GROWTH STRATEGIES AND PRODUCT PERFORMANCE: A CASE OF M-PESA

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ABSTRACT

The purpose of this study was to establish the growth strategies that Safaricom Limited Company had implemented for M-PESA service and the impact on its performance. The specific objectives of the study were to understand the impact of market penetration, market development, product development and diversification strategies on M-PESA's performance as measured by market share and revenue growth. The study design used a combination of descriptive and correlational research using survey method for data collection. The target population for the research was 160 senior and middle management staff at Safaricom Limited, Head Quarter offices. A sample size of 114 respondents was drawn from this population using stratified random sampling method. The study mainly used primary data collected using self-administered questionnaires, and secondary data was collected from published industry reports and Safaricom annual reports. The data was analyzed using both descriptive and inferential statistics. Descriptive statistics were used to summarize data while inferential statistics, specifically multiple linear regressions were used to determine the relationship between growth strategies and product performance. The data was analyzed using SPSS analysis software and was used to determine findings of the research and draw conclusions for the study. The study findings established that the four growth strategies of market penetration, product development, market development and diversification strategies had been applied by Safaricom Limited for M-PESA service. The regression model showed a statistically significant positive relationship between growth strategies and product performance. However further regression analysis to determine coefficients of each of the growth strategies found that, only two of these strategies, product development and market development had a statistically significant impact on product performance. The remaining two growth strategies of market penetration and diversification had negligible effect on product performance. The study further recommended adoption of growth strategies for products guided by the product life cycle stage and market conditions to optimize use of organization resources for targeted growth.

Key Words: *Market Penetration, Market Development, Product Development, Diversification, M-PESA*

Page: - 272 -

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INTRODUCTION

A company's strategy comprises of large-scale plans designed to meet its long-term objectives (Pearce II & Robinson, Jr., 2009). Performance measurement as claimed by Letza (1996), provides the means of control to achieve the objectives required, to fulfill a company's objectives (as cited in McAdam & Bailie, 2002). Growth strategies are concerned with growing the size and viability of a business over time through either internal investment or external investment (Harrison & St. John, 2001). Different firms adopt different strategies, and this is influenced by both internal and external factors, major factors include firm and industry factors (Kariuki, Awino, & Ogutu, 2011); this in turn results in differences in performance across different firms. The mobile money market in Kenya has been in existence since 2006, competing firms in the market include mobile phone service providers as well as banks. M-PESA is a mobile money service owned by Safaricom Ltd, the leading mobile phone service provider in Kenya and is the market leader in mobile money at 81% market share (Communications Authority of Kenya, 2018). This study seeks to analyze the influence of growth strategies by Kenya's leading mobile money service M-PESA, on its performance as measured by market share and revenue growth.

According to Harrison & St. John (2001), growth strategies are business level strategies that determine allocation of resources within a business to achieve growth and that determine changes in business scope that are compatible with growth and the strategic direction of a business i.e. products and markets. Internal growth strategies seek to use a company's existing resources and capabilities to drive growth and profitability for the firm and are market penetration, market development and product development strategies. Market penetration seeks to increase a firm's market share in an existing market, with its existing products through tactics such as advertising, promotions and sales efforts.

According to Kaplan and Norton (2004), an organization's strategy describes how it intends to create value for its shareholders, customers and citizens. The measurement of strategy objectives should therefore focus on how the organization seeks to create long-term value. The balanced score card is a management tool that was developed by Kaplan and Norton that evaluates business performance from four perspectives: financial performance, customer knowledge and satisfaction, internal business processes and learning and growth. The financial perspective looks at performance from shareholders' perspective and includes financial measures such as shareholder value, revenue growth, profitability and return on investment (ROI). The customer perspective measures the value proposition a firm offers its customers and includes measures such as market share, customer satisfaction, customer retention and customer acquisition.

M-PESA is a mobile money transfer service operated by Safaricom, the leading mobile network operator in Kenya. M-PESA operates a system of low-value electronic accounts held by the mobile network operator, Safaricom, and accessed by its subscribers from their mobile phones through a Subscriber Identification Module (SIM) resident application. According to Hughes & Lonie (2007) the initial concept of M-PESA was to create a mobile platform that would facilitate simple financial transactions, allowing customers to repay small loans using a basic mobile feature phone.

