



The influence of mobile payments on the choices and
functionings of Micro and Small Enterprise (MSE)
entrepreneurs in Lesotho

Masters Dissertation submitted to the
Department of Information Systems
University of Cape Town

in fulfilment of the requirements for the degree of
Masters in Information Systems
(INF 5005W)

by

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November 2019

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Acknowledgements

I want to thank everyone who contributed to the success of this research. Most importantly, I appreciate the effort and guidance that my supervisor Mr Pitso Tsibolane provided during the research. He has been supportive and motivating throughout my research process. His parental love proved the essence of leadership and mentorship. During the research journey, I obtained valuable suggestions from Professors Michael Kyobe, Irwin Brown and other staff members of the Department of Information Systems. Moreover, special thanks go to my family members and friends for their support.

I thank the entrepreneurs who voluntarily participated in my study. Thanks also to the Lesotho Ministry of Small Business Development, Cooperatives and Marketing for granting me the authorisation to conduct this research within their sector.

Publications

Hlabeli, Batlounge; Tsibolane, Pitso; and Garbutt, Malcolm, "Mobile Money and Financial Inclusion for the Unbanked – A Choice Analysis" (2020). CONF-IRM 2020 Proceedings. 9. Available Online: <https://aisel.aisnet.org/confirm2020/9>

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Abbreviations and Acronyms

Abbreviations	Acronyms
BDC	Basotho Development Corporation
CA	Capability Approach
CF	Choice Framework
DFID	Department for International Development
GDP	Gross Domestic Product
GoL	Government of Lesotho
ICT	Information and Communication Technology
ICT4D	Information and Communication Technology for Development
ICTs	Information and Communication Technologies
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MEF	Measuring Empowerment Framework
M-Pesa	Mobile Pesa
MSE	Micro and Small Enterprises
MSMEs	Ministry of Micro, Small and Medium Enterprises
SLF	Sustainable Livelihood Framework
UN	United Nations

ABSTRACT

Background: This study explores the significance of ICT on the capabilities of unbanked MSE entrepreneurs in Lesotho. MSE entrepreneurs are the primary source of income for their families, especially in the context of developing countries. Accordingly, MSEs are fundamental instruments for economic growth, poverty alleviation and source of employment in developing countries. Hence, the country that invests in this business sector is a step closer to accomplishing its MDGs.

Purpose: The study explored and empirically assessed the influence of mobile payments among MSE entrepreneurs through a capabilities lens. Given that MSEs are crucial for developing countries, the targeted participants were MSE entrepreneurs from diverse trading industries in Lesotho.

Research methodology: The methodology for this study was qualitative. Exploratory and descriptive research methods were used to evaluate the influence of mobile payments on the capabilities of MSE entrepreneurs. This study adopted Kleine's Choice Framework to explore and empirically assess the benefits of mobile payments among MSE entrepreneurs. Data was collected using semi-structured interviews and field notes and analysed using thematic analysis.

Key Findings: The findings revealed the use of M-Pesa within the MSE sector enabled micro-entrepreneurs to accomplish their goals. The findings show that M-Pesa leads to the growth of MSEs. Therefore, entrepreneurs in the MSE business sector are capable of providing food, shelter and clothes for their families through income generated from their enterprises. Additionally, MSE entrepreneurs bank, transfer and receive money through accessible and available mobile payment platforms. However, these entrepreneurs face issues such as network failure, withdrawal amount limits and security risks while using mobile payments.

Value of the study: The study contributes to the existing ICT4D and mobile payments literature in Lesotho by discussing the influence of mobile payment through the Choice Framework.

Keywords: mobile payment, MSE entrepreneurs, Capabilities, Choice Framework

Chapter 1: Introduction

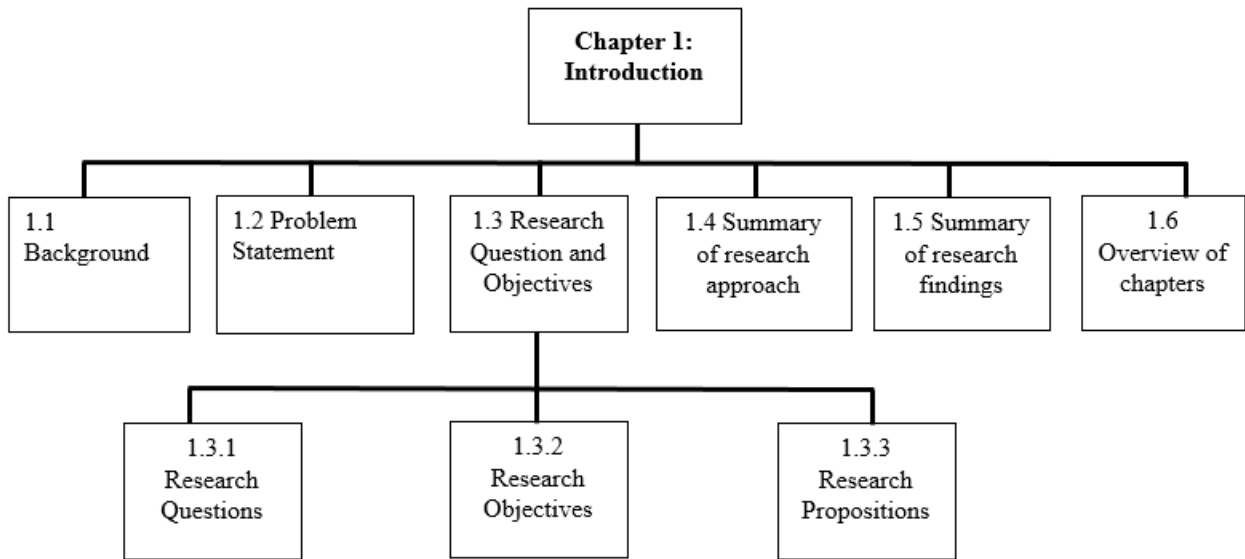


Figure 1.1: Overview of Chapter 1

1.1 Background

The landlocked Mountain Kingdom of Lesotho had a 27.78% unemployment rate in 2016 (Trading Economics, 2016). MSEs contribute to the country's job creation and poverty reduction (FinMark, 2016). However, the majority of Lesotho's business owners do not have access to banking facilities or services (FinMark, 2016). Since MSE entrepreneurs are not considered financially viable, few receive credit and financial services from the formal banking sector (Kimani et al., 2016). Research shows that Lesotho's most popular mobile payment platform is M-Pesa (Tsemame, 2015). M-Pesa - M stands for mobile, and Pesa for money - was founded by Safaricom in 2007 (Otiso, Simiyu & Odhiambo, 2013). M-Pesa began operation in Lesotho in 2013 and has been increasingly adopted (Vodacom Lesotho, 2015). Throughout Africa, M-Pesa has brought numerous benefits to countries, and is believed to play a significant role in increasing enterprise sales revenue (Wanyonyi & Bwisa, 2013). Mobile payments reduce costs, including transactional, transport, and marketing costs (Mbogo, 2010). The reduction in transport costs is mostly due to the reduced cost of travelling to and from banks, thereby also saving time and enabling MSE entrepreneurs to spend more time in their businesses (Frempong, 2009). Their (MSE entrepreneurs) capabilities guided them in choosing mobile payment platforms that will help achieve what they value (Sen, 1999).

Although most studies pointed out that mobile payments delivered exceptional benefits to the MSE sector, research has revealed problems related to mobile payments. Rampton (2016)

argued that there are no common global standards, not all people know how to use mobile payments, and there are risks associated with network disruptions. Based on the phenomenon of mobile payments, FinMark (2016) argued that many people in Lesotho are denied financial access. This study explored and empirically assessed the benefits of mobile payments among MSE entrepreneurs. As there is limited research on mobile payments conducted in the context of Lesotho, the study relied on literature from other African and Less Developed Countries (LDCs).

The study aimed to contribute to the knowledge of how mobile payments influence MSE entrepreneurs such that the government and mobile payment operators notice the importance of mobile payments and the MSE sector to the development of a country. Through Kleine's Choice Framework, the study evaluated the role that mobile payments play in the development of unbanked MSE entrepreneurs.

1.2 Problem Statement

The mobile payments literature on Lesotho discusses the context of agency, financial exclusion and inclusion from a collectivist stance (Sekantsi & Lechesa, 2018; Sekantsi & Motelle, 2016; FinMark, 2016; Jefferis & Manje, 2014; Tsemame 2015) and neglects the individualistic context of mobile payments. The existing literature does not theoretically stress mobile payment phenomena from an ICT4D perspective. Mobile payments being used for merchandising in Lesotho, it becomes hard for researchers to analyse how this technology impacts the development of MSE entrepreneurs. Thus, the gap in ICT4D and mobile payments literature in Lesotho called for more research. This study sought to contribute to the existing gap by discussing the influence of mobile payments on the capabilities of unbanked MSE entrepreneurs in Lesotho.

1.3 Research Question and Objectives

The study asked the following questions in the context of Lesotho's unbanked MSE entrepreneur.

1.3.1 Research Questions

The central research question is broken down into two sub-questions:

Research question:

- How do mobile payments influence capabilities of MSE entrepreneurs?

Sub-questions:

- What capabilities do mobile payments provide for MSE entrepreneurs?
- How do MSE entrepreneurs use the capabilities provided by mobile payments?

1.3.2 Research Objectives

The research questions guided this research to accomplish the following objectives.

The main objective of the research was:

- To explore and empirically assess the influence of mobile payments amongst MSE entrepreneurs.

Sub-objectives:

- To discuss the capabilities of mobile payments on MSE entrepreneurs.
- To assess how MSE entrepreneurs use capabilities provided by mobile payments.

1.3.3 Research Propositions

This section lists the propositions of the study. These research propositions were considered to ensure that the study was conducted within the scope of MSE entrepreneurs and mobile payments

- Proposition 1 - Using mobile payments enables choices among MSE entrepreneurs that lead to positive development outcomes functionings.
- Proposition 2 - MSE entrepreneurs have adopted and use mobile payments to facilitate business transactions.

1.4 Summary of research approach

Mobile payments enable micro-entrepreneurs to obtain positive developmental outcomes such as improved lifestyle. The Choice Framework emerged as a theoretical lens to guide the study and unpack the knowledge on the influence of mobile payments on the capabilities of MSE entrepreneurs in Lesotho. The Choice Framework (Kleine, 2010) evaluates and defines the contribution of Information and Communication Technologies (ICTs) to the development of people. Kleine (2010) pointed out that the framework does not conceptualise a cause-and-effect

chain of ICT on the researched, favouring theorising ICT in a systematic way which reflects the systematic and universal impact of ICT.

