

**FACTORS AFFECTING ENTREPRENEURSHIP DEVELOPMENT OF MOBILE  
MONEY WITHIN THE TELECOMMUNICATION SECTOR IN KENYA**

**BY**

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## DECLARATION

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

Signed \_\_\_\_\_ Date \_\_\_\_\_

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This research project has been submitted for examination with my approval as the University supervisor.

Signed \_\_\_\_\_ Date \_\_\_\_\_

**PROF. NDEMO**

## **DEDICATION**

I dedicate this work to my family for the sacrifice they made for me to complete my studies.

Their love, support and encouragement inspired me to achieve this goal.

## **ACKNOWLEDGEMENT**

I am thankful and exceedingly indebted to numerous extraordinary people without whom this work would not have been successful. Firstly, to the Almighty God for His unconditional love and gift of good health, all the glory to Him. I am greatly indebted to Prof. Ndemo, my supervisor for his dedication, support, accessibility and persistence which tremendously added to the completion of this research project. To everyone who was instrumental in this process may God bless you.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

<b>SMEs:</b>	Small and Medium Enterprises
<b>MNO:</b>	Mobile Network Operator
<b>CCK:</b>	Communications Commission of Kenya
<b>GSM:</b>	Global System for Mobile communication
<b>IPO:</b>	Initial Public Offering
<b>ICT:</b>	Information and communications technology
<b>IS:</b>	Information systems
<b>CBD:</b>	Central Business District
<b>SPSS:</b>	Statistical Package for Social Sciences

## **ABSTRACT**

In today's turbulent job market, starting and having own business venture is a dream of young generation. Telecommunication companies like Airtel, Orange and Safaricom through their mobile money platforms have provided a platform that entrepreneurs can use to start their businesses as mobile money agents. However, mobile money agents have been facing various challenges in their businesses. This study therefore sought to determine the factors affecting entrepreneurship development of mobile money within the telecommunication sector in Kenya. This study will adopt a descriptive research design. The target population was all the 1877 retail agents of Mpesa, Airtel Money and Orange Money in Nairobi Central Business District (CBD). Simple random sampling was therefore used to select 10% of the target population and hence the sample size was 188 mobile money agents. The study used primary data that was collected by use of structured questionnaires. The questionnaires generated quantitative data, which was analysed by use of descriptive statistics through the help of Statistical Package for Social Sciences (SPSS) version 21. Data was then presented in graphs and tables. The study found that financial and economic factors were affecting entrepreneurship development of mobile money within the telecommunication sector the most, followed by government related factors, education related factors, technological factors, psychological factors and socio cultural factors. The study recommends that the government of Kenya should develop more policies to improve access to credit by increasing awareness of Women enterprise Fund and Youth Development Fund. The County governments in collaboration with the national government should develop training programs that can be held bi-yearly to improve the financial and managerial skills of entrepreneurs in Kenya. This will help to reduce the collapse rate of SMEs in Kenya.

## CHAPTER ONE: INTRODUCTION

### 1.1 Background of the Study

Poverty and wealth in developing countries are linked to the entrepreneurial nature of their economies. In the developed countries, entrepreneurship has played an important role in economic growth, and it may also play a role in poverty alleviation in developing countries. According to Kiberen (2013), entrepreneurship triggers activities of economy through business choices. Entrepreneurship is identified as a process or activity that involves the start-up and growth of a new enterprise (Christensen, 2004). Many academics clarify the idea that entrepreneurship development elements are not continuum of entrepreneurial activity only (Kruger, 2004). The American economy, the greatest economy on the planet, depends to a great extent on the achievement of business enterprise for advancement, profitability, work development and dependability. The quick changes of the high performing Asian nations, for example, India, Malaysia, Indonesia, Taiwan and China have additionally been hailed as verification that business enterprise is a noteworthy impetus to financial improvement. Their significance to any economy relies on their capacity to empower smart enterprise and to give work to a more noteworthy number of individuals (Adom, 2015).

This study will be anchored on three theories of entrepreneurship, namely; Mark Casson's Economic Theory, Peter Drucker's Theory of Entrepreneurship and Leibenstein's Theory of Entrepreneurship. Mark Casson's indicates that entrepreneurship results from conditions of economy which are favorable. In this theory, Mark Casson indicates that economic factors that influence entrepreneurship and entrepreneurship development include industry policy, raw materials' availability, technology and infrastructure availability as well as marketing

opportunities (Casson, 2003). On the other hand, Leibenstein's Theory of Entrepreneurship considers an entrepreneur as a gap-filler. Leibenstein identifies three entrepreneurship traits: recognizing of market trends, determination of profitable activities and developing new goods of services in demand (Blois, 1974). Therefore, an entrepreneur is an individual who has a special ability to make up for market deficiencies and failures. According to Peter Drucker's Theory of Entrepreneurship, the keys to entrepreneurship include an entrepreneurial behavior, innovation and resources (Cohen, 1986).

Mobile money transfer system was started in Kenya by Safaricom Limited in the year 2007. Today, the three telecommunication companies offer mobile money services. These companies include Safaricom Limited with its product Mpesa, Airtel limited with its product Airtel money and Orange with its product Orange money. Mobile money allows customers to deposit, transfer or withdraw money using their phones irrespective of their location. Mobile money has created a wide range of business opportunities for large businesses like commercial banks, retail outlets and ordinary citizens. Initially, telecommunication companies were making use of an aggregator model to recruit mobile money agents where a single agency agreement was signed with a bigger master agent who in turn registered and managed several retail agent outlets (Safaricom, 2016). However, in the recent past, the telecommunication companies have given an opportunity to ordinary citizens to be Agents of mobile money services in Kenya while earning. The retail agents offer mobile money services to customers on behalf of telecommunication companies. These services include customer registration, sim replacements, cash deposits and cash withdrawals. Mobile money retail businesses are part of the Small and Medium Enterprises (SMEs) in Kenya.

### **1.1.1 Entrepreneurship development**

Kruger (2004) identifies entrepreneurship development as the process that drives from an existing organizations leading to development of innovative business ventures, products, services or processes, revitalization of policies and Competitive poses. As such it can be seen as the sum of a company's innovation, venturing and revitalization. According to Ahmad and Seymour (2008), it is a structure of elements of entrepreneurial activity that can be identified by six factors, which include market condition, regulatory framework, entrepreneurial capabilities, entrepreneurship culture, access to finance and creation and dispersion of knowledge. Christensen (2004) suggests that entrepreneurship development concerns the study of entrepreneurial conduct, the changing aspects of business structures, growth and spreading out of the enterprise (Adom, 2015). It essentially goes for augmenting the base of business visionaries, keeping in mind the end goal to improve the pace at which new entrepreneurs are made.

Arguments about entrepreneurship development mainly focus on entrepreneurial activity and individual characteristics (Christensen, 2004). The process operates in accordance with delimitation of entrepreneurial activities with the acceptance of innovation in a core context (Sharu & Guyo, 2013). The process includes two types of factors, business infrastructure development and entrepreneurial orientation, that have an impact on entrepreneurial activity results, new business, opportunity exploitation and growth maximization (Ahmad & Seymour, 2008). Mwangi (2006) stated that by upholding entrepreneurship cultures, majority of Kenyans will venture into entrepreneurship when official employment opportunities are not available. Most people who succeed entrepreneurship are most of the times trained in the kind of business they venture into with a consideration that every business has many facets which every entrepreneur must be familiar with. Those who do not undergo training are unfamiliar with all

these facets and hence their businesses often collapse. This is probably why the success of new business is only 15% in the first five years.

Various factors contribute to or influence entrepreneurial development. According to Mianroodi (2011), the main factors influencing entrepreneurial development include entrepreneur economic conditions, government factors, social cultural factors, market information and access and access to venture financing. In addition, Ayegba (2016) indicates that the main factors affecting entrepreneurial development in Nigeria include infrastructural factors, inadequate skills, government factors, financial factors, technological advancements, insecurity, infrastructural factors and government policy. In Kenya, Mugo (2012) found that the main factors affecting entrepreneurship development among women entrepreneurs include financial factors like access to finance, educational factors and lack of market information. According to Obiero (2015) factors affecting entrepreneurship development include economic factors, socio-cultural factors, psychological factors, education related factors, government factors, technological factors and finance factors.

### **1.1.2 Mobile Money**

Mobile money is the utilization of a cell phone in financial transactions that include depositing money in a bank, withdrawing money, paying bills and transferring money. This term is often utilized in electronic trade, which involves the utilization of a cell phone to buy products, whether physical or electronic. Rather than paying with money, check, or Mastercards, a purchaser can utilize a cell phone to pay for an extensive variety of products (Mas & Ng'weno, 2010).