Statement of the problem

Extensive research has been done by GSMA mobile money for the unbanked, on success factors for mobile money deployments. GSMA (2016) study on success factors for mobile money services identified provider led characteristics, regulatory environment and country factors that influence successful mobile money deployments. Factors identified in this research that contribute to successful mobile money services include first mover advantage, existing firm market share, level of investment by firm, organization structure, enabling regulatory

environment, low country GDP (Gross Domestic Product) per capita, high population density and low citizen levels of formal financial account ownership.

Levin (2012) study on organizational design to succeed in mobile money identified key factors in organization design that influence the success of mobile money deployments. The organization design factors identified in the study were creation of an independent mobile financial service business unit reporting to the CEO during initial launch stage, creating a dedicated sales and distribution team for mobile money, mobile money key performance indicators (KPI) must be in place not only for the mobile money team but also for senior executives and organization design must evolve with changes in mobile money market.

Muthiora (2015) study on enabling mobile policies in Kenya, identified factors in the regulatory environment that contribute to success of mobile money services. The financial regulator, the Central Bank of Kenya, was identified as having played an important role in providing an enabling regulatory environment including providing incentives for service providers to invest and avoiding overly prescriptive and burdensome requirements, to encourage innovation and growth as well as preserve the integrity of the financial sector. The regulatory framework for mobile money has evolved over time, the National Payment Systems Regulations was established in 2014 to address emerging mobile money market issues such as competition, interoperability, consumer protection and governance.

These previous research studies on mobile money performance have mainly analyzed external environmental factors and firm factors that contribute to successful mobile money deployment. There was a knowledge gap, in studies that analyzed the influence of growth strategies on mobile money performance. This was the gap that this study sought to fill by analyzing the influence of growth strategies on M-PESA's performance as measured by market share and revenue growth.

Research objectives

- To determine the influence of market penetration strategy on M-PESA performance;
- To establish the influence of product development strategy on M-PESA performance;
- To assess the influence of market development strategy on M-PESA performance;
- To establish the influence of diversification strategy on M-PESA performance.

LITERATURE REVIEW

Review of Theories

Resource-based theory

The resource-based theory views a firm's performance primarily as a function of a firm's ability to utilize its resources. A firm's resources include all assets, capabilities, organizational processes, firm attributes and information and knowledge controlled by a firm, that enable the firm to create and implement strategies that improve its efficiency and effectiveness (Daft, 1983, as cited in Barney, 1991). According to Barney (1991), for a firm to achieve sustainable competitive advantage, a firm's resources, need to be valuable, rare, not easily imitated, and not easily substituted. Valuable resources can be used to exploit opportunities and neutralize threats in the marketplace while rare resources are not easily available to competitors. To formulate strategy, an organization must appraise the potential of its resources and capabilities to give it a competitive advantage and financial returns. Finally, a firm selects a strategy that matches its resources and capabilities to the opportunities in the marketplace.
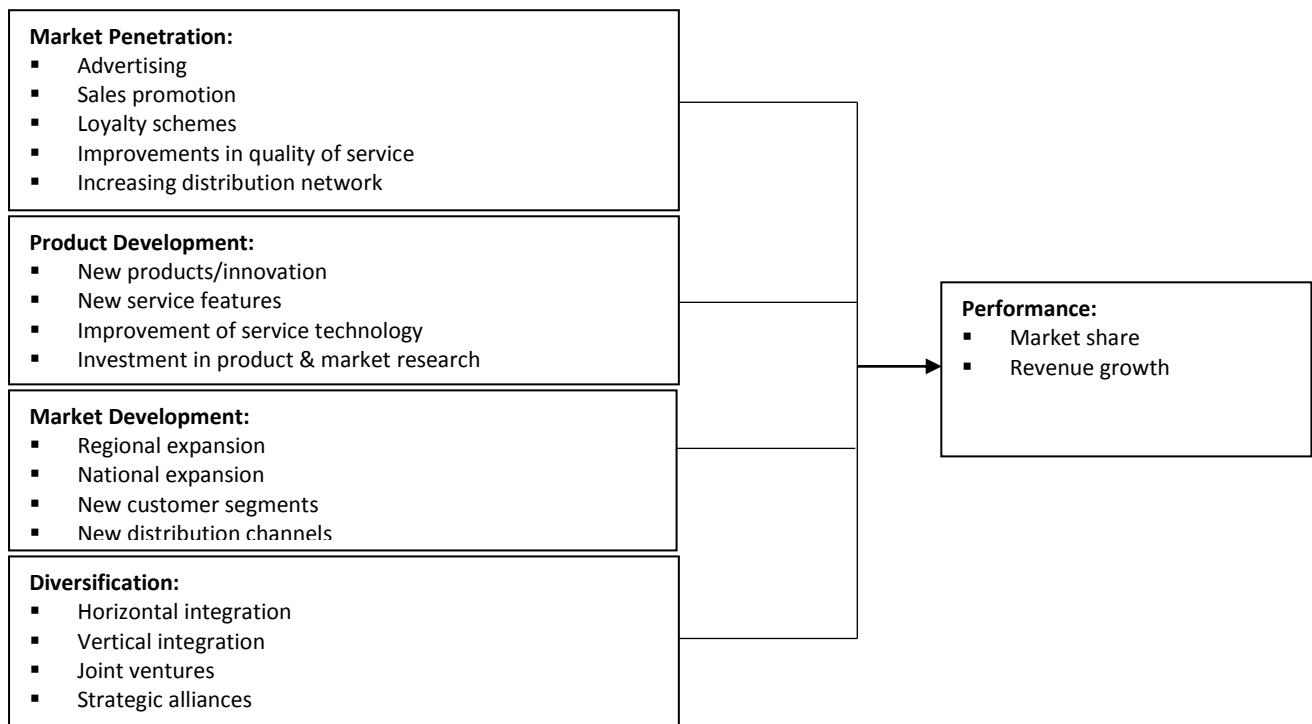
Contingency theory