The study employed qualitative semi-structured interviews. The interviews were considered an appropriate approach to collect data and provided the ability to engage the researcher socially with the respondents (Patricia & Rangarjan, 2013) who were identified through a purposive-snowballing technique. This technique allowed the researcher to obtain referrals from the interviewed MSE entrepreneurs.

The researcher conducted a pilot study to evaluate the feasibility of the study in Lesotho. The pilot study tested whether the designed interview guide was a reliable tool for theoretically answering the research questions using the Choice Framework. The feasibility study also tested the appropriateness of the recording devices used for interviewing the MSE entrepreneurs. After completion of the pilot study, the researcher realised that the interview guide should be modified and the recording device should be replaced. Additionally, the researcher and his research supervisor decided to avoid interviewing respondents who were street vendors due to the noisy environment. Reflections on these experiences enabled the researcher to obtain a better understanding of how to conduct interviews.

The study targeted MSE entrepreneurs from several trading industries – food, clothing, health, ICT, hairdressing and saloons. The respondents were owners of these enterprises with some of the interviews conducted in English, but mostly in Sesotho. Upon completion of each interview, the researcher created backup recordings on Microsoft OneDrive using a .mp3 format. The collected data was then analysed thematically (Marshall & Rossman, 1999).

The procedural steps were carefully conducted with time being a crucial factor during the process as the study had to be submitted before completion of the researcher's Master's Degree.

1.5 Summary of the research findings

The findings from the study confirmed that the use of mobile payments within the MSE sector enables micro-entrepreneurs to conveniently access financial information. As illustrated from literature and the findings, accessibility and availability of mobile payments improve the operations and growth of MSEs. MSE entrepreneurs are thus able to provide food, shelter and clothes for their families. Additionally, MSE entrepreneurs used mobile payments to bank, transfer and receive money without using software applications that require them to buy data

bundles. Generally the study discussed the influence of mobile payments on the choices and functionings of individual MSE Entrepreneurs in the context of Lesotho where mobile payments literature discusses agency, financial exclusion and inclusion from a collectivist stance. However, these entrepreneurs face several issues while using mobile payments, including network disruptions, withdrawal amount limits and security risks.

1.6 Overview of chapters

The chapters proceed as follows:

Chapter 1 outlines the purpose of the study, the research problem, research questions, objectives and propositions, justification of the framework and research methodology. The chapter emphasises the significance of a pilot study in this dissertation.

Chapter 2 is a representation of the literature analysis. The review outlines the significance of mobile payments to MSE entrepreneurs and challenges that accompany mobile payments.

Chapter 3 briefly discusses the competing theories from the study and critiques each theory. The chapter justifies the choice of theory from the competing theories and the application of the Choice Framework as the theoretical lens for the research.

Chapter 4 describes the research methodology and outlines the application of qualitative research methods using semi-structured interviews. The chapter gives a description of the data collection procedures and techniques, research instrument, pilot study and challenges encountered during the study. These details are accompanied by ethical considerations of the study and the research's timeframe.

Chapter 5 describes the research findings informed by the Choice Framework to identify developmental outcomes of MSE entrepreneurs' from capabilities context.

Chapter 6 discusses the research findings in the light of research questions and objectives from the literature and the theoretical framework. This chapter also discusses the concepts that emerged from the research findings.

Chapter 7 concludes the dissertation and details the implications for future research and practice.

Chapter 2: Literature Review

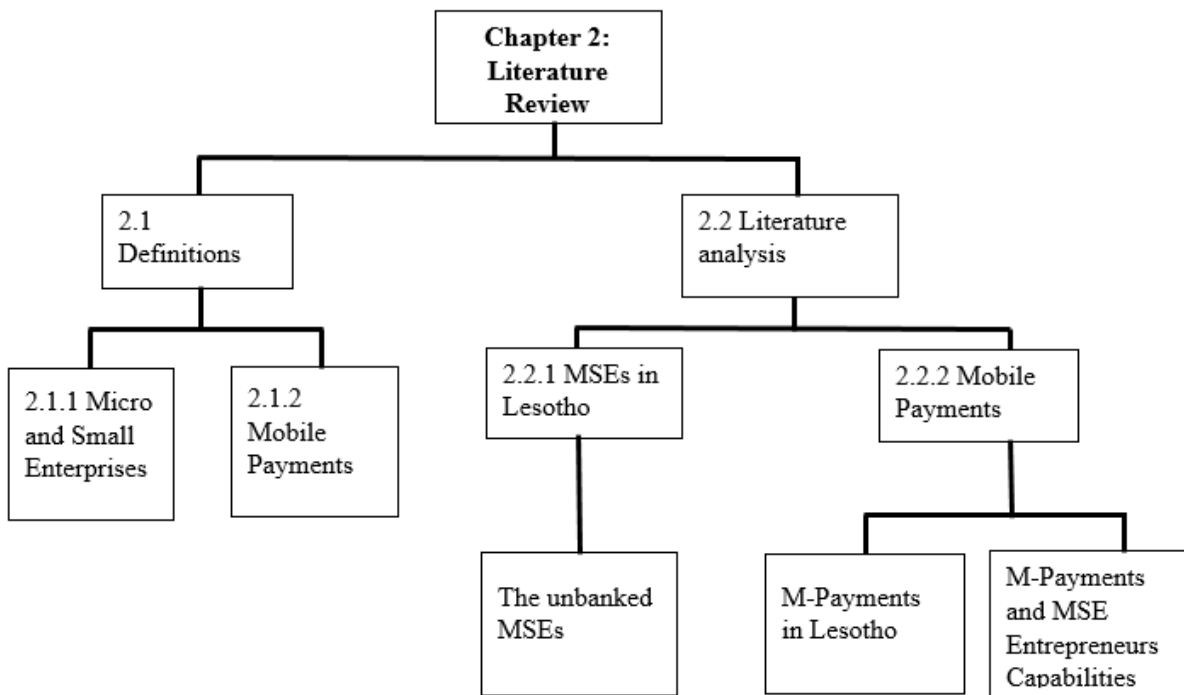


Figure 2.1: Overview of Chapter 2

2.1 Definitions

This section briefly explains the key terms in this study under the headings of mobile payments, and Micro and Small Enterprises.

2.1.1 Micro and Small Enterprises (MSEs)

Micro and small enterprises are businesses that employ less than nine employees (Mokoatleng, 2014) and generate annual turnover between M200 000 (13 500 USD) and M900 000 (61 000 USD).

2.1.2 Mobile payments

Mobile payments are payment services that are performed through mobile phones instead of using cash to pay for goods and services and to receive payments from customers (Kemal, 2016). Mobile payments also refers to a service whereby unbanked people can buy goods and services from merchants using mobile phones through a mobile wallet also be called mobile money (Ntale & Bosire, 2018).

2.2 Literature Analysis

This section discusses the influence of mobile payments on the capabilities of MSE entrepreneurs. The section is in two sub-sections; section 2.2.1 provides a brief discussion of MSEs in the context of Lesotho and the reasons why they are denied financial services, and section 2.2.2 draws on the significance and developmental outcomes of mobile payments to MSE entrepreneurs.

2.2.1 Micro and Small Enterprises (MSEs) in Lesotho

Mokoatleng (2014) characterises Lesotho's MSEs as organisations of less than nine employees including the business owner and annual revenue less than M 999 000. The growing MSE business sector leads to the creation of jobs and poverty alleviation (Maliehe, 2018).

Micro and small enterprises have recently received recognition by the Government of Lesotho for their contribution to job creation, poverty alleviation and economic development (Workman, 2019). However, MSEs face challenges that hinder their operation in the business ecosystem, including lack of funding, lack of business skills, lack of ICT expertise, and limited business connections (Renny, 2011). For this study, a lack of financial access and funding is discussed.

The Unbanked MSEs

There are many reasons why MSEs are financially excluded in the context of Lesotho. Frequently cited reasons are lack of collateral, lack of a business plan, lack of information required by financial institutions, lack of financial literacy, and high-interest rates for loans (Mokoatleng, 2014). Mots'oene (2014) pointed out that financial institutions do not provide financial credit to people from disadvantaged economies as they are not considered financially viable. Individuals from low-income families use their home for micro-enterprise purposes which plays a significant role in the household's income generation. For example, many poor households from Motimposo and Thibella rely on money from home-based enterprises such as selling beer (Mots'oene, 2014).

The MSE entrepreneurs in Lesotho use savings for start-up capital (Khoase, 2015). Khoase observed that only 2.2% received start-up funding from commercial banks. Mokoatleng (2014) found that many business owners are the sole provider of the business's start-up funds. Likewise, Siringi (2011) argues that families and friends finance most MSEs in developing

countries. The primary reason is the inability of MSE entrepreneurs in the economies to present collateral for commercial banks (Dalberg Survey, 2011). Khoase (2015) too observed that most respondents in his study, finding it difficult to acquire funding from financial institutions.

Tsikoane, Mothibe, Ntho and Maleleka (2007) showed that people from Lesotho's rural areas, who in most cases are MSE entrepreneurs, are frequently denied financial benefits such as financial credit. Hence, MSE entrepreneurs remain neglected by the Government of Lesotho due to the government's inadequate financial structure (Tsikoane et al., 2007). This lack of equal access to financial services and credit results in an increase in the country's income inequality and poverty (Damane & Sekantsi, 2018). Mokoatleng (2014) emphasised that due to the lack of access to banking services and financial assistance, the growth of the MSE sector in Lesotho is negatively impacted, resulting in further unemployment and poverty.

Lending institutions regard MSEs as risky enterprises due to their lack of accounting systems, unsatisfactory operating environments, and unregistered business properties and assets (Van Aardt & Fatoki, 2012). Affordable and accessible mobile payment platforms like M-Pesa provide accounting services such as final history over a specific period (Mramba, Rumanyika, Apiola & Suhonen, 2017). The increasing high financial inequality in Lesotho calls for utilisation of technological innovations such as M-Pesa to bridge the problem of financial exclusion.

2.2.2 Mobile payments

Mobile payments are payment services that are performed through mobile phones instead of using hard cash to pay for goods and services; a customer can use a mobile phone to pay for a service and digital or hard goods (Kemal, 2016). In addition, mobile payment refers to a service whereby people can buy goods and services from the merchant using mobile phones through the aid of a mobile wallet (Ntale & Bosire, 2018). These researchers stated that mobile payments could be called mobile money. Mobile payments can make micro banking services such as payment of bills, money transfers and savings conveniently available to mobile payments users (Gichuki & Mutuku, 2017).