Mobile-money permits little retailers, retail chains and other cash specialists to provide financial services. Mobile money agents take money in form of cash from customers, and (by sending an exceptional type of instant message) credit it to their mobile cash accounts. A customer can then transfer cash electronically to other enrolled clients, who can in turn withdraw it from mobile money agents close to them. Clients can likewise send cash to individuals who are not enrolled to that specific mobile money. They get an instant message with a code that can be used to withdraw the money (Mbiti & Weil, 2013).

According to Aker and Mbiti (2010), the innovation of mobile money services intended to expand financial inclusion of the poor and unbanked population through basic mobile devices. In comparison with other countries with mobile money services, the story of Kenya is the most successful. The first mobile money scheme Mpesa was launched in 2007 by Safaricom, the largest Mobile Network Operator (MNO) in Kenya. There are three MNOs in Kenya that have been endorsed with licenses by the Central Bank of Kenya as e-money issuers and mobile money providers; Safaricom, Airtel Ltd and Orange Telecom providing Mpesa, Airtel money and Orange Money mobile money services respectively (Mbiti & Weil, 2013).

Airtel Money is Kenya's second largest mobile money system that was launched in 2009 under Zap brand. Initially it concentrated on making a 'cashless society' any need could be met through mobile money. Corporate agents have complimented Airtel Money's broad network to improve accessibility and unwavering quality of the administration the nation over. Airtel Money has joined more than 100 business accomplices who give different administrations including mass installments, accumulation records and super dealerships (Airtel, 2016).

Orange Money was launched in November 2010 in association with Equity Bank. The service combines both mobile money transfer and banking solutions. Orange money thus is an accepted front-end for Equity Bank accounts, permitting it to surpass standard exchange and m-wallet adjust edges (Orange, 2016). By March 2011, there were more than 115,000 enrolled with estimations that the number will increment as they partner with other organizations (Orange, 2016).

### **1.1.3 The Telecommunication Sector in Kenya**

In Kenya the telecommunication sector is well developed, mobile phones were first introduced in the Kenyan market in 1992 but its diffusion began in 1999 after the establishment of Communications Commission of Kenya (CCK). The key telecommunication players in this industry are; Telkom Kenya (orange), Safaricom, Airtel (formerly branded as Zain) after the exit of Essar Telecommunication Kenya (Yu) from the Kenyan market. Kenya is categorized as one among the most advanced nations telecommunication industry segment in Africa. More than 80% Kenyan populations is covered by mobile networks Signals installed in GSM base station transmitters (Communications Authority of Kenya, 2015).

Safaricom Ltd was founded in the year 1997 and is the main mobile network operator in Kenya in terms of market share. It has across the nation dealerships to guarantee clients the nation over have entry to its items and administrations for its over 15 million subscribers that accounts for more than 80% of the nation's cell phone advertise (Communications Authority of Kenya, 2015). Vodafone of United Kingdom owns 40% shares of Safaricom while 0.8 million Kenyans became owners through (IPO). For a series of financial years it has been awarded the most profitable

organizations and its main services and products include message services, internet services, mobile banking services and voice calling services (Safaricom, 2016).

Airtel Kenya ltd was began in Kenya in the year 2000 as Kencell before shifting to Celtel in the year 2004 and rebranding to Zain in 2008 and lastly Airtel in 2010. Distinguishing its position, Celtel Kenya was the transparency and admittance of its network services. The company had also positioned itself in the market situated itself by use of a differentiator approach at exceptional prices. It changed the positioning to increase its market share (Communications Authority of Kenya, 2015). The company offers a multitude of services which comprise; prepaid and postpaid plans, Airtel Money, network connectivity, sms internet access and international roaming (Airtel, 2016). Airtel Kenya has grown immensely regardless of continuous rebranding.

Telkom Kenya was set up under the companies act as a telecommunications operator in April 1999. France Telecom partnership with Telecom Kenya in December 2007 saw the takeoff of Orange as the commercial trademark for Telkom Kenya in September 2008 (Orange, 2016). Orange launched network that functions in a plug and play mode and as Orange has scarce subscribers network mobbing does not occur habitually. The company has also established a mobile money network known as Orange money.

## **1.2 Statement of the Problem**

Entrepreneurship contributes to a nation's social wealth by making new markets, new ventures, new innovation, new institutional structures, employments and net increments in productivity and profitability. The employment opportunities made through their activities prompt to equal income distribution which leads to an improvement in the living standards of the population (Mugo, 2012). In spite of government endeavors in Kenya to advance entrepreneurial activities,

very little advancement appears to have been made, looking at the informal sector's performance. In Kenya, more than 75% of SMEs are anticipated to collapse every year. The wellbeing of the economy in general has a significant association with the wellbeing and nature of SMEs. In spite of this importance, past studies show that three out of five SMEs collapse within the few months of their operation (Sharu and Guyo, 2013). This wonder has made it exceptionally troublesome if not incomprehensible for SME to develop into substantial scale undertakings.

In today's turbulent employment market, beginning and having own business is a dream of youthful generation. Telecommunication companies like Airtel, Orange and Safaricom through their mobile money platforms have provided a platform that entrepreneurs can use to start their businesses as mobile money agents. In addition, most entrepreneurs are currently using mobile money platforms to supplement the revenue of their businesses. However, mobile money agents have been facing various challenges in their businesses. For instance, Mpesa agent pays 20% of their commissions to aggregator. In addition, in the years 2012, Safaricom reduced the agent's commission by 25% (Safaricom, 2016). Other challenges facing mobile money agents include insecurity, competition between telecommunication companies, systems failure, closure of agent numbers and fraud, theft by servant among others.

Various studies have been conducted on factors affecting entrepreneurial development. For instance, Mianroodi (2011) studies the factors affecting the development of entrepreneurship in agricultural advisory services of Iran and found that these factors included lack of access to credit facilities and market access. In Nigeria, Ayegba (2016) conducted a study on the factors affecting entrepreneurial development and found that these factors include inadequate skills, corruption, inadequate credit facilities, technological advancements and insecurity. In Kenya,

Bwisa and Ndolo (2011) carried out a study on culture as a factor in entrepreneurship development and established that culture played a key role in entrepreneurship development. However, different types of businesses are influenced by different types of factors and require different types of business environments and skills. Due to the increasing number of mobile money users, mobile money business has been on the increase in the recent years. However, some mobile money businesses have been stagnant, some have failed and others have closed. It is against this background that this study sought to answer the question: which are the factors affecting entrepreneurship development in the telecommunication sector in Kenya by focusing on Mobile money?

### **1.3 Objective of the Study**

The objective of this study is to determine the factors affecting entrepreneurship development of mobile money within the telecommunication sector in Kenya.

### **1.4 Value of the Study**

#### **Contribution to Theory**

The research is anchored on three theories of entrepreneurship, namely; Mark Casson's Economic Theory, Peter Drucker's Entrepreneurship Theory and Leibenstein's Theory of Entrepreneurship. However, the three theories are based on general entrepreneurship. Different types of entrepreneurial activities or businesses require different skills and are influenced by different factors. This study therefore provides more information on the application of the three theories in the mobile money related businesses. The study also adds more information to the body of knowledge on the factors that affect entrepreneurship development. For other

researchers and academicians, the study gives a basis whereby further research is done on elements affecting entrepreneurship development in other sectors.

### **Contribution to Practice**

The findings of this study benefit mobile money agents as it outlines factors influencing entrepreneurship development and how they can be manipulated to improve entrepreneurship development as well as the performance and growth of their businesses. In addition, results give information that can be utilized to develop strategies to improve entrepreneurial development.

### **Contribution to Policy**

In the recent past, the government of Kenya has been in the forefront in enhancing entrepreneurship. This can be seen in the establishment of funds such as Youth Enterprise Development and Women Enterprise development Fund. Therefore, the findings of this study provide information on factors influencing entrepreneurship development that can be used to develop policies intended to improve entrepreneurship in the county.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter shows review of literature on the factors affecting entrepreneurship development. Specifically, the chapter comprises of a theoretical framework, concept of entrepreneurship development, literature on factors affecting entrepreneurship development and summary of the literature.