The contingency theory posits that the most profitable firms are those that develop the best fit with the environment. According to Galbraith and Nathanson (1978), the contingency theory states that there is no one best way of organizing a firm. The choice of organization form, based on situational differences, makes a difference in the economic perfomance of a firm. These situational attributes have been analyzed by several

contingency theorists. Burns and Stalker (1961) proposed that the rate of change in the environment, determined the structure of an organization. Firms in industries with high rate of change in technology and markets adopted organic structures that were decentralized, had ambiguous roles and high levels of lateral communication.

Open systems theory

A system is defined as a recognizable whole, consisting of components connected in an organized structure, these components interact with each other (Waring,1996 as cited in Chikere & Nwoka, 2015). The open system theory focusses on the interchange between an organization and its environment. Organizations do not exist in a vacuum and depend on the external environment which consists of the industry they belong to, the economic system and the society (Weihrich *et al*, 2008 as cited in Chikere & Nwoka, 2015). The organization receives inputs from the environment such as raw materials and labour and transforms them into outputs which it exports back to the environment for sale, and through feedback it adjusts itself, to meet the requirements of its customers, and hence secure its survival (Chikere & Nwoka, 2015).

Ansoff Matrix

The Ansoff product/market growth matrix is a strategic planning tool that provides a framework for generating four basic alternative directions for product and market growth strategies. There are four growth strategies that may be pursued by an organization: market penetration, product development, market development and diversification. The choice of strategy depends on the selection of product and market mix. Market penetration looks at a combination of marketing existing products to existing markets, market development involves marketing existing products to new markets, product development looks at marketing new products to existing markets and diversification broadly involves developing new products to serve new markets.

Conceptual framework

Market Penetration:
- Advertising
- Sales promotion
- Loyalty schemes
- Improvements in quality of service
- Increasing distribution network

Product Development:
- New products/innovation
- New service features
- Improvement of service technology
- Investment in product & market research

Market Development:
- Regional expansion
- National expansion
- New customer segments
- New distribution channels

Diversification:
- Horizontal integration
- Vertical integration
- Joint ventures
- Strategic alliances

Performance:
- Market share
- Revenue growth

Independent Variables   Dependent Variables

Figure 1: Conceptual framework

Source: Pearce II & Robinson, Jr. (2009) & Harrison & St. John (2001)

Empirical Review

Various research studies have been done to understand the effect of strategy on an organization's performance. Gitu (2013) did a study on Safaricom M-PESA strategies in enhancing mobile money transfer in Kenya. The purpose of the study was to determine the strategies that M-PESA has deployed to enhance mobile money transfer in Kenya. The research design of the study was a case study, using qualitative research interview guides. The target population for the study was middle level managers at Safaricom and analysis of the information collected was done using content analysis. The results of the research found that Safaricom has deployed the three generic strategies of differentiation, low cost strategy and market focus strategies to advance M-PESA in the Kenyan market. Differentiation had been achieved through product development initiatives, low cost leadership through outsourcing distribution to agent networks to reduce operational costs and market focus strategy had been deployed through targeting the unbanked market segment with M-PESA.