The emergence of mobile payments in Africa has been accompanied by numerous benefits, such as the emergence of the mobile payment banking ecosystem and socio-technical transformation (Lepoutre & Oguntoye, 2018). In Africa, the emergence of mobile payments was first in Kenya, through M-Pesa. The M-Pesa platform was brought about by Safaricom in

2007 (Ezeh & Nwankwo, 2018). Research findings indicate that the presence of M-Pesa has benefited both rural and urban communities because it is regarded as a safe way to save and transfer monies. Mobile payments is expected to increase productivity, reduce costs on transactions, and create employment opportunities and growth opportunities for businesses (Donovan, 2012). Moreover, in places where there is no financial infrastructure, mobile payments are used for bill payments, cash transfers, and buying consumables. Hence this technology is found to be transformational (Donovan, 2012).

Mobile payments in Lesotho

In 2014 Lesotho's registered mobile money – *M-Pesa and EcoCash* - subscribers numbered more than registered bank account-holders (Anderson & Reynolds, 2015). The two mobile payment platforms were introduced into the mountain kingdom of Lesotho to reduce financial exclusion through convenient money transfers and savings services (Sekantsi & Motelle, 2016). M-Pesa and EcoCash decrease handling physical cash (Jefferis & Manje, 2014). Six months after the M-Pesa inception in Lesotho, the rate of mobile payments adoption and use rose to 62% of money savings and transfers (Central Bank of Lesotho, 2013). During the 2017 financial year, M-Pesa revenues grew by 19.4% (Vodacom Lesotho, 2017). Vodacom Lesotho revealed Lesotho is the third most significant user of M-Pesa among the four SADC region countries, after Tanzania and Mozambique. Lesotho receives 29% of Gross Domestic Product (GDP) through M-Pesa. M-Pesa services are accessible across the entire country through retail shops who act as M-Pesa agents. Both withdrawals and fund deposits can be processed at M-Pesa agents.

Services associated with M-Pesa include sending and receiving of money from M-Pesa subscribers or subscribers from other mobile networks like Econet Lesotho; paying electricity and water bills; buying goods and services from shops where mobile money is allowed as a mode of payment; paying for DSTV; paying monthly insurance premiums; and transferring airtime to M-Pesa (Tsemane, 2015). M-Pesa transaction fees are lower than EcoCash fees and the fees of financial institutions such as First National Bank Lesotho. Consequently, M-Pesa subscribers are increasing faster than EcoCash subscriptions.

Mobile payments, MSE entrepreneur's Capabilities and Achieved Functionings

Research indicates that M-Pesa has improved the lives of the poor through financial inclusion as mobile payment promotes e-wallets for saving money which in turn reduces risks of

handling cash (Mbiti & Weil, 2011). There has been an increase in the number of individuals who use Rotating Saving and Credit Associations (RSCA) model, known as stokvels, to save money through M-Pesa, (Tsiolane et al., 2018; Gikunda, Abura & Njeru, 2014). M-Pesa speeds up payment which can lead to increased sales (Mbiti & Weil, 2011). By increasing the circulation of money between people, M-Pesa speeds up payment which can lead to more sales (Mbiti & Weil, 2011) and improved lives (Gikunda et al., 2014).

M-Pesa has shown numerous benefits in developing countries, including job creation. Findings emphasise that the adoption of M-Pesa results in the creation of employment opportunities (Gencer, 2011) which results in a nation's economic development (World Bank, 2010). Additionally, creation of job opportunities has been linked to (1) self-employment: such as where a person owns a shop, (2) farm employment, and (3) civil society service employment. Moreover, the literature shows that people use mobile money to buy goods and services. Consequently, M-Money has become a highly adopted technology that small firms use to conduct their transactions (Mbiti & Weil, 2011). Although M-Pesa is actively used in three African countries, namely Kenya, Tanzania, and Uganda (Demirguc-Kunt, Leora, Dorothe & Peter, 2015), these countries do not have equal use of M-Pesa concerning buying goods and services from small shops. For example, in Kenya, 37% receive payments through mobile money, compared to 24% in Tanzania, and 15% in Uganda. Business can be accelerated as traders can make payments to suppliers through M-Money for the supplier to deliver goods to the buyer's place (Ng'weno & Ignacio, 2010).

Mobile money helps customers to pay for goods from shops and small shop owners to pay for goods from the suppliers. M-Pesa is regarded as a safe way of conducting financial services to unbanked individuals compared to hard cash. Thus, mobile payments contribute to the creation of jobs by opening new opportunities for small enterprises and leads to the creation of small firms (Gikunda et al., 2014). Furthermore, Mobile money not only leads to the creation of small firms, but it also plays a pivotal role in their growth. Research has argued that M-Pesa has significantly assisted the small-scale businesses in the business ecosystem (Plyler, Haas & Nagarajan, 2010). Furthermore, M-Pesa is used for conducting money-circulation programs like RSCAs or stokvels (Menze & Tsiolane, 2019), which play a significant role in the growth of small enterprises. Accordingly, M-Pesa encourages the growth of small-scale enterprises.

Mobile payment services save time by avoiding long queues at banks, and in traditional shops for making payments as well as order processing (Perekwa, Prinsloo & van Deventer, 2016).

With shortened supply chain time and delivery time, mobile payments can improve an enterprise's growth (Perekwa et al., 2016). Mobile payments lead to reduced transport costs, improved manageable cash flow and reduced customers' credit exposure. The mobile payments initiative has been regarded as a secure means of transferring money between the unbanked and the banked in the informal sector (Ntale & Bosire, 2018). However, Orobia, Byabashaija, Munene, Sejjaka and Musinguzi (2013) argue that poor financial management skills will not benefit the informal enterprises' performance, due to the lack of systematic structures, procedures, and strategies for business finance, ICT has brought numerous benefits to the MSE sector concerning business finance through access to financial reporting, cash management, and financial accounting (Baguma, Myllyluoma, Mwakaba & Nakajubi, 2013).

Although the mobile payments literature conducted in Lesotho has discussed the context of agency, financial exclusion and inclusion from a collectivist stance (Sekantsi & Lechesa, 2018; Sekantsi & Motelle, 2016; FinMark, 2016; Jefferis & Manje, 2014; Tsemame 2015), it has neglected the individualism context of mobile payments. Donner and Escobari (2010) stated that mobile use leads to customer attraction and increased profits. Additionally, Dahlberg, Guo and Ondrus (2015) conducted a critical analysis of mobile payment research where these scholars outlined that infrastructure (regulations and stakeholders) and user adoption (knowledge, experience, cost, perceived ease of use, social influence and technological impulse) are crucial instruments to measure success of mobile payments. Hence, this study relied on mobile payments literature from other countries.

Chapter 3: Theoretical Framework

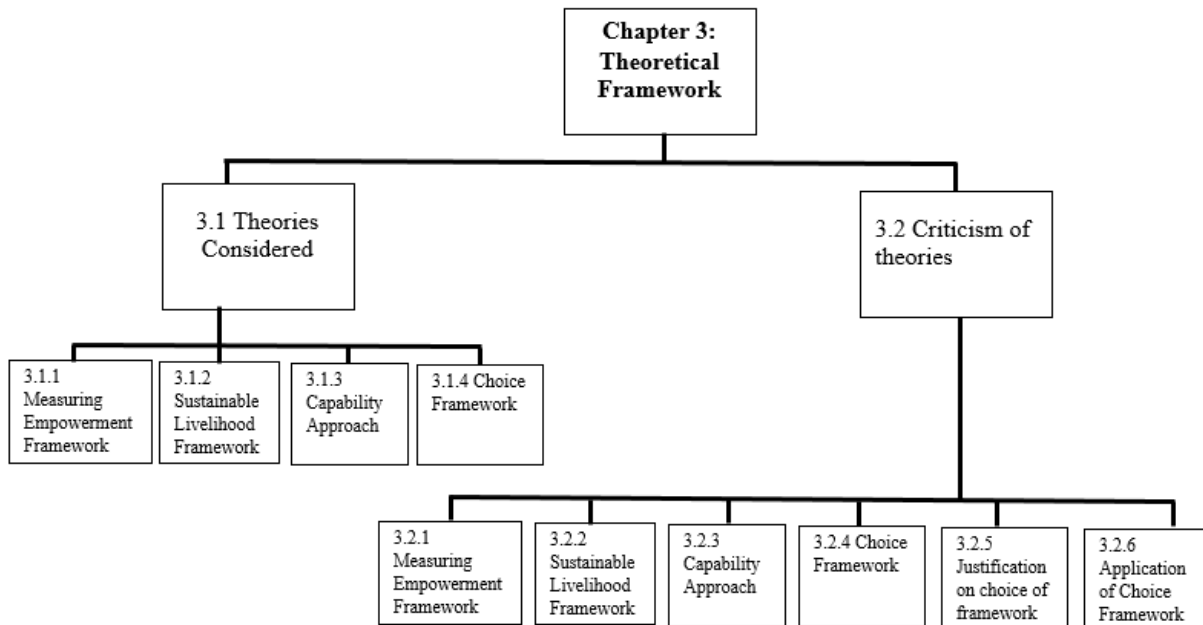


Figure 3.1 Overview of Chapter 3

3.1 Theories considered

Four competing theories are reviewed in this chapter, namely, the Measuring Empowerment Framework, the Sustainable Livelihood Framework, the Capability Approach and the Choice Framework. Each of these theories aims to measure the significance of Information and Communication Technologies (ICTs) to people's development.

3.1.1 Measuring Empowerment Framework

The Measuring Empowerment Framework (MEF) (Alsop & Heinsohn, 2005) is a theoretical framework that measures degrees of empowerment of both groups and individuals (Alsop & Heinsohn, 2005). Alsop and Heinsohn (as cited by Leder 2016) pointed out that indicators for measurement empowerment are asset endowments, the capacity to make a choice and structure. These were further broken down into (a) asset endowment: *agency*, (b) capacity to make desired choice: *psychological, informational, organizational, material, social, financial and human resources* and (c) structures: *formal and informal institutions, including laws, regulatory frameworks and norms governing behaviour* (Leder, 2016). Sam (2017) argued that self-esteem, self-control and collective efficacy – *psychological-based agency* play a significant role in empowering people by contributing to people's capability to make desired choices.

3.1.2 Sustainable Livelihood Framework

The Sustainable Livelihood Framework (SLF) (DFID, 1999) is a theoretical framework that analyses the impact of ICTs on the people's livelihood in developing societies. The SLF consists of a portfolio of capitals: *natural, financial, human, social and physical capital* used to describe livelihoods (Gustavsson & Wiskman, 2019). Gustavsson and Wiskman cited Paudel et al. (2017) stating that SLF stresses development from a micro level to a macro level by (1) theoretically discussing human agency - *the capacity of people to act and make choices freely*, (2) by conceptually discussing inequalities among people – *lack of equal access to information, resources and services*, and (3) by discussing how assets are allocated among members of a society. Scoones (cited in Horsley, Prout, Tonts & Ali 2015) argue that SLF's capitals and livelihood strategies act as inputs to outcomes. SLF is a framework that identifies factors that cause poverty and the drawbacks of poverty to society to provide a holistic view of poverty reduction measures (Liu & Xu, 2015).