### **2.2 Theoretical Framework**

#### **2.2.1 Mark Casson's Economic Theory**

In his theory “entrepreneurship, an economic theory” shows entrepreneurship to be as a result of favorable economic conditions. He identifies that entrepreneurs will not have similar skills. Deakins (2009) indicates that an entrepreneur is able to make judgments and coordinate scarce resources through knowledge and skills. Casson (2003) argues that an entrepreneur settles on judgmental choices that involve resources’ allocation. He advanced that absence of capital might be an obstruction for effectual enterprise. This is on the grounds that business visionaries require information and assets, in the event that they are to back their decisions and judgments.

According to Deakins and Freel (2009), an entrepreneur functions inside an arrangement of innovative environments, by settling on judgments and decisions that can lead to a reward of bearing danger. The craving for benefit and the capacity to judge empowers the business visionary to organize request and supply under vulnerability. Casson (2003) states that interest for business enterprises results from interest to make changes. He expressed that there exist economic factors that empower business development or entrepreneurship, which incorporate

industrial policy, access to fun, access to data about economic situations, tax policy, accessibility to innovation, access to market opportunities and availability of infrastructure and technology.

According to Timmon and Spinelli (2007), financial motivating forces are the principle strengths for entrepreneurial activities, mostly in developing countries. There are lot of financial and economic aspects that support or discourage growth and startup of business enterprises in a country. These elements comprise of access of credit, high capital development for a decent stream of reserve funds and speculations, supply for loanable assets with low interest rates, expanded interest for customer merchandise and enterprises, accessibility of gainful assets, effective financial policies like fiscal and monetary policies, transportation facilities and communication (Deakins & Freel, 2009).

### **2.2.2 Peter Drucker's Theory of Entrepreneurship**

Peter Drucker founded the theory of entrepreneurship in the year 1985. The theory holds that an entrepreneur is one who hunts down for change, reacts to it and considers it as a business opportunity. He emphasized resources and innovation, which influence entrepreneurial activities. Further, he states that entrepreneurship includes improving the customers' satisfaction and value obtained from the resources, development of new values and bringing together of existing resources and materials in a more productive manner.

Cohen (1986) indicated that innovation is the focal point of entrepreneurship and creates resources. Timmon and Spinelli (2007) state that successful entrepreneurship is involved in value and satisfaction obtained from resource of the consumer. New values are made material, changed over into an asset or existing asset combined in a more productive way. Entrepreneurship is not

an aspect of large organizations or economies only; it is very important to non-economic organizations and small businesses.

### **2.2.3 Leibenstein's Theory of Inefficiency (gap fillers and input completers)**

Leibenstein (1968) indicates that in the entrepreneurial world, inefficiency is considered to a normal state of affairs. He viewed entrepreneurship as an inventive reaction to inefficiency. According to him, successful entrepreneurs need to harmonize inputs from several different markets. He identified two main roles of an entrepreneur; gap fillers and input completer. He further postulated three characters of entrepreneurship. The first character is being aware of market tendencies and strategic localities for value creation. The second character is to develop new goods or processes in demands but not in supply. The third character is to determine profitable activities. According to Leibenstein (1968), entrepreneurs have the special ability to connect different markets and make up for market failures and deficiencies.

Zimmer and Scarborough (2008) emphasize on Leibenstein's theory by looking at the role of an entrepreneur as an input completer that includes availing inputs that that enhance the proficiency of existing production techniques or encourage the development new ones. The main role of an business visionary of entrepreneur is to enhance information flow in the market.

Leibenstein (1968) indicates that entrepreneurs have to go about as hole fillers and information completers if there are flaws in the business sectors. By utilizing their unusual skills, they get profits and other advantages. There are two groups of entrepreneurship; routine business that deals with ordinary business functions like innovative entrepreneurship and business activities coordination.

## 2.3 Entrepreneurship Development

Entrepreneurs are seen as significant prerequisite to exploit natural resources and mobilize (Doh & Zolnik, 2011). According to Rukuiziene (2016), entrepreneurs are specialists who play out a fundamental part in the financial development of a nation and are connected to the general modern advancement of a country. Entrepreneurship is important in the development of an economy, as business is a motor of economic growth, employment creation and also societal modification (Umihanic, Donlagic & Piplica, 2016). The advancing need to improve economic growth by coming up with innovative ideas, makes entrepreneurship a focal point for policy makers and scholars (Matejun, 2016).

Entrepreneurial traits, like the motive behind starting a business, obtaining innovative and business skills, having networking and educational capability are key factors to consider in entrepreneurship development (Umihanic, Donlagic & Piplica, 2016). According to Ahmad and Seymour (2008), entrepreneurial skills are not inherited and are not changeable.

According to Bwisa and Ndolo (2011), entrepreneurial skills in many instances do differ, even though a business visionary must be focused on creating both management skills and entrepreneurship. Ayegba (2016) holds that both entrepreneurial and administrative abilities are essential for business enterprise advancement. It can accordingly be taken that entrepreneurial aptitudes are identified with the individual and interpersonal abilities of individuals and are for the most part communicated in their conduct. Management skills indicate how well a business visionary can perform vital undertakings and exercises identified with the activates and functions of a business (Christensen, 2004).

## **2.4 Factors Affecting Entrepreneurship Development**

The development of entrepreneurship is not an impulsive phenomenon but a reliant of economic, social, political and psychological factors as supporting conditions (Bwisa & Ndolo, 2011). These conditions have both positive and negative effects on entrepreneurship development. Positive effects establish favorable and facilitative conditions while negative create impeding environment to entrepreneurship development (Adom, 2015). These conditions are discussed under the following categories; economic factors, socio-cultural factors, psychological factors, education related factors, government factors, technological factors and finance factors.

### **2.4.1 Financial and Economic Factors**

Economic milieu exercises the most direct and immediate effects on entrepreneurship development. This is as a result of people viewing entrepreneurship as a necessity due lack of other jobs and opportunities (Adom, 2015). Economic factors that affect entrepreneurship are; market, capital, raw materials and labor. Capital is one of the most significant requirements in the development of entrepreneurship (Ayegba, 2016).

According to Casson (2003), the availability of capital facilitates an entrepreneur to bring together the land of one, machine of another and raw material of yet another to combine them to produce goods. The quality rather quantity of labor affects entrepreneurship development. Entrepreneurship is encouraged if there is a mobile and flexible labor force (Mianroodi, 2011). The major determinant of possible rewards from entrepreneurship development is the potential of the market. The size and composition of market both affect entrepreneurship development (Sharu & Guyo, 2013).

### **2.4.2 Socio- Cultural Factors**

Each entrepreneur is novel; each has an alternate education background, history and family. The sociological approach tries to clarify the social conditions that influence entrepreneur's decision and behavior (Van Aardt, 2008). According to Zimmer and Scarborough (2008), social-cultural factors concern the modes and manner in which individuals lead their lives. Individuals' tastes and preferences replicate their lifestyles in an economic sense. Life style related factors influence entrepreneurship development including family unit data, work modes, work drive interest rates, training levels, accomplishment, examples of utilization, and examples of relaxation (Doh & Zolnik, 2011).

In Bangladesh, Akhter and Sumi (2014) found that socio-cultural factors such as religion, ethnicity, family, physical attributes, economic Status and education have a significant impact on entrepreneurial development process in developing countries. According to Mugo (2012), the environmental patterns of behavior lead to realization of various social values in various social orders. Some cultures will affect the development of entrepreneurship. Culture brings to where assets and financing are accessible, promotes creativity and helps strategic partnerships through networking as entrepreneurs (Mianroodi, 2011).

### **2.4.3 Psychological Factors**

Psychological factors that affect entrepreneurship development include; achievement need, internal control locus, propensity, confidence, creativity, and positivity (Sharu & Guyo, 2013). The achievement need is the major motivator for setting up new venture for entrepreneur. Achievement need refers to succeeding and well job fulfillment done (Mugo, 2012).

Umihanic, Donlagic, and Piplica (2016) acknowledged direct correlation between entrepreneur's alignment and entrepreneurship development.

According to Rukuižienė (2016), effective entrepreneurs put a high esteem on the requirement for accomplishment. Control internal locus positively relates the tendency form new ventures, Doh & Zolnik, (2011). Individuals who are confident that rewards are directly linked to their own behavior are linked to entrepreneurial activities than those who view rewards to be determined by luck as stated by Zimmer &Scarborough, (2008). Self-adequacy is a solid confidence in one's own capability to assemble a precise errand and accomplish the objective by utilizing required assets, aptitudes, and skill according to Van Aardt, (2008). Bwisa (2011) individuals with peak entrepreneurial confidence show entrepreneurship ability.