Yegon (2015) did a study on organizational growth strategies adopted by Safaricom Kenya Ltd'. The purpose of the study was to review organizational strategies adopted by Safaricom Kenya Ltd. The qualitative research used a case study design through in-depth interviews with top managers at Safaricom and was analyzed using content analysis. The results of the research found that growth strategies that have been deployed by Safaricom included new product development through mobile banking products such as M-SHWARI and KCB M-PESA, which have contributed to their differentiation. Diversification has been achieved through entry into the mobile money industry through M-PESA and entry into the internet industry through mobile and fixed internet.

Obonyo (2015), did a study on growth strategies and performance of Safaricom Limited in Kenya. The purpose of the study was to identify growth strategies used by Safaricom and to establish how these strategies impact on the performance of Safaricom. The research study design was a case study and findings were analyzed using content analysis. The results of the research found that the strategies deployed by Safaricom were product innovation strategy, product cost-leadership and market diversification through acquisition of data network operators to gain entry to the internet market.

Njoroge (2012) did a study on international growth Strategies for M-PESA business adopted by Safaricom Kenya Ltd. The objective of the study was to determine growth strategies deployed by Safaricom to enter international markets. The study took on a case study design, with primary data being collected using face-to-face interviews and analyzed using content analysis. The results of the study showed that M-PESA used market development strategies to launch and grow M-PESA into international markets such as the UK market through international mobile money transfer services.

METHODOLOGY

The research design for the study was a combination of descriptive and correlational research. Descriptive research is used to provide answers to 'what' research problems and was used to establish the growth strategies that were implemented for M-PESA. The target population for the study comprised of senior and middle-level managers based at Safaricom Headquarter offices who were typically involved in crafting and implementing the mobile money strategies. According to Safaricom annual report (2012. Pg. 27), the number of senior managers at Safaricom were estimated to be 34 while the middle-level managers were estimated to be 126 managers. The study drew a representative sample from this target population. The research method applied for the study was the survey method using structured questionnaires. The sampling method that was used for the study was stratified random sampling.

Primary data collection was done using survey research. Secondary data was collected from published reports on mobile money including industry reports and Safaricom annual reports. Data analysis was done using both descriptive and inferential statistics. To realize these outcomes, the study used SPSS tool to undertake the analysis. Multiple linear regression was used to determine the strength of the relationship between the independent variables and the dependent variable.

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Y = the dependent variable

X_i = the independent variables

α = the Y-intercept parameter in the equation, when X = 0

β = the slope (the change in Y for everyone unit change in X)

ε = the error term.

RESULTS

Descriptive Statistics

Descriptive data was used to establish the extent to which the growth strategies of market penetration, market development, product development and diversification were implemented by Safaricom Ltd. for the M-PESA service. A five-point Likert scale was used in the questionnaires for respondents to rate the degree of agreement or disagreement with statements that described the various growth strategies as applied by Safaricom limited for M-PESA as well as rate their combined effect on M-PESA's performance as measured by market share and revenue. The five-point Likert scale was constructed as follows: 1 Strongly disagree, 2 Disagree, 3 Neither agree nor disagree, 4 Agree and 5 Strongly agree. The data was analysed by use of descriptive statistics such as frequencies, percentages, mean values, and standard deviations that allowed the study to determine the status of assessed attributes which were presented in tables.

Market Penetration Strategies for M-PESA

The study considered the respondents views regarding the status of market penetration strategies applied for M-PESA by Safaricom Ltd. The respondents were asked to rate the market penetration strategies on a five-point Likert scale and the outcomes of this undertaking were presented in Table 1.