3.1.3 Capabilities Approach

Sen's Capabilities Approach (CA) - (Sen, 1999) posits that development is a process of expanding the real freedom that people enjoy that leads to the lives they desire. The objective of CA is to measure an individual's economic wellbeing in terms of capabilities and functionings (Kuklys, 2005). CA is used by academic researchers and international development organisations researching individuals or society, both groups and communities (Dasuki, 2012). Sen (1999) and Tsibolane (2016) explains that development is the freedom to make choices from personal, social, economic, and political perspectives. In Sen's broader scope, economic wellbeing is the leading indicator of development stressing the significance of social, cultural and political dimensions of development. Thus, CA is a paradigm that provides crucial information about judgments person's wellbeing and social engagement (Yousefzadeh, Biggeri, Arciprete & Haisma, 2019). However, Robeyns (cited in Zheng & Stahl, 2011) argued that CA does not adequately explain or describe the social structures and how individuals use ICTs to make choices.

3.1.4 Choice Framework

The Choice Framework (CF) (Kleine, 2010) is a theoretical framework that evaluates or defines the contribution of Information and Communication Technologies (ICTs) to development. Kleine (2010) pointed out that CF does not conceptualise a cause-and-effect chain of ICT;

rather, it theorises ICT reflection on systematic and universal impact. The Choice Framework aims to identify how outcomes are achieved; hence, its operation ranges from outcomes to structure. Although CF applies to the micro-level of an individual, it could be challenging to use it on the micro-level of individuals, communities, or even nations (Kleine, 2010). This theoretical framework uses qualitative research methods to gain in-depth information about the researched. The outcomes rely mainly on an individual's choices based on the life he or she desires. In the following sections, the constructs of Choice Framework are discussed.

Development Outcomes

According to Kleine (2010), the development outcomes (DOs) is a two-way process. First, the initial requirement is the capability to make decisions. Second, DOs are influenced by a person's choice of what he or she values as part of their life. The second dimension of DOs implies that people make choices based on what keeps them happy. For example, fast and efficient communication that increase money and time-saving. Kleine (2010) maintained that ICTs allow individuals to make choices they desire; the mentioned outcomes proved to be achievable through ICTs.

Dimensions of Choice

According to Kleine (2010), the results obtained when combining agency and structure leads to Dimensions of Choice (DoC). DoC is attained when an individual utilises ICT to enhance their living. DoC is been broken into two subcategories; Dimension of Sense of Choice (DoSoC) and Dimension of Use of Choice (DoUoC). DoSoC is described as whether an individual decides to make a choice or not to make a choice, while DoUoC refers to mapping outcomes based on choice's achievement and the primary reason why the choice was made.

Agency

In the Choice Framework freedom to make a choice may be considered in a given social context relative to a person's age, ethical background or gender (Kleine, 2010). These factors influence an individual's scope of resources. Resources, in this case, refer to material resources, financial resources, natural resources, geographical resources, psychological resources, cultural resources, social resources, and educational (education and skills) resources, health resources, and information as a resource (Klein, 2010).

Structure

The Choice Framework, illustrated in Figure 3.5, includes formal and informal laws, regulatory policies (inclusive of ICT policies), norms and customs as building blocks of structure to frame the empowerment process (Klein, 2008). The right to access information should be given the highest priority in order to promote equality regardless of an individual's wealth or geographical location (Kleine, 2010). ICT's local and national dimensions of information access are information availability and affordability (Gerster & Zimmermann, 2003). Additionally, the Choice Framework discusses an individual's social wellbeing as the potential to connect on the internet and communicate with other people, such as clients, business partners, family members and friends. Hence, this theory posits that ICT strengthens social relationships.

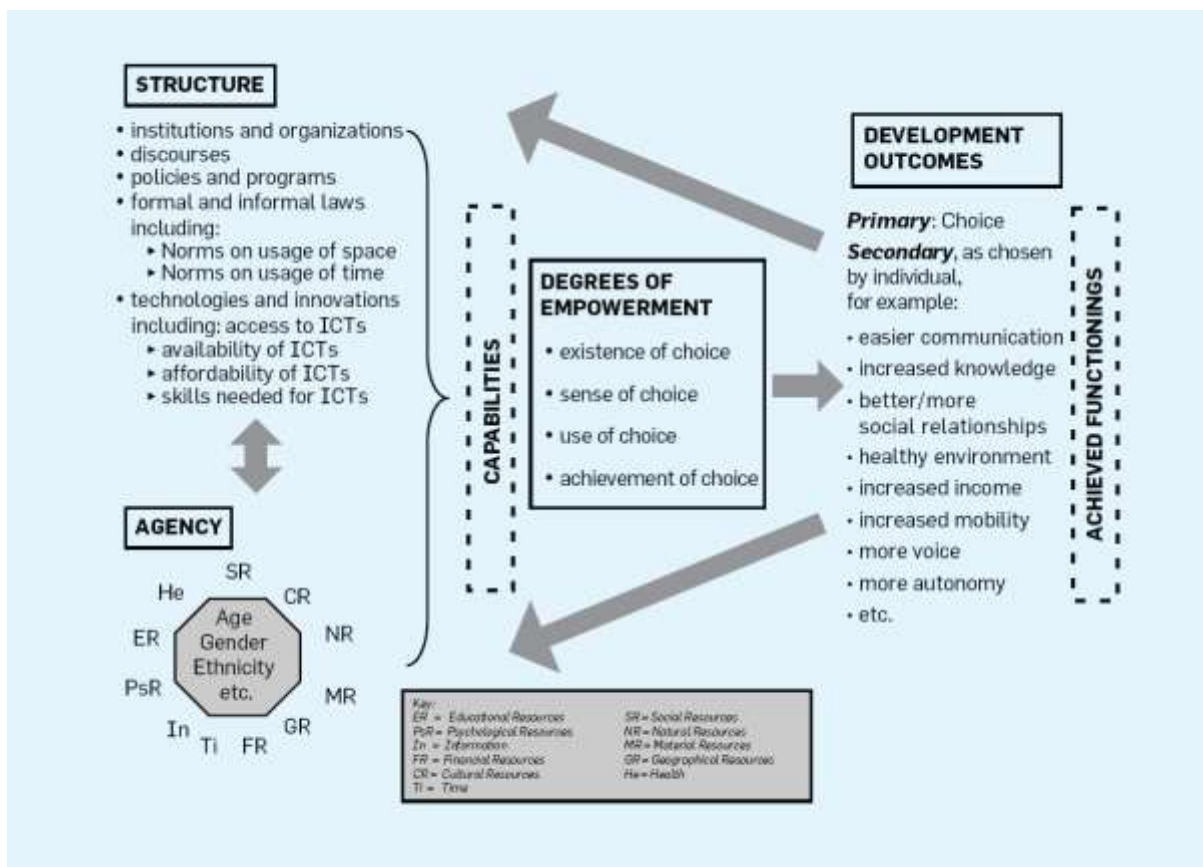


Figure 3.5: Illustration of Choice Framework (Kleine, Light & Montero, 2012)

3.2 Critique of the theories

Even though the above theories are crucial to individual wellbeing, there are shortfalls in each theory.

3.2.1 Measuring Empowerment Framework

Koggel (cited in Cloete and Auriacombe, 2013) stated that MEF's conceptualisation of empowerment neglects empowerment at the global level. Koggel's argument emphasises that globalisation constraints of empowerment are not effectively factored in MEF. Methodologically, the application of empowerment dimensions of MEF is not explicitly aligned to the developing communities expressed from the developed communities' context (Ibrahim & Alkire, 2007). MEF's concept of empowerment does not illustrate the distinction between individual, family, organisational, community and institutional empowerment; therefore, Ibrahim and Alkire (2007) called for the expansion of the conceptualisation of empowerment. Moreover, Holland and Ruedin (2012) argued that controlling and measuring empowerment projects would be challenging where the project disempowers people living under the poverty margin. Furthermore, MEF's source of empowerment is hidden and its presence can only be identified through actions and results (Narayan, 2005).

3.2.2 Sustainable Livelihood Framework

McLean (2015) criticised SLF for inflexibility, stating that SLF could not address societal relations, and the framework cannot be easily adapted. Krantz (cited in Gustavsson and Wiskman, 2019) argued that SLF has concepts that are difficult to understand and interpret with real-world experiences. Gustavsson and Wiskman (2019) reasoned that the framework uses the basic unit "*household*" and therefore omits the thoughts and perceptions of individuals within the society. In their argument, Gustavsson and Wiskman (2019) regard SLF as incomplete because not everyone in the household might have a say on questions about their vulnerability and perceptions.

Scoones (cited in Horsley et al., 2015) listed five limitations of SLF: (1) SLF is applied to the phenomenon in a local context, not in an international context; (2) SLF does not focus on global politics; (3) the framework does not provide a discussion of the association of livelihood and the government's debate on development; (4) SLF does not address long term environmental change such as in aspects of climatic change; and (5) livelihood studies fail to engage with

debates on long-term transformation in rural communities and a broader engagement of agricultural context.

3.2.3 Capability Approach

Alkire (2005) stated that social participation in the Capabilities Approach should be assessed according to people's freedom to do and be what they value. CA evaluates people's functioning from a collective perspective. Alkire (2005) criticises this paradigm by arguing that the collective aspect of CA eliminates other facets of the researched. The collective aspect of CA does not yield accurate analysis and does not explain an individual's power within the society, which influences a person's identity (Dean, 2009). CA posits that human development and capitalist economic development are proportional and measured in the same manner (Dean, 2009). In support, Arendt (cited in Dean, 2009) argued that CA's capitalist stance impacts an individual's interaction with the social world as opposed to natural interaction within the society.

3.2.4 Choice Framework

Kleine (2010) stated that CF models the relationship between structure, agency, degrees of empowerment and outcome in respect to the capabilities and functionings from CA. The application of the Choice Framework is on the micro-level in qualitative studies. This makes cases where the researcher wants to apply the framework to a group-based study – *communities or nations* - challenging. CF emphasises that the impact of ICTs should be systematic with developmental outcomes aligned to the capabilities and functionings in Sen's CA with the developmental outcome functionings that are obtained are based on an individual's choices and capabilities. Chib, May and Barrantes (2015) stated that CF requires much work if a researcher seeks to measure the impacts of the variables.