#### **2.4.4 Education related factors**

Education related factors affecting entrepreneurship development include level of education, competencies, skills and entrepreneurship orientation (Ayegba, 2016). According to Mianroodi (2011), acquiring education knowledge formally heightens their capital thus affects the maintenance and the development of major ventures. Kozlinska (2012) examined outcome of entrepreneurship education on a group of business men in Europe who put up firms identified with the offer of hardware. He found the men had peak education level than general population. Ahmad & Seymour (2008) affirm direct relationship between education level and entrepreneurial intentions.

In a study on the influence of education on entrepreneurship orientation, Bilic, Prka & Vidovic (2011) found that entrepreneurial courses on enterprise workshop, business enterprise, privately-run company, business arranging, techniques for new organizations and entrepreneurial

arranging influence entrepreneurship orientation. Similarly, Izedonmi and Okafor (2013) found entrepreneurship exposure to student's has direct influence on their entrepreneurial intentions.

#### **2.4.5 Government Factors**

The main government factors that affect entrepreneurship development are communication and transportation facilities, business licensing requirements, security and government policies such as fiscal and monetary policies (Doh & Zolnik, 2011). According to Ayegba (2016) governments interested in economic development will promote entrepreneurship development through clearly expressed government policies, by making fundamental offices, utilities and administrations and by giving motivating forces and concessions. Ahmad and Seymour (2008) further state that the government can provide the individuals with entrepreneurial intentions a facilitative socio-economic setting. According to Sharu and Guyo (2013) the government's conducive setting minimizes the dangers which the entrepreneurs are to experience.

Van Aardt et al. (2008) shows environmental business is major element affecting entrepreneurship development. In addition, they postulated that erratic government strategies combined with high tax assessment rates, social security payment delays, support the birth and development of ventures pose a great threat to entrepreneurship development. According to Doh & Zolnik (2011) licensing, permits and business regulations are major obstacles faced by entrepreneurs in developing countries. Entrepreneurship development presumes developed communication and transportation facilities. The nature of foundation can influence the development of prospects of new pursuits particularly in creating nations who experience the ill effects of absurd condition of essential framework like transportation, media transmission and power (Bwisa & Ndolo, 2011).

#### **2.4.6 Technological Factors**

Technological development provides opportunities for the entrepreneurs to develop and produce new products (Doh & Zolnik, 2011). Ayegba (2016) identified technological factors affecting entrepreneurship development to include; rapid change of technology, technology venture formation, cost of technology adoption and ICT infrastructure. According to Zimmer and Scarbrough (2008), introduction to Information systems (IS) provides great opportunities individuals with entrepreneurial activities for obtaining added value through exploitation of the information resource. According to Rukuiziene (2016), technology is beyond human capital and entrepreneurship in which there is an added boost to growth when the environment has a concentration of high-wage, high-innovation industries.

In a study on the impact of information technology in Iran SMEs, Dangolani (2011) found that information technology facilitates access to jobs, gives the one of a kind chance to work and arrange data effectively and improves employment rate drastically through virtual work put especially electronic marketing.

#### **2.5 Empirical Review**

In a study on mobile money, the financial matters of M-PESA, Jack and Suri (2011) found that Mpesa operators confront a non-trivial inventory management issue, predicting the time profile of net e-float needs, while at the same time keeping up the security of their operations. Aker and Mbiti (2010) carried out a study to inspect the development of cell phone innovation over the previous decade and consider its potential endless supply of life in developing nations, with a specific focus on sub-Saharan Africa. The study found that cell phone utilization in sub-Saharan Africa has been increasing over the last decade and now covers 60 percent of the population.

Adano (2012) carried out a study in the relationship between mobile money transfers and economic growth in Kenya and found that there is a direct relation among mobile money transfers and economic growth in Kenya. The development was propelled by the accommodation offered by the administration as the administration does not require a person to have a ledger so as to execute. In another study, Simiyu and Oloko (2015) conducted a study on mobile money transfer and the growth of small and medium sized enterprises in Kisumu City. The results indicated that mobile money value-based costs, comfort and budgetary openness have all appeared to influence SMEs development through the administration prompting to expanded enrolment in portable cash administrations, expanded money related exchanges bringing about expanded deals and in this manner discernible commitment to business development.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This chapter brings out the methodology that was utilized. It comprises of research design, study population, sample size and sampling design, data collection and data analysis method.

### **3.2 Research Design**

A research design is the procedure used in the selection of a sample size, data collection and data collection so as to meet the objective of the study, Kothari (2004). This study adopts a descriptive research design. Byrman (2003) defines a research design as an intended plan to obtain data concerning the state of a phenomenon, and wherever conceivable, to reach legitimate determinations from the results found. This research sought to explore factors affecting entrepreneurship development for mobile money within the telecommunication sector thus the research design was appropriate in describing the phenomenon.

### **3.3 Target Population**

Greener (2008) defined population as a set of individuals, components, occasions, gathering of things or objects that are being examined. Mugenda & Mugenda, (2003) target population is part of the population drawn from entire universe. The target population was all retail agents of Mpesa, Airtel Money and Orange Money in Nairobi Central Business District (CBD). According to Communication authority of Kenya (2015), there are 1877 mobile money agents in Nairobi Central Business District.

**Table 3. 1: Target population**

<b>Agents</b>	<b>Target population</b>
Mpesa	1406
Airtel money	367
Orange money	104
<b>Total</b>	<b>1877</b>

### 3.4 Sample Size and Sampling Design

A sample is defined as a smaller group of the population obtained from the accessible population. According to Mugenda & Mugenda (2003), a sample size of ranging from 10 and 30 percent is an acceptable presentation of the target population. The study used simple random sampling to define 10 percent of the target population. A simple random sample is defined as part of the population where every member of the target population has equal chances of being selected. The sample size of this study therefore as 188 mobile money agents.

**Table 3. 2: Sample Size**

<b>Agents</b>	<b>Target population</b>	<b>Sample Size</b>
Mpesa	1406	141
Airtel money	367	37
Orange money	104	10
<b>Total</b>	<b>1877</b>	<b>188</b>

### **3.5 Data collection**

The research utilized primary data using questionnaires. The questionnaires comprised of structured questions. This is because they are easier to analyze as they are in immediate usable form Greener( 2008). Researcher also obtained a letter of data collection from the University of Nairobi. The researcher took 2 weeks to collect data from the respondents. The respondents were required to complete questionnaire as honestly and as completely as possible. The participants were assured of confidentiality when tackling their identities.

The questionnaire was categorized into two main sections;

(a) Section A covers the background information of the respondents. It Includes gender, age bracket, highest education level and duration of time worked as an agent.

(b) Section B covers Factors affecting entrepreneurship development of mobile money within the telecommunication sector in Kenya. Specifically, the section comprises of financial and economic factors, socio cultural factors, psychological factors, education related factors, government related factors and technological factors.

### **3.6 Data Analysis and presentation**

According to Kothari (2004), data analysis is the reduction of accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. The questionnaires in this study generated quantitative data. Quantitative data was analysed by use of descriptive statistics through the help of (SPSS) version 21. Descriptive statistics included percentages, frequencies, (mean) and (standard deviation). Data was then presented in graphs and tables.

## **CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND INTERPRETATIONS**

### **4.1 Introduction**

This chapter presents the findings, interpretation of results based on study objective, which was to determine the factors affecting entrepreneurship development of mobile money within the telecommunication sector in Kenya. The chapter begins with the respondents' background information followed by factors affecting entrepreneurship development of mobile money within the telecommunication sector.