Table 1: Ratings of market penetration strategies for M-PESA

Market penetration strategies	n	1	2	3	4	5	Mean	SD
Advertising to create brand awareness	72				36.1%	63.9%	4.64	.484
Regular price incentives to attract new users	72	1.4%	13.9%	25.0%	22.2%	37.5%	3.81	1.134
Sales promotion activities to attract new users	72			1.4%	30.6%	68.1%	4.67	.504
Loyalty schemes to increase usage by existing customers	72		13.9%	16.7%	37.5%	31.9%	3.88	1.020
Improvements in quality of service	72			1.4%	33.3%	65.3%	4.64	.512
Increasing distribution network	72			1.4%	30.6%	68.1%	4.67	.504
Average	**72**						**4.38**	**0.693**

Source: Survey data (2019)

The study outcomes found that market penetration strategies had been implemented by Safaricom with a mean score of 4.38. Particularly, sales promotion activities, increasing distribution network, advertising and improvements in quality of services were rated highly by respondents indicating, that these market penetration tactics had been applied to a great extent.

The findings were consistent with those of Lal & Sachdev (2015) in their paper dubbed Mobile Money Services – Design and Development for Financial Inclusion, which identified a strong agent distribution network as key in determining the

success of a mobile money service. Mobile money products that are quickly able to build a strong distribution network acquire a first mover advantage in markets with few competitors. Agent networks are the primary channels in which customers first interact with mobile money services and are usually located near target customers for convenience.

Safaricom Annual Report (2017) documents some market penetration initiatives of M-PESA service since its launch in 2007 to include increase in distribution network year-on -year to over 130,000 agents in 2017

Market Development Strategies for M-PESA

The study analyzed the level of application of market development strategies for M-PESA service by Safaricom Limited. This was achieved by enquiring from respondents their rating of various market development strategies as applied by Safaricom Ltd for M-PESA service. The outcomes of this assessment were presented in Table 2.

Table 2: Ratings of market development strategies for M-PESA

Market Development Strategies	n	1	2	3	4	5	Mean	SD
Regional expansion into new markets	72		2.8%	38.9%	33.3%	25.0%	3.81	.850
National expansion into new markets	72		1.4%	18.1%	30.6%	50.0%	4.29	.813
Advertising in new media channels	72		2.8%	5.6%	43.1%	48.6%	4.38	.721
New distribution channels	72			11.1%	33.3%	55.6%	4.44	.690
Targeting new customer segments	72			6.9%	36.1%	56.9%	4.50	.628
Average							**4.28**	**.740**

Source: Survey data (2019)

The observations presented in Table 2 showed the ratings of market development strategies by the management team where it was observed that majority of the respondents had highly rated four of the market development strategies except 'regional expansion into new markets', which most of the respondents rated as average. At an overall level, the mean average rating for market development strategies was at 4.28, an indication that market development strategies have been implemented for M-PESA service.

The findings of the study resonated with those of Gitu (2013) who found that Safaricom Limited had applied market development strategies to advance M-PESA mobile money transfer service in Kenya by targeting an under-served market segment of the unbanked population in Kenya. This unbanked segment of the population had difficulty accessing formal financial services, and therefore M-PESA service was targeted to this customer segment to serve their financial access needs.

The Safaricom Annual Report (2017) documents the various M-PESA market development initiatives since its launch in March 2017 and include entry into mobile savings and loans market through M-SHWARI (since 2012) and KCB M-PESA (since 2015) mobile banking services in partnership with CBA bank and KCB bank respectively. The FinAccess Household Survey (2019) findings attributed the growth in formal financial inclusion in Kenya from 26.7% in 2006 to 82.9% in 2019 to the growth of mobile money, government initiatives and support and developments in information and communication technology (ICT).

Other market development initiatives included expansion into international mobile money transfer market through partnership with Western Union to facilitate international money transfer to markets such as the UK (Safaricom, 2017).

Product Development Strategies for M-PESA

A review of product development strategies for M-PESA services at Safaricom Ltd. was undertaken where various product development strategies were rated on a five- point Likert scale. The outcomes were as presented in Table 3.

Table 3: Ratings of product development strategies for M-PESA

Product Development Strategies	N	1	2	3	4	5	Mean	SD
Introduction of new services	72		1.4%	1.4%	33.3%	63.9%	4.60	.597
Addition of new service features	72		1.4%	1.4%	31.9%	65.3%	4.61	.595
Improvement of service technology	72		1.4%		26.4%	72.2%	4.69	.547
Investment in product research and development	72		1.4%	6.9%	31.9%	59.7%	4.50	.692
Investment in market research	72		1.4%	6.9%	31.9%	59.7%	4.50	.692
Average							**4.58**	**.625**

Source: Survey data (2019)

All the product development strategies were given the highest ratings (5) by majority of the respondents, though the highest rated factor was 'improvement of service technology' (mean 4.69). The product development strategies were rated highly by the respondents with a mean average rating of 4.58.