3.2.5 Selection and Justification of the Choice Framework

Given a broader view of competing theories in this study, Table 3.1 defends the choice of theory. The main concepts are theory focus, research methods supported by theory, and how each theory conceptualises development.

As MEF, SLF and CA are collectivist theories (Alkire, 2005; Cloete & Auriacombe, 2013; Gustavsson & Wiskman, 2019), they did not match the current study's objectives because this

study researches Micro and Small Enterprise entrepreneurs from an individualistic point of view. CF's focus on individuals makes it the best fit in terms of the study's focus. Moreover, under MEF and CA, development is viewed from a capitalist's point of view (Dean, 2009; Kuklys, 2005), and SLF views development as reduced poverty and vulnerability (Gustavsson and Wiskman (2019); Liu & Xu, 2015). CF, on the other hand, considers development as an ability to make choices through ICTs. Consequently, the study adopted CF as a theoretical lens.

Table 3.1: Summary of selection and justification of the Choice Framework theory

	Measuring Empowerment Framework	Sustainable Livelihood Framework	Capabilities Approach	Choice Framework
Focus	Individuals and groups of people	Individuals and groups of people	Individuals or society - group or community	Individuals
Selection of research methods	Quantitative and Qualitative research methods	Quantitative and Qualitative research methods	Qualitative research methods	Qualitative research methods
View of development	Economic wellbeing	Reduced poverty and vulnerability.	Capitalism (Economic wellbeing)	Use of ICTs to broaden the scope of choices

3.2.6 Relevance of CF to the study

The relevance of CF to the study is summarised in Table 3.2. The four constructs of Choice Framework show the framework's relevance to this study.

Table 3.2: Relevance of CF to the study

	Constructs of Choice Framework			
	Development Outcomes	Dimensions of Choice	Agency	Structure
Relevance	Mobile payments enhance MSE entrepreneur's standard of living.	The application of mobile payments by MSE entrepreneurs and how it assists them to live the life they desire. MSE entrepreneurs choose a specific mobile payment platform of their interest.	Resources MSE entrepreneurs use to make a choice that they value freely.	Formal and informal laws and regulatory policies that guide how MSE entrepreneurs access and use mobile payments.
Key Questions	1. What is the contribution of M-Pesa to you and your business concerning financial inclusion? 2. How does mobile payments driven business sector benefit you as an entrepreneur?	Now that you are using M-Pesa as an m- payment platform, does your personal goals for using M-Pesa in your business match the outcomes that you get? If yes, can you kindly elaborate more on those goals?	Explain in detail, how often do you track your accounts financial statements using M-Pesa?	Relating that to your business, how has technology helped you in terms of service accessibility and affordability?

3.2.7 Application of CF in research

CF has been used for discussing Community Technology Centers (CTCs) involving disabled people (Nemer, 2016), the impact of mobile phones on poor individuals (Duncombe, 2014), the importance of telecentres amongst South African poor individuals in rural areas (Attwood, Kathleen, Einar & Julian, 2013), the application of ICTs to governance services (Ojo et al., 2012), and the extension of Choice Framework to the concept of affordance to create a thorough understanding on how ICT and Development are interrelated (Hatakka, Devinder & Sæbø, 2016). Table 3.3 below summarises the studies that use the Choice Framework.

Table 3.3: Application of Choice Framework in research

Study overview	Citation	ICT focus	Results
Involvement of disabled people in the adoption and use of ICT for social networking through Community Technology Centers (CTCs).	Nemer (2016)	CTCs bridges the digital divide in Brazil that has been caused by the fact that the marginalised have been considered as mere users of internet-related services.	Computers that were based at CTCs proved to be used for communication and entertainment purposes, as most respondents indicated that they use the internet for Facebook communication and watching YouTube videos.
The impact of mobile phones on assets through asset substitution and asset exchange and combination.	Duncombe (2014)	Mobile phones are a way of making life easier for economically disadvantaged communities.	Use of M-Pesa makes banking services accessible to rural and poor societies. Individuals send, receive, and deposit money at their convenience.
The Installation of telecentres in South African poor rural areas by the government.	Attwood et al. (2013)	Telecentres provide to rural communities, thereby empowering them through access to ICT infrastructure.	The most outstanding themes on livelihood empowerment were; improved computer literacy, increased social connections, and free access to computers
ICT plays a pivotal role in enhancing governance services and bridging geographical background.	Ojo et al. (2012)	Mobile technology has got the potential to make government information and services accessible to individuals living in remote areas.	According to data analysis of the study, it is found that mobile technology help individuals with money transfers (though M-Pesa application), information transfer in health centres and mobile voting during elections.
Extending the Choice Framework to create a thorough understanding of how ICT and	Hatakka et al. (2016)	The ability of an organisation to utilise ICT in its daily activities explains the concept of affordance.	The case study on Bangladesh Virtual Classroom (BSV) revealed that students were using SMS as a way

Study overview	Citation	ICT focus	Results
Development are interrelated.			of communicating with the teacher.

Chapter 4: Research Design

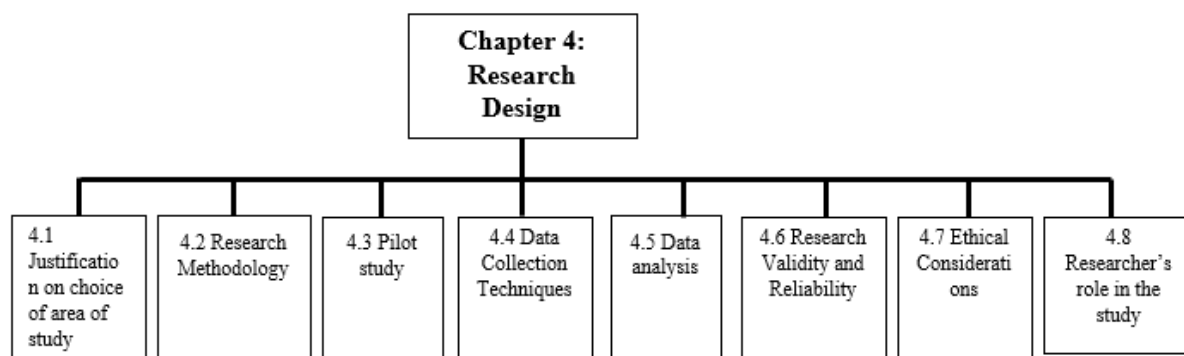


Figure 4.1: Overview of chapter 4

4.1 Justification on the choice of area of study

The study was conducted in Lesotho due to its use of mobile payments, particularly M-Pesa. As sources of employment and income generators for economically disadvantaged families in the less developed countries, MSEs were found to be appropriate candidates for the study. Besides income generation, job creation, and use of M-Pesa, MSEs and M-Pesa are instruments geared to achieving Lesotho's Millennium Goals – *employment, income generation, and ICT infrastructure*. The researcher was able to identify potential participants due to extensive use of M-Pesa for Business-to-Customer (B2C) transactions. Additionally, participants were fluent with Sesotho and English, therefore, taking them through the interview process was smooth.

4.2 Research Methodology

Research methodology (RM) is a procedural way to solve a research problem and systematically inform the way research is conducted. RM combines the research strategy with procedural design of the research methods – techniques applied for investigating a research problem and how those methods are employed in a study (Larsen-Freeman & Long, 2014). RM integrates the chosen methods and their application in research to the study's desired results or outcome (Larsen-Freeman & Long, 2014). Literature indicates that RM may include both qualitative and quantitative methodologies depending on strategy, ontology and research questions (Larsen-Freeman & Long, 2014). Approaches to RM vary in terms of research's data collection and analysis techniques. This study followed qualitative research methods to construct knowledge socially.

4.2.1 Research philosophy

Research philosophy comprises epistemology and ontology, which informs the study's knowledge construction methods, data collection and analysis techniques (Eriksson & Kovalainen, 2016).

Ontological consideration

Ontology is concerned with the structure and nature of reality (Staab, Guarino & Oberle, 2009). Thus ontology covers the natural existence of reality and how that reality is structured in order to address a specific research phenomenon (Al-Saadi, 2014). The study followed constructionism for the construction of reality.

Constructionism

Constructionism is a subjective form of knowledge construction, whereby reality is created through social practices or interactions (Al-Saadi, 2014). The participants in social interaction are called social actors. Social actors play a significant role in producing meaningful information on the existence of reality.

Epistemological consideration

Epistemology underpins the underlying understanding of knowledge construction (Al-Saadi, 2014). Epistemology is how we study the nature of knowledge and belief (Tennis, 2009).

Interpretivism

In the interpretistic epistemic approach, the researcher becomes part of the study as knowledge is socially constructed through person-to-person interaction in order to gain an understanding of the social world (Klein & Myers, 2011). Interpretivism combines the researcher and participants' understandings into concrete knowledge about the social world through person-to-person interactions. Interpretivism focuses on how meaningful and motivational knowledge is constructed based on individuals' behaviour and interactions (Goldkuhl, 2012). The researcher was socially engaged in discussion with MSE entrepreneurs to gain insights on how mobile payments influence them.

4.2.2 Research strategy

The research strategy for this study was semi-structured interviews with randomly chosen and referral MSE entrepreneurs. The interviews comprised a set of open-ended questions to foster a discussion on how mobile payments influence their businesses and simultaneously contribute to their wellbeing.

Research purpose

The purpose of this research was exploratory in its endeavour to ascertain the influence of mobile payments on unbanked MSEs and describe how mobile payments impact MSE entrepreneurs. Exploratory research is conducted on a research phenomenon that has not been fully defined in the literature (Patricia & Rangarjan, 2013). Exploratory research uses available literature and conducts in-depth interviews to understand the underlying problem (Patricia & Rangarjan, 2013). As a result, the findings of this study followed Patricia and Rangarjan's view to explore the influence of mobile payments to MSE entrepreneurs.

4.2.3 Research approach

The two most common research approaches are inductive and deductive. Creswell and Clark (2007) explain the inductive approach as a research strategy whereby the researcher uses the participants' views to draw common concepts and themes that are used to build a theoretical model. In contrast, the deductive approach is a research strategy in which the researcher tests the existing theory (Trochim, 2002). Barnes and Atfield (2014) argue that a qualitative study can follow a deductive approach to evaluate existing theory to explore and explain the research phenomenon. Given these explanations and distinctions, the study used the deductive approach as a research strategy and the Choice Framework (Kleine, 2010) as a theoretical lens. While testing the Choice Framework, themes obtained from the data were connected to the constructs of the framework.

4.2.4 Sampling technique

The sampling approach applied by the study was purposive-snowballing. This technique is a combination of purposive sampling and snowballing techniques.