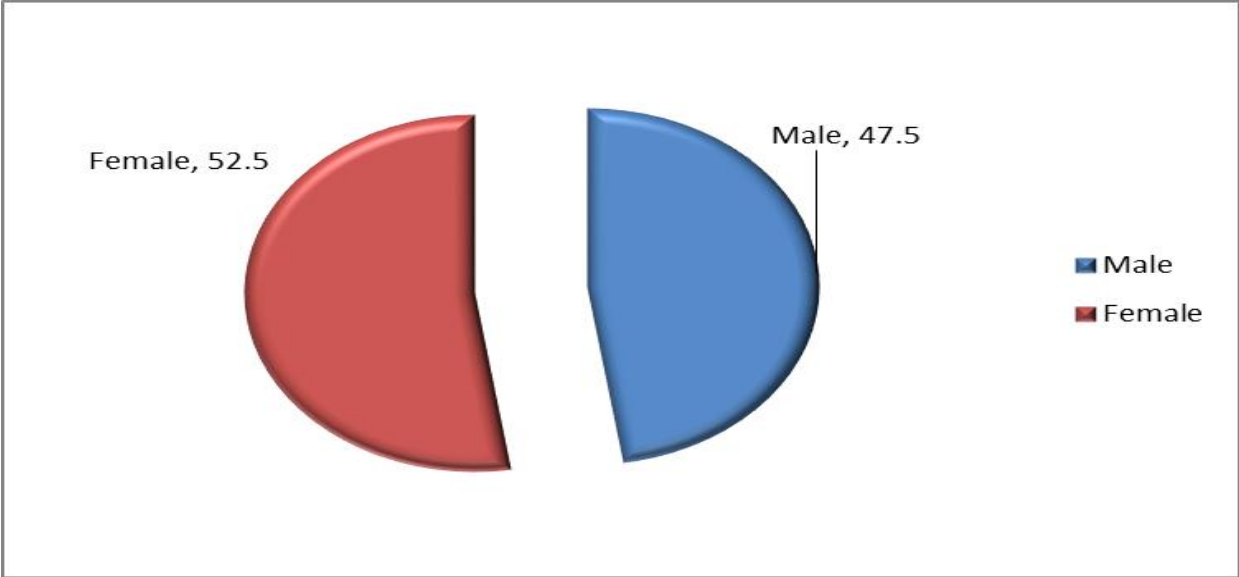
The study had a sample size of 188 mobile money agents, out of which 179 responses were obtained, giving a response rate of 95.21%. The study did not achieve a 100% response rate as some of the questionnaires were half way filled by the respondents and hence could not be used in the study. However, according to Kothari (2004) adequate analysis is above 50% and 95.21% response rate was excellent.

### **4.2 Demographic Information**

The demographic information presented is on the gender, age, highest education level, and duration of time worked as a mobile money agent.

#### **4.2.1 Gender of the Respondents**

The participants, mobile money agents, depicted gender. Findings were as shown in figure 4.1.

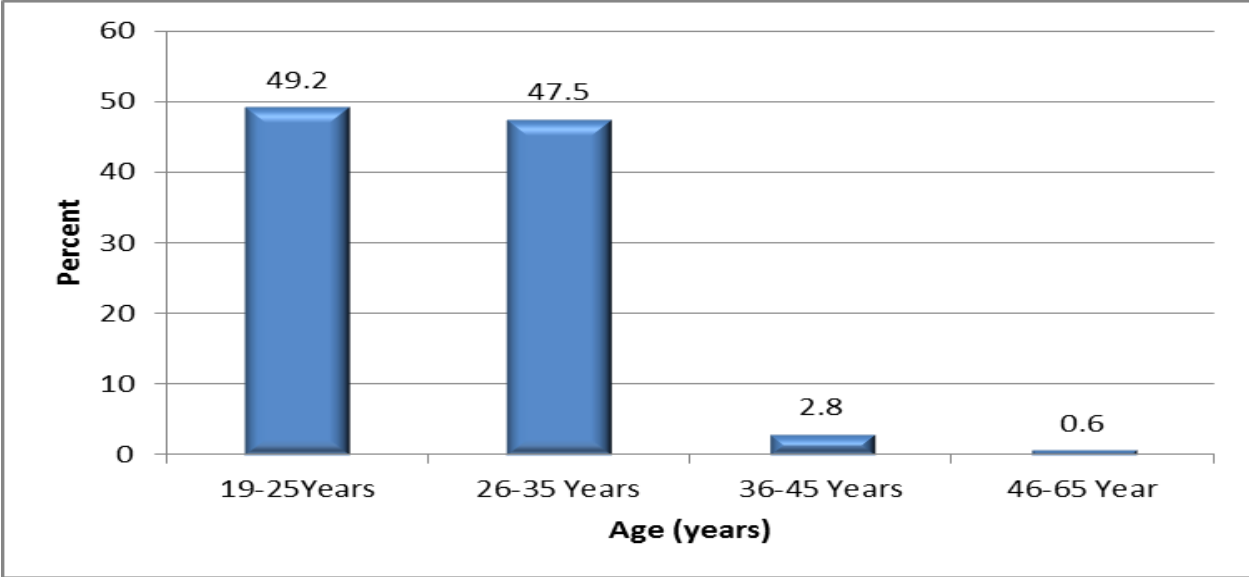


**Figure 4. 1: Gender of the Respondents**

From the findings, 52.5% of the respondents were female while 47.5% male. Many mobile money agents in Nairobi Central Business District are female, although the difference was insignificant.

**4.2.2 Age bracket of the Respondents**

Participants were requested to show age bracket. Findings were below.

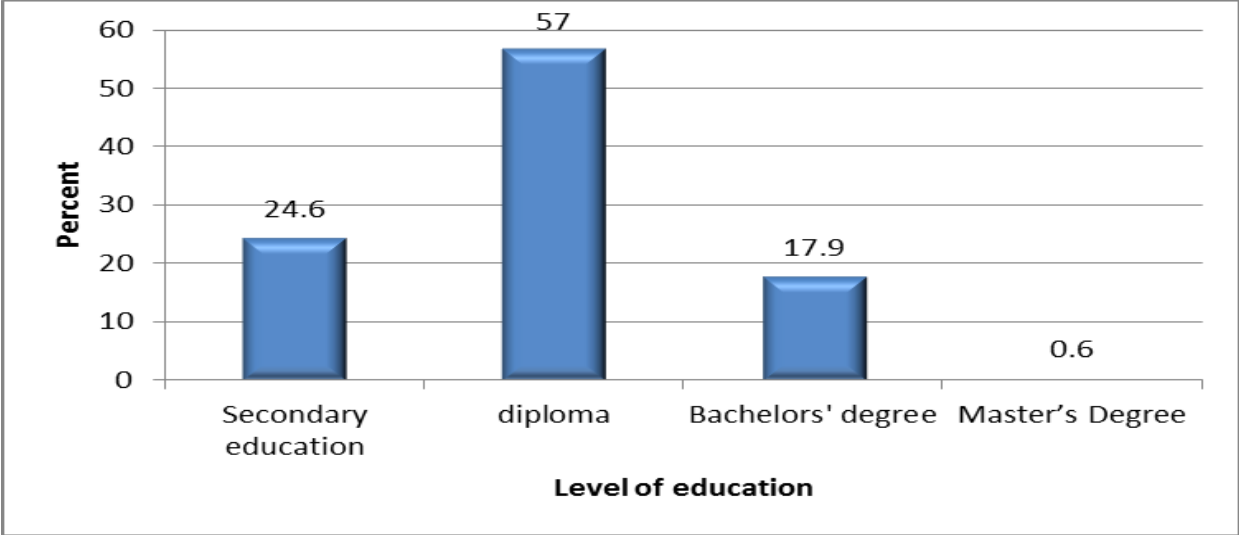


**Figure 4. 2: Age bracket of the Respondents**

49.2% participants depicted 19 - 25, 47.5% depicted 26 - 35 years, 2.8% indicated between 36 and 35 years and 0.6% indicated between 46 and 65 years. This implies that most of the mobile money agents in Nairobi Central Business District are aged between 19 and 35 years. Younger people tend to be more entrepreneurial than older people.

**4.2.3 Respondents Highest Level of Education**

Participants were further requested to show peak education achievement. Findings were as below.