These findings resonated with those of GSMA State of the Industry Report on Mobile Money (2016) which attributed part of M-PESA's growth in Kenya to launch of new products and services and expanding the ecosystem through diverse partnerships.

The Safaricom Annual Report (2017) documents the various M-PESA product development initiatives since its launch in March 2017 and included the following: Lipa na M-PESA service (since 2008) that allowed transfer of funds from person-to-business for mobile commerce payments and M-PESA one-tap service (since 2017) that minimizes the number of steps it takes to complete an M-PESA transaction.

McGrath and Lonie (2013) in their paper dubbed *Platforms for Succesful Mobile Money Services,* emphasized the importance of improvement of service technologies for mobile money platforms to improve functionality and capacity in tandem with growth of customer demand so as to meet business needs.

M-PESA platform upgrade from G1 to G2 platform in 2015 (Safaricom, 2015) allowed for faster transactions and improved service delivery and stability. Other technology improvements in 2015, included the introduction on 'Real life settlement' that allows for immediate transfer of funds by businesses from *Lipa na M-PESA* accounts to bank accounts.

Diversification Strategies for M-PESA

The fourth growth strategy was the diversification strategy. The level of application of this strategy for M-PESA service at Safaricom Limited was measured on a five-point Likert scale. The findings were presented in Table 4.

Table 4: Ratings of diversification strategies for M-PESA

Diversification strategies	n	1	2	3	4	5	Mean	SD
Acquisition of new company (s) in the same line of business	72	2.8%	22.2%	34.7%	36.1%	2.8%	1.40	2.395
Acquisition of new company (s) that provide inputs to the business	72	2.8%	20.8%	36.1%	33.3%	6.9%	3.21	.948
Acquisition of new company (s) that provide new customers for the business products/services	72		19.4%	40.3%	29.2%	11.1%	3.32	.917
Joint ventures with other company (s) to form a new company with mutual benefit to both companies	72		11.1%	31.9%	37.5%	19.4%	3.65	.922

Strategic alliance with other company (s) to gain access to new customers or market segments	72		2.8%	29.2%	50.0%	18.1%	3.83	.751
Average							**3.08**	**1.187**

Source: Survey data (2019)

An overall mean average rating for diversification strategies was found to be 3.08, which indicated moderate application ratings of diversification strategies for M-PESA services at Safaricom, an indication that it was rarely applied. It was found that the highest mean rating for the diversification strategies was 3.83 for 'strategic alliance with other company (s) to gain access to new customers or market segments' while the least mean rating for the diversification strategies is 1.40 for 'acquisition of new company (s) in the same line of business'.

M-PESA Growth Strategies and Product Performance

The study sought to assess the state of product performance for M-PESA in relation to the growth strategies adopted by the company. The respondents were asked to rate their agreement with statements indicating how growth strategies affected some aspects of product performance for M-PESA service. The outcomes of this assessment were as presented in Table 5.

Table 5: Product performance ratings for M-PESA

Product Performance	n	1	2	3	4	5	Mean	SD
Increased market share	72			2.8%	33.3%	63.9%	4.61	.545
Revenue growth	72			4.2%	41.7%	54.2%	4.50	.581
Average							**4.56**	**.563**

Source: Survey data (2019)

The outcomes of this assessment revealed that the respondents highly rated the product performance of M-PESA in relation to the applied growth strategies with growth strategies rating on contribution to 'increased market share' indicating very high rating (mean 4.61) and similarly, its contribution to 'revenue growth' being rated highly (mean 4.50). This indicated a link between applied growth strategies and the performance of M-PESA service. The published reports on M-PESA revenue in Safaricom Annual Report (2018) showed a steady double-digit growth in M-PESA revenue over the past five years, as presented in Table 6.

Table 6: M-PESA annual revenue growth

Product Performance	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
M-PESA revenue (Kshs mn)	26,561	32,626	41,500	55,084	62,907
M-PESA growth		23%	27%	33%	14%

Source: Safaricom (2017)

M-PESA is a dominant market leader in mobile money services and has had stable market share in the past two years, as presented in Table 7.