Purposive sampling

Purposive sampling is a non-probability sampling technique whereby participants take part in the study based on his or her interests (Walliman, 2016). In this sampling technique, members of a population are chosen based on their knowledge and relationship to the research (Langkos, 2014). The selected participants for this dissertation were MSE entrepreneurs who use M-Pesa for personal and business purposes.

Snowball sampling

Snowball sampling is a non-probability approach whereby the researcher is referred to potential respondents for the data collection process (Langkos, 2014). Langkos emphasises that the interviewed recruit other people to take part in the study. The researcher was directed to potential participants through word-of-mouth. Specifically, the researcher was advised to look for MSEs that have a sticker labelled “*Patala ka M-Pesa*” or “*Pay with M-Pesa.*”

Linking purposive sampling and snowball sampling

Combining purposive sampling and snowball sampling is referred to as purposive-snowball sampling (Campbell & Stanley, 2015). An example of purposive-snowball sampling was in the study by Marinus (2015), who selected potential participants based on her interests and then obtained referrals. In this study, the researcher identified possible respondents based on personal interests and the potential of these respondents to provide relevant data to answer the research question.

4.2.5 Research sample

M-Pesa was brought to Lesotho in 2013 by Vodacom Lesotho (Vodacom Lesotho, 2013). Subsequently, the use of this mobile payment platform saw exponential growth. Originally M-Pesa was only used for person-to-person money transfer. Over time, the functionalities of M-Pesa extended to the payment of bills, school fees and insurance premiums. Today, M-Pesa services have expanded to B2C transactions through a merchant service. This service allows enterprises to accept electronic payment of goods and services through a mobile phone. M-Pesa provides the following services to MSE entrepreneurs regardless of being a registered M-Pesa merchant or using a personal or business account:

- To transfer and receive money to and from social groups, family members and friends.

- To pay bills for electricity, water and DSTV.
- To pay for rent, gym, children’s school fees and school transport fare.
- To receive payments from clients
- To save business money in a savings account

The mobile payments services are accessed through a mobile phone, regardless of whether it is a smartphone or not (Tsemame, 2015). The Unstructured Supplementary Service Data (USSD) driven by a network connection from Vodacom Lesotho supports the M-Pesa system through its network of towers (Tsemame, 2015). Due to the broader coverage of M-Pesa, its services have penetrated remote, hard-to-reach mountainous regions of Lesotho. Hence the mobile payment platform is a step forward to financial inclusion through equal access to financial information. Through its broader use and coverage, M-Pesa services are utilised across different industries in the MSE sector of Lesotho.

The wide-ranging use of mobile payments granted the researcher an opportunity to interview four (4) MSE entrepreneurs on the pilot study and twenty-three (23) MSE entrepreneurs for the full study whereby the first three (3) potential participants were selected using purposive sampling and then followed the referrals to other potential participants. The interviewees owned enterprises from industries that are listed in table 4.1 below.

Table 4.1: MSE sector industries in the study

Business Industry	Business example	Frequency (Number of MSEs)	Size (range of employees per industry)	The leadership role of respondents
Environmental, Health and Safety	Furniture cleaning remedies, Pharmacies and herbal products shops	6	1-5 employees	Business owner
Clothing	Tailoring, design, and shoes and clothes boutiques	8	1-3 employees	Business owner
Saloon	Hairdressing and nail	3	1-3 employees	Business owner

	polishing shops			
ICT	IT maintenance and repair shops	4	2-11 employees	Business owner
Finance	Money lending enterprises	1	8 employees	Business owner
Food	Fruit and vegetable shop	1	3 employees	Business owner

4.2.6 Time Frame

The study was conducted from February 2019 to April 2019 using a cross-sectional timeframe due to time constraints. Table 4.2 summarises the research methodology of the study

Table 4.2: Summary of research methodology

Research Methodology and Philosophical stance	
Ontology	Constructionism
Epistemology	Interpretivism
Research Method	Qualitative method
Research Approach	Deductive approach
Research Strategy	Semi-structured interviews
Sampling Technique	Purposive-Snowballing

4.3 Pilot Study

After obtaining Ethics Approval from Ethics Committee from the University of Cape Town, the researcher conducted a pilot study. The pilot study purposively selected seven MSE entrepreneurs who use M-Pesa for financial activities in their businesses. From the seven interviews, three were unusable due to background noise. The remaining four interviews provided in-depth knowledge of how MSE entrepreneurs use M-Pesa in their daily business activities. The number of interviews exceeded the studies by Majid et al. (2017) with two interviews and Abeykoon (2017) with three interviews. Consequently, four interviews were considered appropriate for the pilot study. The participants were one female and three male

entrepreneurs from different business industries – food, car parts, leather belts and shoe manufacturing, and computer repair and maintenance. The pilot study tested the interview protocol as a reliable tool investigating the research problem and its ability to answer the research questions based on the Choice Framework. This pilot study also tested the appropriateness of the recording devices used in interviewing the MSE entrepreneurs.

The pilot study identified that MSE entrepreneurs should not be interviewed in noisy locations. The researcher also realised that the interview guide was not accommodating the constructs of Choice Framework and thereby not answering the research questions. Based on the learnings from the pilot study, a new recording device was acquired, and the researcher determined not to interview participants in noisy environments. The research instrument was modified by eliminating unclear questions, adding follow-up questions and including more pertinent questions, including some follow-up questions. The final interview guide was found to be an appropriate instrument to answer research questions. Finally, the researcher obtained details of potential participants from the interviewed participants. Table 4.3 present the challenges encountered in the pilot study.

Table 4.3: Challenges from the pilot study and their mitigation

Category	Challenges	Mitigation
Research instrument – interview guide	The research instrument was not adequately answering research questions and not accommodating the theoretical framework	The research instrument was modified by eliminating unclear questions, adding follow-up questions, and adding questions.
Business location	The recorded interviews could not be heard due to a noisy background. From seven interviews, three were illuminated from the pilot study due to background noise.	The researcher and research supervisor agreed on not interviewing street vendors to avoid noise on recorded interviews.
Recording device	The mobile phone that was used for recording interviews had low battery life and switched off during interviews.	The researcher purchased a new mobile phone for recording interviews.

4.4 Data Collection Techniques

The data collection of the study followed qualitative research methods. Although there are several qualitative research methods, this study used field notes and semi-structured interviews.

4.4.1 Semi-structured interviews

Semi-structured interviews focused on the topic of study, which led to a standardised conversation between researcher and participant, thereby resulting in the collection of sufficient data (O’Keeffe et al., 2016). The semi-structured interview guide consisted of a set of open-ended questions which were posed to the participants verbally and recorded on a sound recorder.

4.4.2 Field notes

Maharaj (2016) argues that taking field notes is an essential part of documentation and data analysis in qualitative research. Field notes consist of observing the respondent’s behaviour, researcher’s impression, feelings and insights about the interview session (Miles & Huberman, 1994). The field notes included points such as the material resources – computer hardware and furniture - and the trading space – number of rooms and display of products. This gave the researcher a broader vision of how MSEs are structured in Lesotho.

4.5 Data Analysis

The study’s data analysis was guided by the Choice Framework (Kleine, 2010). The collected data was broken down into a series of units to track the relationship between the units and trace emerging trends from the study’s data. This process is called thematic analysis. The thematic analysis process is shown in table 4.4 below.

Table 4.4: Thematic analysis (Marshall & Rossman, 1999)

Stages of thematic analysis	Explanation
1. Organise the data	This includes transcripts, field notes and pictures.
2. Generate categories or themes	This refers to noting the concepts as described by interviewees. The generated patterns and concepts should be related to each other.
3. Code the data	This is a step where the researcher can use a software package to assist coding the identified patterns.

4. Test emergent understandings of the data	At this stage, the coded themes are tested using a theoretical framework.
5. Search for alternative explanations of the data	The researcher must understand the data analysis and find alternative understandings of obtained data.
6. Write-up the data analysis	At this stage, the researcher writes a report of analysis.

Allan (2007) used the Marshall and Rossman (1999) thematic analysis to analyse the professional development for lecturers and teachers. This study used Marshall and Rossman (1999) thematic analysis to analyse the influence of mobile payments on the capabilities of MSE entrepreneurs. The researcher found that NVivo 12 is an appropriate tool to assist in coding the data (Bengt and McDougall, 2019). QSR International is the supplier of NVivo (Bengt & McDougall, 2019) and the University of Cape Town provided an NVivo license.

4.6 Research Validity and Reliability

This study performed both reliability and validity tests to ensure that the study thoroughly answered the research questions.

4.6.1 Validity

Hannes, Lockwood and Pearson (2010) argue that theoretical validity is a way to test a study's validity. These scholars mentioned that theoretical validity ensures that themes and concepts obtained from transcribed data satisfy the constructs of a theoretical framework. Leung (2015) argued that for a study's outcome to satisfy the research questions then the study's methodology must be relevant for accomplishing the study's objectives, and the data analysis, results and conclusion must yield what the study aimed to achieve. This study followed guidelines from Hannes et al. (2010) and Leung (2015) to validate the study's findings.

4.6.2 Reliability

Reliability in qualitative research is a way of examining the trustworthiness of the chosen research instrument (Bashir et al., 2008). The research instrument was formatted through the constructs of the Choice Framework to conduct the pilot study. From the pilot study, the researcher learnt that the questions from the interview guide did not fully answer the research questions; hence enhancements were made to the interview guide by adding follow-up questions, removing inappropriate questions and adding appropriate questions. The researcher

compared the collected data to the literature review, research questions and objectives to ensure that the data was relevant to the study.

4.7 Ethical Considerations

The researcher received Ethics Approval from the Ethics Committee at the University of Cape Town. The ethical considerations that the Ethics Committee considered were: confidentiality, secured data back-up mechanisms, informed consent, explaining research purpose to participants, and voluntary participation. Below is a discussion of the ethical considerations.

- **Informed consent:** The researcher submitted the organisational ethics form to the Lesotho Ministry of Small businesses to seek authorisation to conduct research. After that, respondents were asked to sign a consent form as a way of authorising the interview session.
- **Confidentiality:** The participants' names and addresses were not communicated with anyone, and their identification numbers were not requested.
- **Explaining research purpose:** The research purpose was described to the interviewees and the title, objective, and duration of the study were explained.
- **Voluntary participation:** The participants were made aware that their contribution to this study was voluntary and that they could opt-out from the interview at any time.
- **Secure data storage:** The interviews were recorded using a mobile phone. Each meeting was uploaded to a password-protected Microsoft OneDrive in a .mp3 file format.
- **Publication:** The respondents were made aware that only summaries of their information will be published online.

4.8 Researcher's role in the study

In this section, the experiences of the researcher are discussed. The section describes what the researcher observed about the MSE entrepreneurs in Lesotho and how these individuals used ICTs. This is followed by an outline of the challenges encountered during the fieldwork and the lesson that the researcher learnt.