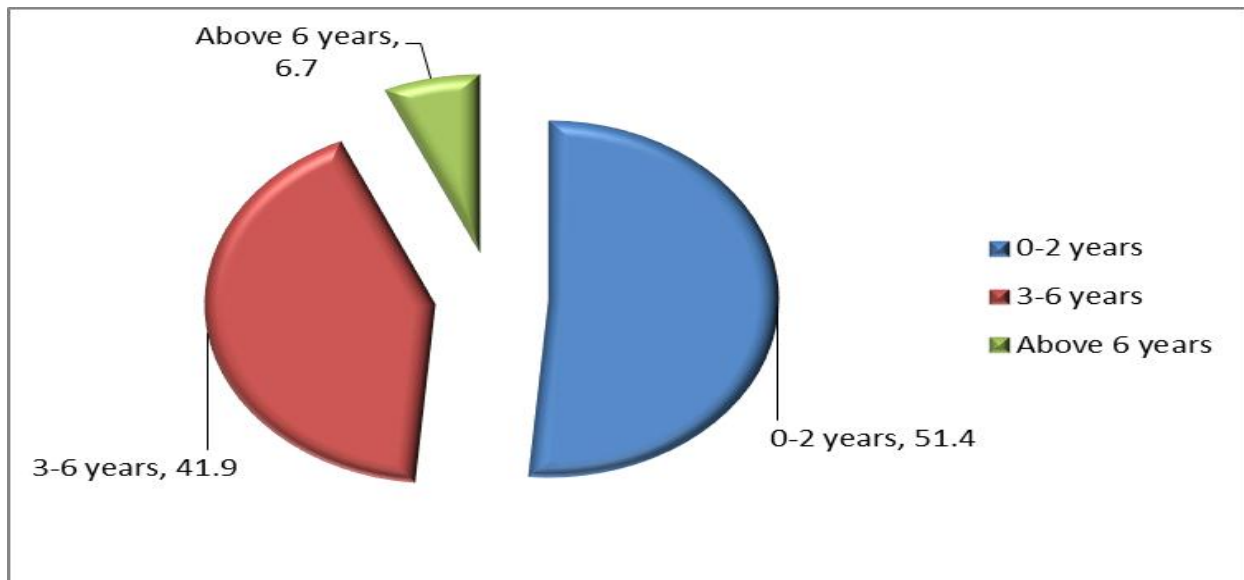


**Figure 4. 3: Respondents Highest Level of Education**

57% participants showed diplomas as their highest level of education, 24.6% depicted secondary education, 17.9% showed bachelor’s degrees and 0.6% indicated that they had master’s degrees. This implies that most of the mobile money agents in Nairobi Central Business District had diplomas as their highest level of education.

**4.2.4 Duration Worked as a Mobile Money Agent**

The respondents were asked to indicate for how long they had worked as Mobile Money Agents. The results were as presented in figure 4.4.



**Figure 4. 4: Duration Worked as a Mobile Money Agent**

51.4% participants depicted working as Mobile Money Agents for less than 2 years, 41.9% indicated for between 3 and 6 years and 6.7% indicated for more than 6 years. This implies that most of the mobile money agents in Nairobi Central Business District had worked as mobile money agents for less than 2 years.

### **4.3 Factors affecting entrepreneurship development of mobile money Agents**

The participants indicate degree various elements influence entrepreneurship development of mobile money on a likert scale of 1 - 5. 1 means to no extent at all, 2 little extent, 3 moderate extent, 4 great extent and 5 very great extent.

#### **4.3.1 Financial and Economic factors**

The participants depicted degree financial and economic elements affect entrepreneurship development of mobile money within the telecommunication sector in Kenya.

**Table 4. 1: Financial and Economic factors**

	1	2	3	4	5	Mean	Std. Deviation
Low Working Capital	0.0	1.7	14.5	41.3	42.5	4.229	.819
Cost of labor	0.0	1.7	9.5	40.2	48.6	4.357	.723
Ability of pay rent for business premises	0.0	0.0	8.4	49.2	42.5	4.340	.628
Inability to access credit	0.0	0.0	11.2	47.5	41.3	4.301	.660
Collateral requirements to obtain loans	0.6	0.6	6.7	45.3	46.9	4.374	.686
High interest rates	0.0	4.5	7.3	46.9	41.3	4.251	.777
Unfavorable loan repayment terms	0.0	0.0	6.1	38.0	55.9	4.497	.612
Loan approval processes	2.2	1.7	22.3	52.5	21.2	3.888	.833
<b>Average</b>						<b>4.280</b>	<b>0.717</b>

According of the findings, the respondents indicated that unfavorable loan repayment terms affect entrepreneurship development of mobile money aggregate 4.497. Respondents also indicated a mean of 4.374 that collateral requirements to obtain loans affect entrepreneurship development of mobile money agents to a great extent.

The respondents further indicated with a mean 4.357 that cost of labor affects entrepreneurship development of mobile money agents to a great extent. In addition, the respondents indicated with a mean of 4.340 that the ability to pay rent for business premises affects entrepreneurship development of mobile money agents highly.

The participants further depicted inability to access credit and low working capital affect entrepreneurship development of mobile money to aggregate 4.301 and 4.229 respectively. The respondents also indicated that high interest rates and loan approval processes affect entrepreneurship development of mobile money to aggregate 4.251 and 3.888.

### 4.3.2 Socio Cultural Factors

The participants showed degree of socio-cultural factors affecting entrepreneurship development of mobile money within telecommunication sector in Kenya.

**Table 4. 2: Socio Cultural Factors**

	1	2	3	4	5	Mean	Std. Deviation
Family background	11.7	35.2	49.2	3.9	0.0	2.452	.750
Traditions and beliefs	33.5	37.4	29.1	0.0	0.0	1.955	.791
Gender	1.7	22.9	63.1	12.3		2.860	.633
Age	0.6	3.4	15.1	50.8	30.2	4.067	.797
Ethnic background	72.6	22.9	4.5	0.0	0.0	1.318	.555
<b>Average</b>						<b>2.530</b>	<b>0.705</b>

Participants showed with a mean 4.067 that age affects entrepreneurship development of mobile money agents to a great extent. The respondents also indicated with a mean of 2.860 that gender affects entrepreneurship development of mobile money agents to a moderate extent. The respondents also indicated family background, traditions and beliefs and ethnic background affect entrepreneurship development of mobile money within the telecommunication sector to a low extent as shown by a means of 2.452, 1.955 and 1.318 respectively.

### 4.3.3 Psychological Factors

Participants showed degree of psychological factors affecting entrepreneurship development of mobile money within the telecommunication sector in Kenya.

**Table 4. 3: Psychological Factors**

	1	2	3	4	5	Mean	Std. Deviation
Entrepreneur's Innovativeness	2.8	6.1	16.8	74.3	0.0	3.625	.726
Motives of starting a business	2.8	8.4	18.4	57.5	12.8	3.692	.899
Personality traits	13.4	52.0	27.9	6.1	0.6	2.284	.794
Personal success	11.2	40.8	35.8	12.3	0.0	2.491	.850
Need for achievement	13.4	14.0	48.0	24.6	0.0	2.838	.948
Internal locus control	7.3	36.3	53.1	2.8	0.6	2.530	.697
<b>Average</b>						<b>2.910</b>	<b>0.819</b>

Participants showed motives of starting a business and entrepreneur's innovativeness affect entrepreneurship development of m mobile money agents to a great extent aggregate 3.692 and 3.625. The participants indicated need for achievement and internal locus control affect entrepreneurship development of mobile money agents aggregate 2.838 and 2.530. The participants further indicated personal success and personality traits affect entrepreneurship development of mobile money agents as shown by means of 2.491 and 2.284 respectively.

### 4.3.4 Education Related Factors

The participants indicated degree of education related elements affecting entrepreneurship development mobile money within the telecommunication sector in Kenya.

**Table 4. 4: Education Related Factors**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std. Deviation</b>
Level of education	3.9	15.6	10.1	59.2	11.2	3.581	1.009
Entrepreneurship knowledge and skills acquired	0.6	1.7	17.9	40.8	39.1	4.162	.815
Entrepreneurship orientation	2.2	12.8	36.3	20.1	28.5	3.597	1.099
Technical skills	1.1	0.6	10.1	78.2	10.1	3.955	.569
Financial management skills	0.0	0.0	26.8	69.8	3.4	3.765	.498
Managerial skills	0.0	0.0	25.7	52.0	22.3	3.966	.694
<b>Average</b>						<b>3.838</b>	<b>0.781</b>

The respondents indicated with a mean of 4.162 that entrepreneurship knowledge and skills acquired affect entrepreneurship development of mobile money agents to the great extent. The respondents also indicated that technical skills managerial skills and financial management skills affect entrepreneurship development of mobile money agents to the great extent aggregate 3.955, 3.966 and 3.765. Participants indicated with a mean of 3.597 that entrepreneurship orientation affect entrepreneurship development of mobile money agents to the great extent. The respondents also indicated with a mean of 3.581 that level of education affect entrepreneurship development of mobile money agents to the great extent.

#### **4.3.5 Government related factors**

The respondents were asked to indicate the extent to which government related factors affect entrepreneurship development of mobile money within the telecommunication sector in Kenya.

**Table 4. 5: Government related factors**

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std. Deviation</b>
Business registration procedures	1.7	5.0	21.2	48.0	24.0	3.877	.890
Business licensing requirements	1.7	10.6	17.9	46.4	23.5	3.793	.975
Taxation rates	5.0	6.7	21.8	43.0	23.5	3.731	1.052
Infrastructure such as electricity and water	0.0	0.6	11.2	33.0	55.3	4.430	.710
Insecurity resulting from terrorism	3.4	9.5	38.0	26.8	22.3	3.553	1.044
Insecurity resulting from high rate of robbery	0.0	1.7	13.4	44.7	40.2	4.234	.742
Fiscal and monetary policies	2.2	5.0	20.7	48.0	24.0	3.865	.914
<b>Average</b>						<b>3.926</b>	<b>0.904</b>

The respondents indicated that Infrastructure such as electricity and water and Insecurity resulting from high rate of robbery affect entrepreneurship development of mobile money agents to aggregate 4.430 and 4.234. The respondent also indicated with a mean of 3.877 that business registration procedures affect entrepreneurship development of mobile money agents to a great extent. The respondents further indicated with a mean of 3.865 that fiscal and monetary policies affect entrepreneurship development of mobile money agents highly.

Aggregate 3.793, the respondents indicated that business licensing requirements affect entrepreneurship development of mobile money within the telecommunication sector to a great extent. The respondents also indicated that Taxation rates and Insecurity resulting from terrorism

affect entrepreneurship development of mobile money agents to aggregate 3.731 and 3.553 respectively.

#### 4.3.6 Technological Factors

Participants were requested in showing degree which technological factors affect entrepreneurship development of mobile money within the telecommunication sector in Kenya.

**Table 4. 6: Technological Factors**

	1	2	3	4	5	Mean	Std. Deviation
Rapid change of technology	5.0	11.2	25.1	57.5	1.1	3.385	.888
ICT infrastructure	0.6	2.8	11.2	47.5	38.0	4.195	.786
Poor network	2.8	9.5	40.8	21.8	25.1	3.569	1.054
Weak infrastructure	.6	11.2	20.7	61.5	6.1	3.614	.787
Slow connection speed	3.4	6.7	19.6	50.8	19.6	3.765	.954
System failures	0.0	2.2	13.4	52.0	32.4	4.145	.727
<b>Average</b>						<b>3.779</b>	<b>0.866</b>

From the findings, the respondents indicated that ICT infrastructure, system failures and slow connection speed affect affect entrepreneurship development of mobile money within the telecommunication sector to aggregate 4.195, 4.145 and 3.765. The respondents also indicated that weak infrastructure and poor network affect entrepreneurship development of mobile money within the telecommunication sector to a great extent as shown by aggregate 3.614 and 3.569. Participants indicated aggregate 3.385 that rapid change of technology affects entrepreneurship development of mobile money agents within the telecommunication sector to a moderate extent.

### **4.3 Discussion**

The study found that unfavorable loan repayment terms inability to access credit, loan approval processes, high interest rates, low working capital and collateral requirements to obtain loans affect entrepreneurship development of mobile money within the telecommunication sector. These findings agree with Matejun (2016) findings that finance inaccessibility is one of the real difficulties confronting youth claimed SMEs around the world. This is in line with Casson's (2003) argument that the availability of capital affects entrepreneurship development. The study also revealed that cost of labor and ability to pay rent for business premises affect entrepreneurship development of mobile money within the telecommunication sector to a great extent. These findings agree with Ayegba (2016) argument that economic factors that affect entrepreneurship are labor, capital and market. Most significant requirement in the development of entrepreneurship is capital.

The study found that age affects entrepreneurship development of mobile money within the telecommunication sector to a great extent. According to Rukuižienė (2016), the age bracket of an SME owner influences his/her entrepreneurial skills and experience and that the higher the age the higher the probability of having more experience. The study established that gender moderately affects entrepreneurship development of mobile money within the telecommunication sector. The study also revealed that family background, traditions and beliefs and ethnic background affect entrepreneurship development of mobile money within the telecommunication sector to a low extent. These findings are contrary to Van Aardt et al. (2008) argument that educational background, family, history and biography affect entrepreneurship development. These findings also disagree with Akhter and Sumi (2014) argument that socio-

cultural factors such as religion, ethnicity, family background and physical attributes have a significant impact on entrepreneurial development process.

The study found that motives of starting a business and entrepreneur's innovativeness affect entrepreneurship development of mobile money agents within the telecommunication sector to a great extent. These findings concur with Bwisa and Ndolo (2011) argument that entrepreneurial innovativeness positively relates to the tendency to form new ventures. The study also revealed that need for achievement and internal locus control moderately affect entrepreneurship development of mobile money agents. These findings are in line with Sharu and Guyo (2013) argument that psychological factors that affect entrepreneurship development include; achievement need, internal locus of control, risk propensity, self-efficacy, tolerance for ambiguity, innovativeness, independence and autonomy and optimism. According to Sharu and Guyo (2013), achievement need is chief motivator for entrepreneur new venture setting. The study established personal success and personality traits affect entrepreneurship development of mobile money within the telecommunication sector to low extent. The findings are contrary to Doh and Zolnik (2011) argument that personal success and personality traits affect entrepreneurship development.

The study revealed that entrepreneurship knowledge and skills acquired affect entrepreneurship development of mobile money agents within the telecommunication sector. These findings concur with Ayegba (2016) argument that entrepreneurship knowledge and skills affect entrepreneurship development. The study also found that that technical skills, managerial skills and financial management skills affect entrepreneurship development of mobile money within the telecommunication sector to the great extent. These findings agree with Bilic, Prka and Vidovic (2011) argument that entrepreneurial skills such as technical skills, managerial skills,

strategies for new businesses and entrepreneurial planning influence entrepreneurship orientation. The study found that entrepreneurship orientation affect entrepreneurship development of mobile money agents within the telecommunication sector. The findings concur with Kozlinska (2012) entrepreneurship orientation affects entrepreneurship development.

Research depicts education level affecting entrepreneurship development mobile money within the telecommunication sector. These findings agree with Mianroodi (2011) argument that acquiring knowledge formally heightens capital of entrepreneur thus affects the maintenance and the development of major ventures. The findings also agree with Ahmad and Seymour (2008) affirms direct relation among entrepreneurial intentions.

The study established that infrastructure such as electricity and water and insecurity resulting from high rate of robbery affect entrepreneurship development. These findings agree with Bwisa and Ndolo (2011) argument that infrastructure quality impacts growth of new ventures in nations developing who experience the ill effects of absurd condition of essential framework like transportation, media transmission and power. The study also established that business registration procedures, fiscal and monetary policies and business licensing requirements affect entrepreneurship development of mobile money agents. These findings agree with Doh and Zolnik (2011) argument that main government factors that affect entrepreneurship development are communication and transportation facilities, business licensing requirements, security and government policies such as fiscal and monetary policies. The findings also concur with Doh & Zolnik (2011) argument that licensing, permits and business regulations for are major obstacles faced by entrepreneurs in developing countries.

The study also found that taxation rates and insecurity resulting from terrorism affect entrepreneurship development of mobile money within the telecommunication sector. These findings concur with Van Aardt et al. (2008) argument that unpredictable government policies coupled with high taxation rates, delays in installment of government managed savings which bolster the birth and advancement of ventures pose a great threat to entrepreneurship development.

The study found that ICT infrastructure, system failures, slow connection speed, weak infrastructure and poor network affect entrepreneurship development of mobile money agents within the telecommunication sector. These findings agree with Ayegba (2016) who identified technological factors affecting entrepreneurship development as ICT infrastructure, network and connectivity speed. The study revealed that rapid change of technology moderately affects entrepreneurship development of mobile money agents within the telecommunication sector. The findings agree with Zimmer and Scarbrough (2008) argument that the introduction to Information Systems (IS) provides great opportunities individuals with entrepreneurial activities for obtaining added value through exploitation of the information resource.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents summary of the findings, conclusion, recommendations and areas for further study. The main objective of the study is determining the factors affecting entrepreneurship development of mobile money within the telecommunication sector in Kenya.

### **5.2 Summary of the Key Findings**

The study established that inability to access credit and low working capital affects entrepreneurship development of mobile money within the telecommunication sector. In addition, unfavorable loan repayment terms, collateral requirements to obtain loans, loan approval processes and high interest rates affect entrepreneurship development of mobile money within the telecommunication sector. The capital of Mobile money agents is money and they must be able to balance between their float and liquid cash. It was also found that cost of labor and ability to pay rent for business premises affects entrepreneurship development of mobile money within the telecommunication sector.

In relation to socio cultural factors, the study found that age and gender affect entrepreneurship development of mobile money within the telecommunication sector. However, family background, traditions and beliefs and ethnic background had no effect on entrepreneurship development of mobile money within the telecommunication sector.

Regarding psychological factors, the study found that motives of starting a business and entrepreneur's innovativeness affect entrepreneurship development of mobile money within the telecommunication sector. In addition, need for achievement and internal locus control

moderately affect entrepreneurship development of mobile money within the telecommunication sector. However, success and personality traits do not affect entrepreneurship development of mobile money within the telecommunication sector.