Table 7: M-PESA market share trend

Product Performance	JAN–MAR 2015	JAN–MAR 2016	JAN–MAR 2017	JAN–MAR 2018
M-PESA Market Share	77%	67%	81%	81%

Source: Communications Authority of Kenya (2015 – 2018)

Safaricom (2014) listed some of the factors that had contributed to its revenue growth to include the following: growth in number of M-PESA customers by 12%, an increase in M-PESA agent distribution by 24%, and system enhancements through agent reversals where agents can reverse M-PESA

payments made to the wrong number. Key M-PESA services listed in the report include Lipa na M-PESA, M-SHWARI, Bank to M-PESA, Lipa Kodi, salary disbursements, utility payments, airtime purchase and cashless distribution for companies. A system upgrade in 2014 to Application Programmable Interface (API), resulted in near real time processing of transactions, improving efficiencies in business transactions such as salary disbursement and receiving payments through M-PESA.

Safaricom (2015) attributed the growth in M-PESA revenue to several factors including growth in Lipa na M-PESA revenue through increase in number of merchants on the service. Other services on M-PESA listed as having contributed to revenue growth included paybill, bulk payments, dividend payments, international money transfer services, M-SHWARI and KCB M-PESA. Market penetration strategies such as increase in distribution by increase in M-PESA agent outlets by 6% in 2015, had resulted in growth of revenue and an increase in number of M-PESA customers by a 14% increase in number of 30-day active M-PESA customers.

Safaricom (2016) documents factors that contributed to growth in M-PESA revenue in 2016 to include the following: Growth by 19.8% in M-PESA 30-day active customers, 17.5% growth in M-PESA agent distribution, growth in Lipa na M-PESA payments by 74%, growth in international money transfer service by 64% and increased uptake of savings and loans services M-SHWARI and KCB M-PESA. Product development improvements in M-PESA platform technology through application programming interfaces (API), allowed for third party applications to plug into M-PESA to facilitate:

automated payment receipt processing, automated payment disbursements and automated payment reversals.

Safaricom (2017) lists several M-PESA product development initiatives that have been rolled out including a new easy to use menu that consolidates M-SHWARI and KCB M-PESA, M-PESA statements, pay bill services and real time settlement for merchants. API functionality enables developers to integrate M-PESA into their applications and websites for ease of payment and M-PESA one-touch feature reduces the number of steps for an M-PESA transaction.

Safaricom (2018) lists several M-PESA market development initiatives to include an partnership with PayPal to allow M-PESA customers to transfer money between M-PESA and PayPal mobile wallets opening M-PESA up to the international mobile commerce market.

Inferential Statistics

To meet its objectives, the study sought to assess the relationship between growth strategies applied for M-PESA and product performance. The hypothesis tested in this case stated as: H_o - growth strategies have no influence on product performance. This hypothesis and the relationships sought in the study were tested using OLS regression model, whose outcomes are presented in Tables 8, 9 and 10. The predictors for the regression model were diversification, market penetration, market development, and product development strategies as indicators of growth strategies while product performance was the dependent variable. Table 8 presents the OLS regression model summary information.

Table 8: Regression model summary statistics

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.584[a]	.341	.302	.40013

a. Predictors: (Constant), Diversification, Market Penetration, Market Development, Product Development
Source: Survey data (2019)

The model summary consists of the correlation coefficient (R), the coefficient for determination (R^2), the adjusted coefficient of determination and

the standard error estimate. The correlation coefficient for the regression model was observed to be 0.584, which revealed a link between the

study variables showing that the dependent and independent variables have a relationship with each other. The coefficient of determination was observed to be 0.341 (R^2= 0.341), which indicates that the four independent variables, diversification, market penetration, market development, and product development strategies, can explain 34.1% of the variability in the dependent variable of product performance, the rest of the variability can be explained by other variables not in this model. Therefore, quite a significant proportion of product performance is linked to the growth strategies adopted.

Further outputs of the OLS regression reveals the ANOVA outcomes which shows the comparison of the residual and the regression sum of squares from the mean square. The ANOVA analysis revealed that the relationship between growth strategies and product performance is statistically significant ($p<0.05$), at 95% confidence level, with the sum of squares and mean squares showing considerably different regression and residual values, hence confirming existence of a relationship between the two factors. The statistically significant ANOVA model leads to the rejection of the null hypothesis H_o previously stated as: growth strategies have no influence on product performance (Reject H_o when $p<0.05$). The ANOVA analysis outcomes are presented in Table 9.

Table 9: ANOVA outcomes

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	5.551	4	1.388	8.668	.000[b]
Residual	10.727	67	.160		
Total	16.278	71			

a. Dependent Variable: Product Performance
b. Predictors: (Constant), Diversification, Market Penetration, Market Development, Product Development
Source: Survey data (2019)

Further OLS regression analysis output presents the regression model coefficients and their significance levels (Sig.). The output indicates the coefficient for each of the four growth strategy indicators including diversification, market penetration, market development, and product development strategies. The model outcomes are presented in Table 10.

Table 10: Regression model coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	1.609	.547			2.939	.005
Market Penetration	.006	.112	.006		.054	.957
Market Development	.262	.096	.314		2.741	.008
Product Development	.357	.116	.354		3.085	.003
Diversification	.047	.066	.075		.716	.477

a. Dependent Variable: Product Performance
Source: Survey data (2019)

As presented in Table 10, the study found that despite the growth strategies indicating an overall great influence on product performance, some of the growth strategies indicated that their coefficients are not statistically significantly different from zero. The statistically significant factors were 'market development strategies' with a coefficient of 0.262 (p=0.008) and 'product development strategies' with a coefficient of 0.357 (p=0.003). This indicated that the increase in

market development strategies by 1 unit would result in 0.262 unit increase in performance. Likewise, 1 unit increase in product development strategies would result in 0.357 unit increase in performance. However, two of the factors, 'market penetration strategies' with a coefficient of 0.06 (p=0.957) and 'diversification strategies' with a coefficient of 0.047 (p=0.477) were found to be non-statistically significantly different from zero coefficients, an indication that they have negligible contribution in the model. Therefore, the regression model can be reconfigured as:

$$Y = \alpha_1 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

PP = 1.609 + 0.006 MP + 0.262 MD + 0.357 PD + 0.047DV (where PP is product performance, MP is market penetration, MD is market development strategies, PD is product development strategies and DV is diversification strategies).

The regression analysis therefore revealed that two of the growth strategies, market penetration and diversification strategies have negligible effect on product performance, but the product development and market development strategies have a significant effect on product performance.

CONCLUSION

The study offered an empirical assessment of the relationship between growth strategies and product performance to address identified research gaps. The study was anchored on the concepts of Igor Ansoff's broad concept of growth strategy which is operationalized into the market penetration, market development, product development, and diversification strategies. The study concluded that Safaricom Ltd, the largest Telecommunication Company in the East African region, had applied the four growth strategies of market development, market penetration, product development and diversification strategies for M-PESA service to enhance its performance.

The study further found that although all the four growth strategies were deployed for M-PESA service, only two of these growth strategies, market

development and product development strategies, were found to have statistically significant impact on product performance. The study further observed that the remaining two growth strategies of market penetration and diversification have no significant influence on product performance as the factors were found to have non-statistically significant coefficients within the regression model. The study therefore concludes that growth strategies have a positive significant effect on product performance of M-PESA especially, product development and market development strategies.

RECOMMENDATIONS

The study findings were that although the four growth strategies were implemented for M-PESA, only two of these, market development and product development had a significant impact on the performance of M-PESA. The researcher recommends choice of growth strategies by organizations based on the product life cycle stage of a product or service and prevailing market conditions to maximize product performance results through targeted growth strategy implementation. The study findings also identified the two growth strategies of market development and product development as being relevant strategies to deploy when a product or service is at maturity stage of the product life cycle as these strategies maximize financial performance while defending market share. These strategies help to bring in new customers for a product or service through entry into new markets, customer segments and channels in the case of market development and provide added value for customers through introduction of new products and improvement of service features, in the case of product development.

Suggestion for Further Research

There is opportunity to investigate growth strategies of bank-led mobile money products such as Equitel led by Equity bank, to determine their impact on product performance. This would be useful in determining similarities and differences in choice of growth strategies and impact of growth

strategies on product performance. This is due to the structural differences in operation between mobile network operator-led mobile money services and bank-led mobile money services. Other suggested research would be to investigate Safaricom Limited's growth strategies to advance M-PESA service in neighboring countries such as Tanzania to determine similarities and differences in implementation of growth strategies across different countries and the impact on product performance. The researcher also suggested studying a combination of various factors that influence organization performance such as strategy, firm factors and environmental factors for the mobile money market to determine which of these factors, have the greatest impact on organizational performance.

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Page: 285

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