4.8.1 Reflection on MSE entrepreneurs and ICTs

The researcher observed that MSE entrepreneurs in Lesotho do not consider ICTs as a crucial tools for business success. However, MSE entrepreneurs used ICTs for communication,

financial, and trading purposes. These micro entrepreneurs used emails, Facebook, WhatsApp and phone calls to communicate with friends, business stakeholders, family members and social group members. Additionally, local transactions were conducted through M-Pesa. Since most respondents bought trading stock from the neighbouring country, South Africa, business financial transactions were conducted through M-Pesa. Vodacom Lesotho provided M-Pesa merchant package to MSE entrepreneurs. However, some entrepreneurs used their personal phones for trading. That was a surprising finding as the research posited that MSE entrepreneurs use M-Pesa for agency purposes, and not for trading. The reason for this assumption was that most MSEs in Lesotho are M-Pesa agents (Tsemame, 2015). However, things have changed today. M-Pesa was used for trading because MSEs are considered not financially viable by the formal financial institutions.

A pertinent observation was the number of MSE enterprises that trade without a traders' licence. The reason being that due to financial constraints, MSE entrepreneurs cannot afford to register their enterprises.

4.8.2 Keeping track of the data

Consistent reference to the research questions, literature review and research objectives and consulting with the research supervisor, made it easier to adjust the field notes and interview memos. The researcher listened to recorded interviews upon completion of each interview and prepared a memo which was submitted to the supervisor for review, which helped to identify missing concepts from the interviews.

4.8.3 Challenges faced in the research process

The major challenge during the fieldwork was that participants would not openly reveal the value of the income that their enterprises generate. Thus, it was challenging to identify the amount of money that MSE entrepreneurs accumulate from their enterprises. Many participants referred the researcher to participants in the same business industry as them, while other referrals were not traders. Hence, the researcher had to find many of the participants on his own.

Furthermore, during the interviews, there were distractions made by trading clients resulting in pausing of the interview. When a client entered the shop, the participant would leave so that he or she could offer assistance. Additionally, interviewees' friends and neighbouring

entrepreneurs demanded time from the interviewee, and that distracted the interview process. An unexpected issue was when the participants posed their complaints – both *business and M-Pesa related* problems - to the researcher with the hope that the researcher will present them to the Lesotho Government and Vodacom Lesotho.

Chapter 5: Analysis of Findings

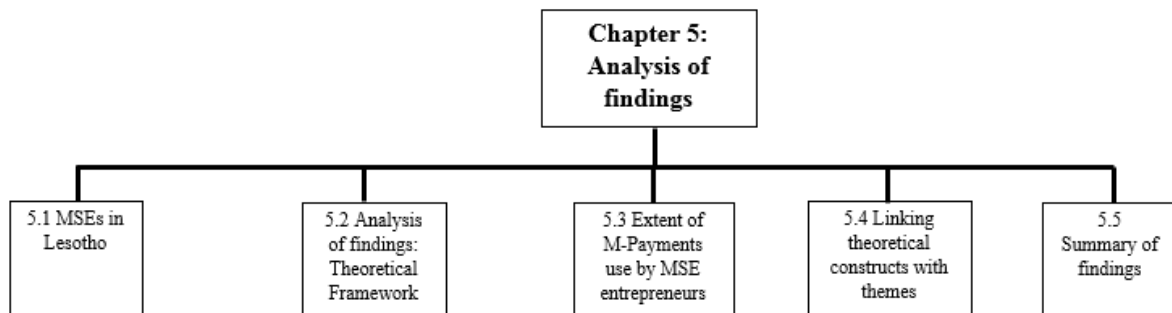


Figure 5.1: Overview of Chapter 5

To provide an answer to research questions (section 1.3.1), the study analysed the participant responses and the researcher's field notes from three different perspectives; (i) MSEs in the context of Lesotho, (ii) the theoretical framework, and (iii) the extent of mobile payment use by MSE entrepreneurs.

5.1 MSEs in the context of Lesotho

It was observed that both men and women operated MSEs. In MSE enterprises, there were less than ten employees, including business owners. The MSEs proved to be mostly family-operated, while some employed workers from different families. The MSE entrepreneurs were equipped to operate their enterprises with skills acquired from previous jobs and parents. ICTs, such as Google and YouTube, were used to enhance the entrepreneurs' skills. The MSEs proved to be a source of income and employment for other people. The MSEs specialised in herbal products, clothing, medical products, photo shooting, hairdressing, computer maintenance and repair, and tailoring services. Most respondent MSEs were located in towns where there is a high movement of people. The majority of the respondents pointed out that they have registered their enterprises with governmental institutions, and they are paying tax, while a few MSEs were not registered. With the money generated from MSEs, respondents paid schools fees for their children, bought food and clothes, and paid rent for their businesses and homes. They stated that they used income generated from their enterprises to support their relatives. MSE entrepreneurs emphasised that banks do not offer them loans to finance their enterprises because of failure to present three months bank statement. In terms of owning assets, respondents indicated that after venturing in business, they were able to buy furniture –

for business and home, cars, printers, personal computers, and land. Table 5.1 summarises the typical MSEs in the context of Lesotho.

Table 5.1: Summary of MSEs in the context of Lesotho

Themes	Sample data from responses and field notes
Ownership	<p>Respondents had more than five years of trading.</p> <p><i>“I opened the shop in 2012” Res 12</i></p> <p><i>“This business started in 2001. It started as a small school uniform shop.” Res 8</i></p>
Employees	<p><i>“There are eight employees working in this business and each branch has got four employees.” Res 8</i></p> <p><i>“all in all, employees in this business are five” Res 9</i></p>
Skills	<p><i>“I inherited it from my parents. Therefore, I learnt from that time how to operate a business.” Res 22</i></p>
Business location	<p><i>“We first considered the flow of people. Also, I believe that when there is a high number of people passing next to my business, I am going to get more customers...” Res 20</i></p>
Business registration	<p><i>“Our business is registered, and we have a license. And in order for us to renew a licence we must pay tax...” Res 19</i></p> <p><i>“No, it is not registered.” Res 21</i></p>
Assets owned	<p>Business furniture – <i>chairs and tables</i>, printers, and personal computers.</p>
Source of funding	<p><i>“...you will hear people saying there is an office that funds, but I have never been funded... I don’t want to lie to you, but honestly everyone for himself.” Res 4</i></p> <p><i>“No, I was not funded by a government” Res 1</i></p>

5.2 Analysis of findings: Theoretical Framework

The theoretical lens adopted for this study is the Choice Framework (Kleine, 2010) depicted in Figure 3.5. The responses obtained from interviews were analysed through the framework’s constructs. The responses were coded using NVIVO software. Appendix E is a pictorial illustration of how the responses were coded under structure construct.

5.2.1 Achieved Functionings

The respondents indicated that money could not be lost or stolen from M-Pesa, hence emphasising that M-Pesa provides a secure environment for storing monies. The respondents

pointed out that the use of M-Pesa makes them have a feeling of accessing commercial bank services, *“It forms something like a bank where a person can keep money because its fees are quite low as compared to bank fees”* Res 6. M-Pesa enables MSE entrepreneurs to process bill payments, save, transfer and receive funds, and thus making them live the life they desire, *“It has improved my life like all the money that I have goes to M-Pesa. Whenever I want it, I just go get it. It is just makes my business easy.”* Res 2, *“M-Pesa plays a huge part in my life.”* Res 6.

5.2.2 Development outcomes

The developmental outcomes obtained during the study showed primary outcomes and secondary outcomes.

Primary outcome: the primary development outcome occurred when MSE entrepreneurs made choices. The choice that they made was to use M-Pesa to achieve the desired goal of minimising handling physical cash through a cost-effective and convenient mobile payment platform. Some entrepreneurs chose to use mobile phones and a merchant account provided by Vodacom, while others chose to use their own mobile phones and personal accounts for business transactions. Having convenient access to financial information was their stated goal. Generally, MSE entrepreneurs saw Vodacom’s package of M-Pesa as a bonus because everything was provided for free. The M-Pesa choice provided outcomes of time-saving, empowerment of economically disadvantaged individuals, financial management skills and cost reductions.

Secondary outcome: the secondary development outcome depended mostly on the lives that MSE entrepreneurs valued. M-Pesa provided MSE entrepreneurs value through receiving money from and transferring money to their customers, suppliers and relatives. For most enterprises, M-Pesa provided increased sales, profits and more customers. Additionally, M-Pesa helped respondents to bank their business money without being charged fees as receiving payments from clients and keeping money incurred no bank charge. Moreover, M-Pesa was used to pay employees who work at distant places hence bridging the issue of bank charges and geographical challenges.

Since most people preferred to not handle physical cash, people found M-Pesa to be an appropriate way of dealing with money. Most MSE entrepreneurs benefited from this because of the higher volume of customers brought to their businesses when customers saw the “pay

with M-Pesa” sticker placed by the door of an enterprise. The M-Pesa sticker grabbed the passer-by’s attention for them to realise that M-Pesa payments were accepted at the business. As a result, the number of customers increased as did profits. Apart from increasing customer volume, income was generated from a commission on every transaction. This assisted MSEs to raise extra income from each transaction. The combination of no bank charges and the commission earned played a significant role in increasing profits.

Cost and time were crucial factors for development outcomes. MSE entrepreneurs were able to transfer money to their loved ones without being limited by geographical locations. The only cost that entrepreneurs incurred was paying for transport for a taxi or a bus to deliver products to distant clients. *“Some of the customers, as you can tell that Lesotho is a mountainous land with hard-to-reach places, but with M-Pesa they are able to pay for our products and then we take such products to the taxis,”* Res 12. M-Pesa thus provided commercial access to customers from rural areas who could purchase products without travelling to town. *“Yes I do allow them to use M-Pesa to transfer money to me. Especially those people from the rural areas. For them it is quite expensive to come to town because of transport cost therefore using M-Pesa is an option,”* Res 21. M-Pesa provided an instant financial transfer platform without the need for MSE entrepreneurs to wait in long queues at banks which increased entrepreneurs’ availability for their businesses and customers.

Respondents also found M-Pesa as a beneficial way of banking. They considered that banking with the commercial banks does not grow small enterprises, but may cause them to fail due to high banking charges incurred whether there are trading or not. In terms of equality, M-Pesa considers all individuals equal regardless of their financial well-being and geographic location. Respondents indicated that using M-Pesa accounts do not have levels such as platinum clients or gold clients. All M-Pesa accounts are treated the same regardless of how well-off the individual is. Among the respondents was a struggling disabled entrepreneur who indicated that she uses M-Pesa. Thus, it became evident that M-Pesa played a crucial role in the empowerment of individuals from disadvantaged economies. Hence, it can provide them with the lives that they desire. Table 5.2 summarises developmental outcomes and samples of responses from the participants.

Table 5.2: Summary of themes for developmental outcomes

Category	Themes	Sample responses
Primary outcomes	Avoid using physical cash	<p><i>"It reduces handling hard cash."</i> Res 17</p> <p><i>"We are also looking forward to see this business not handling cash by using card systems or other alternatives."</i> Res 22</p> <p><i>"It is the easiest way of handling cash."</i> Res 23</p>
Secondary outcomes	Income generation	<p><i>"I know that per day my business accumulates M2000.00."</i> Res 1</p> <p><i>"I regard it to be the way of benefiting because I still raise money."</i> Res 11</p>
	Quality life	<p><i>"It has improved my life like ehh all the money that I have goes to M-Pesa. Whenever I want it, I just go get it. It is just makes my business easy."</i> Res 2</p> <p><i>"M-Pesa plays a huge part in my life."</i> Res 6</p>
	Increased turnover	<p><i>"it helps me get increased turnover"</i> res 7</p> <p><i>"Honestly, I do sales and there is no need for me open a shop in each district... M-Pesa does every work easily."</i> Res 12</p>
	Increased profits	<i>"It also helps me accumulate profit from my business."</i> Res 7
	Banking business income	<p><i>"It forms something like a bank where a person can keep money because its fees are quite low as compared to bank fees"</i> Res 6</p> <p><i>"Even for some of my businesses that are at home, money is send to me through M-Pesa"</i> Res 11</p> <p><i>"I save my business money on M-Pesa"</i> Res 13</p>
	Reducing costs	<i>"it cut my transportation costs such as putting fuel into my car..."</i> Res 12
	Improved business performance	<p><i>"...but since M-Pesa came in the business flows quite easy"</i> Res 2</p> <p><i>"If I stocked clothes like this, next time when I go for stock I buy more than what I bought before."</i> Res 8</p>
	Convenient transactions	<i>"I know that when I have deposited money today, tomorrow I can find it at my convenience."</i> Res 13
	Accuracy on transactions as compared to hard cash	<i>"And while dealing with hard cash that might make a person to miss numbers during calculations. As well as misplacement of cash."</i> Res 17

Category	Themes	Sample responses
	Efficient use of money	<i>"I am able to manage money... Therefore, that enables me to save it."</i> Res 4
	Equal access to financial information	<i>"On M-Pesa, there is not platinum members or gold cardholders. All people are the same"</i> Res 19 <i>"I do allow them to use M-Pesa to transfer money to me. Especially those people from the rural areas."</i> Res 21
	Financial management activities	<i>"I do transfer money..."</i> Res 2

5.2.3 Dimensions of Choice

Existence of Choice: With a broader picture of the structure and a portfolio of agency-based resources, MSE entrepreneurs were able to identify possible choices. The majority of respondents indicated that cost and access to mobile phones, the usability of M-Pesa services, education and geographic locations were not barriers for choosing an mobile payment platform. *"Vodacom officials came in here and asked me to join so I joined from that time,"* Res 16 *"they gave me a phone and I didn't pay,"* Res 16. As they were able to read and write, the M-Pesa USSD prompts were not a challenge. Additionally, MSE entrepreneurs guided customers through the purchasing process, especially customers who were not familiar with M-Pesa. However, M-Pesa challenges, such as withdrawal limit, network failures and activities related to money laundering, were observed. M-Pesa restricted withdrawal amounts for business accounts as well as personal accounts. These restrictions limited access to the MSE entrepreneur limited to their financial information. The challenge of money laundering worried them because they would receive calls from scammers claiming that they are officials calling from Vodacom offices. Despite those issues, MSE entrepreneurs chose to use Vodacom's M-Pesa for business transactions.

Sense of Choice: the respondents knew about the opportunities that M-Pesa would bring into their businesses. They noted that using M-Pesa could enable them to improve their lives and enterprises' performance - both financial and non-financial performance. It was evident that MSE entrepreneurs knew the opportunities provided to their businesses by M-Pesa. Moreover, Vodacom made an initiative of offering free mobile phones to MSE entrepreneurs; hence, it was up to them how they used the resources and opportunities to achieve their desired outcomes.

Use of Choice: there are numerous reasons why M-Pesa was a priority for MSE entrepreneurs which primarily revolved around achieving a better quality of life and the success of their enterprises. Some of the respondents used M-Pesa to transfer and receive money to and from relatives and friends, process payments between themselves and their customers and suppliers, to cost-effectively save business monies, to make payments for bills (electricity, water and rent), pay insurance premiums and children’s school fees. M-Pesa proved to be a cost-effective way of conducting financial activities compared to commercial banks. It was evident that commercial banks had high charges on transactions and products such as speed point, which MSEs relied on. *“Let me tell you something. This speed point from [a commercial bank] when you use it the bank charges you M2250.00 per month. They just charge you for having speed point in your business,”* Res 20.

“When a customer buys, they are still charging you. It just like when you have a bank account and being charged for deposits. When you withdraw money, you are charged again. Even when you are not using that money that is in your account you are still charged bank fees,” Res 20.

Additionally, respondents used M-Pesa for paying employees and transacting between their businesses. They stated that they used the funds retained on M-Pesa accounts to buy stock and make contributions to social groups that they joined.

Achievement of Choice: respondents were impressed with the role that M-Pesa played in their lives. Most respondents indicated that M-Pesa influenced their lives significantly. Applying choices, M-Pesa was used for achieving MSE entrepreneurs’ goals such as gaining competitive advantage in the business environment, raising business profits and revenue, and generating income for their families. Most respondents gained a substantial competitive advantage over other businesses and hence raised revenue and profits, while other respondents were unable to increase customer volumes. Table 5.3 summarises dimensions of choice and sample of responses from the participants.

Table 5.3: Summary of themes for dimensions of choice

Category	Themes	Sample responses
Existence of choice	Vodacom recruited M-Pesa merchants	<i>“Vodacom officials came in here and asked me to join so I joined from that time.”</i> Res 16

Category	Themes	Sample responses
	Customer guidance	<i>"I can easily direct her to press certain options from the USSD prompts."</i> Res 14
Sense of choice	Quality life	<i>"...I want to see myself having a better life"</i> Res 13 <i>"if you are renting a place, you should have your own house"</i> Res 4
	Improve MSE operations	<i>"I want this business to have enough equipment to support its operation because a business becomes sustainable as long as it has got enough material."</i> Res 5
	Customer attraction	<i>"to get more customers..."</i> Res 2
Use of choice	Financial transfers	<i>"...M-Pesa helps me transfer money to friends and relatives"</i> Res 14
	B2C Payment processing	<i>"When someone came in to buy a laptop and then payment processing becomes easy through M-Pesa."</i> Res 2
	Making savings	<i>"...the little I make from my business I deposit it into M-Pesa account..."</i> Res 13 <i>"Money that has been contributed is saved one of the members' M-Pesa account."</i> Res 15
	Paying bills	<i>"...buy electricity, to pay for DSTV, and pay for water bill."</i> Res 2 <i>"Things such as business's water bills and electricity bills can be covered with M-Pesa money."</i> Res 22
	Employee salary	<i>"I do pay my employees through M-Pesa. Especially those ones who are working at home."</i> Res 11
	Receive business money	<i>"I have other business at Qacha's Nek so sometimes when I urgently need money; they just go to the nearest M-Pesa agent and transfer money to my account."</i> Res 20
Achievement of choice	Quality lifestyle	<i>"The reason why I am living today it's because of this business."</i> Res 10 <i>"I was able to buy land, I was able to build a house, and I was able to take my children to school."</i> Res 1 <i>"So currently I am no longer relying on loans as compared to before."</i> Res 6
	Generating income for families	<i>"I am now able to help my family as well as myself financially."</i> Res 9

Category	Themes	Sample responses
	Generating profits	<p><i>“I would say we are making M700.00 profit per month from M-Pesa on that branch.”</i> Res 18</p> <p><i>“It also gives me commission when people pay through it.”</i> Res 19</p>
	Increased sales	<p><i>“We have a lot of customers. So M-Pesa, just like you are eager to know about it, it is one of the technological innovations that helps us a lot from Vodacom.”</i> Res 12</p>
	Customer attraction	<p><i>“Through M-Pesa my business was able to broaden its market.”</i> Res 12</p> <p><i>“That contributed significantly to an increase in customers because today not everyone goes around holding cash. People use M-Pesa or bank cards”</i> Res 10</p>
	Financial management	<p><i>“I am able to manage money”</i> Res 4</p>

5.2.4 Desired outcomes: capabilities

The MSE entrepreneurs used their agency-based resources and structures to conduct business transactions through M-Pesa for access to an affordable and convenient financial management platform and to maintain easy and fast fund transfer from customers. M-Pesa was intended to improve cash flow, reduce transport costs to the bank for deposits and lower bank charges. M-Pesa was intended to provide convenient financial services – transferring and receiving funds and paying for water and electricity bills. The respondents stated that this would help them support their families with basic needs, such as food and clothes. The MSE entrepreneurs had the intention to use M-Pesa on Rotating Saving and Credit Associations (RSCA) in order to provide additional income. Despite individual entrepreneur’s intentions, respondents pointed out that M-Pesa would help them to attract more customers into their businesses, *“to get more customers...”* Res 2.

The mentioned capabilities were for conducting financial services at lower costs, convenient access to financial services, support family members, attract customers and boost income.

5.2.5 Agency

The study assessed the agency construct by taking an in-depth look into its factors which are also referred to as resources.

Material resources: Many respondents had access to several technologies. Among the technologies were mobile phones, laptops, bank speed points, desktop computer sets, detox machines, barcode scanners, landlines, modems, mobile payment terminals, Fujifilm Dye-sublimation compact kiosk systems, M-Pesa speed points, and printers. For business purposes, many entrepreneurs used a mobile phone to contact customers and suppliers and to accept payments from clients. For accepting payments, an SMS on the respondent's phone shows when money is transferred from the client to the seller's M-Pesa account. Despite using mobile phones to accept payments from clients, MSE owners used M-Pesa to transfer money to their family members and friends as well as saving or keeping business money.

Financial resources: The majority of respondents found it costly to save their business money in the commercial bank accounts because of high charges. Banks do not finance the MSE sector because of failure to present collateral. The other respondents indicated that they are requested to provide three months of bank statements. *“Even a mere bank can't offer us loans. When you got work and go to them with an order they will tell you that you don't qualify for a loan. They even end up requesting three (3) months bank statement. It's really rough in the business environment. You might take six (6) months without getting a job.”* Res 4. