straightforwardly with a large number of outlets spread out the nation over. The organization has likewise built up a great neighborhood group to oversee M-PESA operations.

At long last, the interviewees highlighted that; liquidity administration is a critical sympathy toward the operators' cash demonstrate in the channel. They highlighted that, when clients can't make exchanges because of specialists' absence of liquidity, the administration is less helpful and this can prompt a decay of trust and dependability in the whole framework. To beat this test the organization composed a agents pecking order model to encourage liquidity administration. Where, Master agents purchase and offer M-PESA electronic esteem from the retail operators, giving the retail operators the way to adjust their relative positions in M-PESA electronic esteem and money on an everyday premise. Ace operators make accounts in banks that are situated close to their retail specialists, and the retail operators as a rule visit the closest bank office every day to either store or pull back money from their record.

4.5.2 Efficacy of Pricing Strategies

This part sought answers as to the efficacy of pricing strategies adopted by the organization in the growth and expansion of M-pesa business. The interviewees were asked to advice on the pricing strategies that guided the M-pesa business. The general manager business development and director financial services, highlighted that in pricing, client pricing is intended to urge clients to try different things with the service: the key features mentioned were: Free and snappy enlistment to the administration, free stores, and capacity to send cash to any cell phone supporter regardless of whether they were subscribed to the service. From the details availed by the interviewees, it was clear that the company profit margin is significantly characterized by P2P exchange expenses instead of on the trade out/money out charges, mirroring that client readiness to pay is higher for remote installments where clients' choices are weakest.

The interviewees were unanimous, that competitors both in the telecommunications business who offer money transfer services and the general wide financial industry plays a big part in determining the pricing in the M-pesa business. The interviewees also advised that the M-pesa business customers over time had shown that they were ready to pay a little bit higher premium in terms of pricing as long as the M-pesa services were guaranteed and there was easier accessibility to M-pesa pay points.

4.5.3 Efficacy of Branding Strategies

This section sought responses on the efficacy of branding strategies adopted by the organization on the growth and expansion of M-pesa business. It was unanimous from the interviewees (the general manager business development, director financial services, head

of M-pesa product development, head of business development, and head of customer development) that, the branding strategies employed by the company had evolved and had progressed from the initial marketing strategy which included and focused on the wealthier city occupant with the need to "send cash home". The interviewees asserted that this initial marketing strategy was adopted to make an "optimistic picture" for M-PESA and stayed away from the feeling that it was a low-esteem item went for poor people. Currently Safaricom, both from a marketing and branding theme, has moved to incorporate all, that is youthful, up-market urban occupants with work area employments, more customary Kenyans from lower-paid callings, business persons, the ordinary village person selling groceries, the corporates who want a payment model for their employees salaries. This has been accomplished through enormous effort street shows and tents that went around the nation marking individuals up, clarifying the item and exhibiting how to utilize it. This has also created a strong corporate image of a mobile operator with a dominant market share. This they say is evidenced by the over 80% customers since M-PESA's dispatch and barely less today, notwithstanding the passageway of two new administrators.

4.5.4 M-pesa Goodwill value estimates for the period 2010-2015

In this section the researcher analyzed the M-pesa Goodwill value public confidence in terms of share price growth over the years. The interviewees however gave a more generalized answer and highlighted that the company had seen its gain in share price rise since its launch, from 5 Kenya shillings to now about 21 Kenya shillings in the period to July 2016. It is additionally imperative to note that the interviewees highlighted that, the future esteem will rely on upon how the organization's portable cash exchange benefit M-

Pesa performs in an undeniably aggressive market. This they say was prove in the year 2010 when Safaricom's benefit and share cost drooped after Zain (now Airtel) set off a value war by slicing rates taking after the Communications Commission of Kenya's bringing down the versatile end rate (MTR) from Sh4.42 to Sh2.21.

4.5.5 Revenue estimates of M-pesa business for the period 2010-2015

In this part, the researcher wanted to establish growth or decline trends in terms of revenue in Kenya shillings of M-pesa business for the period 2010-2015. From the records availed by the respondents the results were as shown in Table 4.7 below:

Table 4.7 Revenue of M-pesa business for the period 2010-2015 estimate

2010	2011	2012	2013	2014	2015
(kshs in billions)	(kshs in billions)	(kshs in billions)	(kshs in billions)	(kshs in billions)	(kshs in billions)
9.5 billion	11.8 billion	16.9 billion	21.8	26.6 billion	32.6 billion

From the results, the investigator noticed that, income from M-Pesa expanded by 43% to Ksh.16.9 billion speaking to half of the organization's non-duty incomes in the year 2012. During this period, the interviewees were unanimous that, Safaricom made gigantic investments towards enhancing the cash exchange's system and developing its client base. What's more, in the year 2014 the M-pesa income expanded by 22 for every penny

to KES26.6 billion which gave some muscle to the Kenyan administrator's 2013/14 comes about. The researcher also noted that, revenue from M-Pesa increased by 15 per cent from the 2014 numbers to hit a high of Sh32.6 for the year ending March 2015. During this period the interviewees also highlighted that, the enlisted number of M-Pesa clients developed by 6% to 14.9 million speaking to 78% of Safaricom's whole 19 million client base. The interviewees unanimously agreed to the fact that, much of the company's overall revenue growth is due to M-Pesa.

4.6 Challenges experienced on expansion and growth of Safaricom M-pesa business.

In this section the researcher was keen to determine the major challenges experienced by Safaricom on expansion and growth of its M-pesa mobile money services. The study findings were as follows:

4.6.1 Challenges experienced on expansion and growth on branding strategies

In this segment the researcher asked the interviewees to advice on the major challenges experienced by Safaricom on expansion and growth of its mobile money services with regards to branding strategies employed. The interviewees generally asserted that, the predictable store branding and client encounter approach where M-PESA stores conveyed the new M-PESA mark into nearby groups has bore more organic products in accomplishing the administration position. The stores are without a moment's delay unmistakable as they are painted Safaricom green with a conspicuous M-PESA logo and once a client enters any store, the experience is astoundingly reliable. Nevertheless, the interviewees noted that the costs involved in consistent store branding and customer experience has been a major challenge, causing it to reconsider this approach.

The interviewees also advised that the company from time to time carries out advertisements through bill boards, electronic and print media just to reinforce the brand but that this has been a major cost element which has necessitated the company at times to reconsider its branding strategies.

4.6.2 Challenges experienced on expansion and growth on pricing strategies

In this section the researcher asked the employees to advise on the challenges experienced by Safaricom on expansion and growth of its mobile money services with regards to pricing strategies employed. There was a general consensus that, the company that is Safaricom absorbs too many costs directly. They argued that, Safaricom pays "beat picture" for on location benefits specifically, notwithstanding paying channel commissions through operator base camp. This is viewed as an expensive duplication of channel players to start with and which affects the overall pricing which is slightly higher than the competition.

The interviewees also mentioned about increased products from players in the banking industry offering similar but cheaper products to M-pesa and who feel that M-pesa could have eroded their dominance in the payments and money transfer area.

Referred to the M-pesa rates of 2016 available at (www.safaricom.co.ke), the rates are as shown in Table 4.8

Table 4.8 MPESA Sending customer charges

Transaction Range (Ksh)		Transaction Type and Customer Charge (Ksh)		
Min	Max	Transfer to	Transfer to	Withdrawal from

		other	Unregistered	M-PESA Agent
		M-PESA	Users	
		Users		
10	49	1	N/A	N/A
50	100	3	N/A	10
101	500	11	44	27
501	1,000	15	48	27
1,001	1,500	25	58	27
1,501	2,500	40	73	27
2,501	3,500	55	110	49
3,501	5,000	60	132	66
5,001	7,500	75	163	82
7,501	10,000	85	201	110
10,001	15,000	95	260	159
15,001	20,000	100	282	176
20,001	25,000	110	303	187
25,001	30,000	110	303	187
30,001	35,000	110	303	187
35,001	40,000	110	N/A	275
40,001	45,000	110	N/A	275
45,001	50,000	110	N/A	275
50,001	70,000	110	N/A	330
ATM Withdrawal				

Transaction Range (Ksh)		
Min	Max	Customer Charge
200	2,500	33
2,501	5,000	66
5001	10,000	110
10,001	20,000	193

Other Transactions	Ksh
All Deposits	FREE
M-PESA Registration	FREE
Buying Airtime through M-PESA	FREE
M-PESA Balance Enquiry	1
Change M-PESA PIN	22

NOTE:

- Maximum Account Balance is Ksh100,000
- Maximum Daily Transaction Value is Ksh140,000. Maximum per exchange is Ksh70,000
- You can't pull back under Ksh50 at a M-PESA operator outlet
- To execute, your Safaricom line and M-PESA account must be dynamic
- At an operator outlet, you can't store cash specifically into another M-PESA client's record
- You acquire Bonga focuses when you execute on M-PESA.

- To enlist or execute at any M-PESA Agent outlet, you will be required to create your unique distinguishing proof record, i.e., National ID, Passport, Military ID, Diplomatic ID or Alien ID/Foreigner Certificate

The interviewees were unanimous in their response that the M-pesa charges were slightly higher than their competitors. They explained that this was market leadership pricing which explains the current high revenue from M-pesa transactions. As regards the agents operations, there was also a unanimous agreement that approximately 80% of the M-PESA agents faced liquidity constraints in their operations which is commonly known as the “flout” cash balance.

4.6.3 Challenges experienced on expansion and growth on channel management strategies

In this part the researcher was keen to unearth the major challenges experienced by Safaricom on expansion and growth of its mobile money services with regards channel management strategies employed. Through in-depth interview, the interviewees highlighted the flatness of the channel as a major challenge. From the statistics availed by the Head of business development, it shows that about 60% of M-PESA stores belong to agent Headquarters’ (HOs) which is less than about 12 stores. Consequently, Safaricom needs to manage an excessive number of operator HOs to deal with their channel, which is getting the opportunity to be a test as the quantity of stores shoots past 14,800. The interviewees also mentioned cash handling as a major challenge which was generally attributable to increased insecurity and crime rates, compounded by lack of appropriate insurance and internal controls, where m-pesa agents were not

adhering to contractual obligations for instance; Anti-Money Laundering (AML) regulations and Know Your Customer (KYC). There was a general consensus amongst the interviewees that, such cases were rampant in the agency business. This was especially so in non-compliance with the statutory Know Your Customer (KYC) where customers are allowed to withdraw and deposit money without producing original identification documents for instance.

CHAPTER FIVE:SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter depicts the summary of the data findings on challenges of growth and expansion strategies adopted by Safaricom Kenya ltd for m-pesa business. The study conclusions and suggestions are attracted there to. The part is thusly organized into synopsis of discoveries, conclusions, suggestions and range for further research.

5.2 Summary of the findings

The overall objective of the study was to establish growth and expansion strategies adopted by Safaricom for M-pesa business and determine the major challenges experienced by Safaricom on expansion and growth of its mobile money services. Descriptive research design was adopted for this study. The study used a sample of 6 respondents in the category of general manager business development, director financial services, head of M-pesa product development, head of business development, head of customer development at the company from Safaricom Limited head office located at Safaricom House Waiyaki Way.

5.3 Conclusions of the study

It is clear from the research findings that Safaricom M-pesa business will maintain market leadership in the money business in the foreseeable future. The ever increasing awareness of mobile money benefits has increased its uptake over the years, moreover the developments in mobile technology have expanded opportunities for additional mobile

services for example currently, the extent and nature of mobile money transfer is highly dependent on the quality and quantity of the agent network, on which a company can ride to expand its operations. This for instance explains the success of M-pesa mobile money over the competitors. Grounded on this revelation, this study concludes that there are indeed challenges facing Safaricom restricted in its extension procedure utilizing the M-PESA business, for instance the transaction safety and liquidity challenges for the agents, the assimilation of direct costs in relation to the agents model, the increasing costs on branding, the challenges on pricing resulting from increased competition by players in the telecommunication field and the banking industry.

The company will thus need to do much more in addressing the challenges it faces if it is to continue being the dominant player in this field.

5.4 Recommendations

The study recommends that, Safaricom ought to put resources into store training and effectively directing the store networks in order to maintain its market leadership position. The researcher also proposes that, Safaricom limited company should get involved more on charity work in endeavor to uphold its reputation and status which might increase the goodwill from the public.

The study also proposes that the company should, engage a professional marketing team that has superior understanding of its customer base and also design a more secure and structured channel program which should serve as an improved version of the current channel structure.

The study also proposes a better system for partner/agents relationship management and marketing management through a more advanced monitoring and evaluation system which is aimed at increasing the ease of doing business.

The study also proposes that the company should continually address its costs versus pricing strategies in light of increased competition from the other players in telecommunication industry and banking sector in general in the mobile money field.

5.5 Suggestion for Further study

The study findings established the three key growth and expansion strategies adopted by Safaricom for M-pesa business which were; pricing, channel management and branding strategies as adopted by Safaricom Kenya. The study also determined the major challenges experienced by Safaricom on expansion and growth of its mobile money services. The researcher however notes that, the revealed strategies only accounts for a portion variation of strategies adopted by Safaricom for growth of its business. Meaning other strategies and efforts not tested should be considered for further research.

The study only sort answers from the general manager business development, director financial services, head of M-pesa product development, head of business development, head of customer development at the company from Safaricom Limited head office located at Safaricom House Waiyaki Way thus the same study should be carried out to engaged other strategy responsible employees and marketing team to find out if the same results will be obtained.

5.6 Limitations of the study

In carrying out this research, the researcher faced some limitations that affected the research process. One of the challenges was lack of sufficient background reference materials with M-pesa or mobile money being a new phenomenal in Kenya. This is due to the few literature materials published locally on the subject matter. The revealed strategies only accounted for a portion variation of strategies adopted by Safaricom meaning all other strategies needed to be studied in order to arrive at wide ranging recommendations. The research interviews were only conducted with directors in Safaricom directly involved with the M-pesa business strategies, more stakeholders like the super agents and other functions within Safaricom who support the M-pesa business though indirectly were not readily willing to be engaged on strategy issues. Due to the increasing competition from other stakeholders dealing in mobile money, both in the financial and telecommunications industries, some interviewees were not readily willing to divulge some sensitive information like all strategies adopted and challenges faced.

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APPENDICES

APPENDIX 1: INTERVIEW GUIDE

This meeting aide is intended to gather information to build up difficulties of development and extension procedures embraced by Safaricom Kenya ltd for M-pesa business. The information should be utilized for scholarly reason just and it will be treated with privacy it merits. The respondents are profoundly urged and influenced to react to the announcements in this poll in the most honest and protested way that is available. Your support in encouraging this study will be profoundly valued. Compassionately tick in the space furnished with the right answer or supplies the required data. Where required, please indicate and expand.

SECTION A: DEMOGRAPHIC INFORMATION

1. What is your gender?

Female	
Male	

2. Level of education

Post graduate qualification	Undergraduate qualification	Any other

3. Length of service?

Less than 5 years	5-10 years	Over 10 years

4. What is your age bracket?

25 and below	26-30	31-35	36-40	41-45	46-50	51 and above

SECTION B: CHANNEL MANAGEMENT TECHNIQUES

- 5.** How useful has the channel management strategy employed by the company been to the growth and expansion of M-pesa business

SECTION C: EFFICACY OF PRICING STRATEGIES

- 6.** How useful has the pricing strategies adopted by the organization been to the growth and expansion of M-pesa business

SECTION D: EFFICACY OF BRANDING STRATEGIES USED

- 7.** How useful has the branding strategies employed by the organization been to the growth and expansion of M-pesa business

The books estimates of M-pesa Goodwill value estimation for the period 2010-2015

2010	2011	2012	2013	2014	2015

The book revenue in Kenya shillings of M-pesa business for the period 2009-2014

2009	2010	2011	2012	2013	2014

8. Any other growth and strategy employed by the organization for the M-pesa business

9. Kindly highlight the major challenges experienced by Safaricom on expansion and growth of its mobile money services with regards to branding strategies employed

10. Kindly highlight the major challenges experienced by Safaricom on expansion and growth of its mobile money services with regards to pricing strategies employed

11. Kindly highlight the major challenges experienced by Safaricom on expansion and growth of its mobile money services with regards channel management strategies employed

12. Highlight any other challenge experienced in growth and expansion of M-pesa business.

(Interviewer documented answers in a field notebook)