In relation to education related factors, the study revealed that entrepreneurship knowledge and skills, technical skills managerial skills, entrepreneurship orientation and financial management skills affect entrepreneurship development of mobile money within the telecommunication sector. The study acknowledged education level affects entrepreneurship development mobile money within the telecommunication sector.

With regard to government related factors, the study established that infrastructure such as electricity and water, insecurity resulting from high rate of robbery, business registration procedures, fiscal and monetary policies and business licensing requirements affect entrepreneurship development of mobile money within the telecommunication sector. In addition, taxation rates and insecurity resulting from terrorism were found to affect entrepreneurship development of mobile money within the telecommunication sector.

In relation to technological factors, the study found that ICT infrastructure, system failures and slow connection speed, weak infrastructure and poor network affect entrepreneurship development of mobile money within the telecommunication sector. However, rapid change of technology had a moderate effect on entrepreneurship development of mobile money within the telecommunication sector.

### **5.3 Conclusion**

The study depicted financial and economic elements were affecting entrepreneurship development of mobile money within the telecommunication sector the most followed by government related factors, education related factors, technological factors, psychological factors and socio cultural factors. Financial and economic factors affecting entrepreneurship development include loan related factors such as unfavorable loan repayment terms, collateral requirements, access credit, loan approval processes and high interest rates. Socio Cultural Factors that affect entrepreneurship development include age and gender. Psychological Factors that affect entrepreneurship development include motives of starting a business and entrepreneur's innovativeness. The study also found that Education Related Factors such as entrepreneurship knowledge and skills acquired, technical skills managerial skills and financial management skills affect entrepreneurship development. Government related factors such as insecurity resulting from high rate of robbery, infrastructure, business registration procedures, fiscal and monetary policies and business licensing requirements affect entrepreneurship development. Technological Factors that were found to affect entrepreneurship development include ICT infrastructure, system failures and slow connection speed.

### **5.4 Recommendations for Policy and Practice**

This study established that access to credit was one of the main factors affecting entrepreneurship development negatively. Although, the government of Kenya has made a positive step in improving provisions of loans in Kenya by capping the interest rates, still many entrepreneurs cannot access credit from financial institutions. The national government must develop more policies to improve access to credit by increasing awareness on both Women

enterprise Fund and Youth Development Fund. This can be done through advertisements in mass media. In addition, the national government should simplify the procedure used in the approval process. Further, the national government should consider increasing the amount of money allocated to both Women enterprise Fund and Youth Development Fund.

Loan related factors such as collateral requirements to obtain loans, unfavorable loan repayment terms and loan approval processes were negatively affecting entrepreneurship development. The only assets that mobile money agents have are mobile phones and business premises and hence may not have collateral to secure loans. Financial institutions in Kenya such as banks and microfinance institutions should reduce their requirements, improve the loan approval processes and development more favorable loan repayment terms as a way of increasing entrepreneurs access to credit. Commercial banks market themselves by indicating that they can process loans within 24 hours while in reality the loan approval process takes a minimum of two weeks.

Entrepreneurship knowledge and skills acquired, financial management skills and managerial skills were affecting entrepreneurship development. The County governments in collaboration with the national government should develop training programs that can be held bi-yearly to improve the financial and managerial skills of entrepreneurs in Kenya. This will help to reduce the collapse rate of SMEs in Kenya.

The study found that business registration procedures and business licensing requirements were negatively affecting entrepreneurship development. The national government as well as the County governments should reduce the business licensing requirements and streamline the process of business registration. Most business in Nairobi are required to have several licenses such as trading and fire prevention inspection clearance certificate among others.

ICT infrastructure, poor network, weak infrastructure, slow connection speed and System failures were affecting entrepreneurship development among mobile money agents. The study therefore recommends that telecommunication companies in Kenya should seek to improve their infrastructure so as to reduce system failures, poor network and slow connection speed. This can be done through frequent upgrading of their systems to incorporate the changing technology.

### **5.5 Limitations of the study**

One of the challenge that faced the study was that some mobile money agents failed to fill the questionnaires as they were busy serving their customers. However, in such cases, the researcher left the questionnaires for them to fill at their free time. The questionnaires were then collected after two days. In other instances, the researcher did not get the owners of the mobile money agents and had to request for help from the employees. Some of the employees felt as if they were being investigated and hence were hesitant to fill the questionnaires. The researcher however worked at winning their confidence by ensuring participants confidentiality.

### **5.6 Areas for Further Research**

This study was in Nairobi Central Business District, and due to difference in business environment in different parts of Nairobi County and Kenya, it therefore suggests similar studies to cover other parts of Nairobi County and in rural areas in Kenya. In addition, the study suggests further studies on impact of financial and economic factors on execution of mobile money entrepreneurs in Kenya. Other studies can also be conducted on education related factors on performance of mobile money entrepreneurs in Kenya.

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## **APPENDICES**

### **Appendix I: Introduction Letter**

#### **TO WHOM IT MAY CONCERN**

Dear Sir/Madam,

#### **REF: REQUEST FOR PARTICIPATION IN A RESEARCH STUDY**

I am a student at the University of Nairobi carrying out a research project as part of the course requirement for the award of the Degree of masters of Science (entrepreneurship and innovations management). The study seeks to evaluate the factors affecting entrepreneurship development of mobile money within the telecommunication sector in Kenya.

The findings will be confidential strictly for academic use and at no time will your name be mentioned anywhere in the report. Yours honest participation will be highly appreciated.

Yours faithfully

Muthomi Njuki

## Appendix II: Questionnaire

Please answer the questions below as precisely and truthful as possible. Any information provided will be held with strict confidentiality and anonymity. In addition, your answers will only be used for academic purposes only. Kindly tick your responses against each questions in the spaces provided.

### SECTION A: Background Information

1. Gender

Male                                  Female                     

2. State your age bracket.

19-25Years                                  26-35 Years           

36-45 Years                                  46-65 Year           

Above 65 Years           

3. What is your highest level of education?

Secondary                                  College diploma           

University degree                                  Master's Degree           

4. For how long have you worked as an Mpesa Agent?

0-2 years                                  3-6 years           

Above 6 years

**SECTION B: Factors affecting entrepreneurship development of mobile money within the telecommunication sector in Kenya**

**Financial and Economic factors**

1. To what extent do the following financial and economic factors affect entrepreneurship development of mobile money within the telecommunication sector in Kenya? (Key: 1=no extent at all, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent)

<b>Financial and Economic Factors</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Low Working Capital					
Cost of labor					
Ability of pay rent for business premises					
Inability to access credit					
Collateral requirements to obtain loans					
High interest rates					
Unfavorable loan repayment terms					
Loan approval processes					

**Socio Cultural Factors**

2. To what extent do the following socio-cultural factors affect entrepreneurship development of mobile money within the telecommunication sector in Kenya? (Key: 1=no extent at all, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent)

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Family background					
Traditions and beliefs					
Gender					
Age					
Ethnic background					

**Psychological Factors**

3. To what extent do the following psychological factors affect entrepreneurship development of mobile money within the telecommunication sector in Kenya? (Key: 1=no extent at all, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent)

	1	2	3	4	5
Entrepreneur’s Innovativeness					
Motives of starting a business					
Personality traits					
Personal success					
Need for achievement					
Internal locus control					

**Education Related Factors**

4. To what extent do the following education related factors affect entrepreneurship development of mobile money within the telecommunication sector in Kenya? (Key: 1=no extent at all, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent)

	1	2	3	4	5
Level of education					
Entrepreneurship knowledge and skills acquired					
Entrepreneurship orientation					
Technical skills					
Financial management skills					
Managerial skills					

**Government related factors**

5. To what extent do the following government related factors affect entrepreneurship development of mobile money within the telecommunication sector in Kenya? (Key: 1=no extent at all, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent)

<b>Government Factors</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Business registration procedures					
Business licensing requirements					
Taxation rates					
Infrastructure such as electricity and water					
Insecurity resulting from terrorism					
Insecurity resulting from high rate of robbery					
Fiscal and monetary policies					

**Technological Factors**

6. To what extent do the following technological factors affect entrepreneurship development of mobile money within the telecommunication sector in Kenya? (Key: 1=no extent at all, 2=low extent, 3=moderate extent, 4=great extent, 5=very great extent)

	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Rapid change of technology					
ICT infrastructure					
Poor network					
Weak infrastructure					
Slow connection speed					
System failures					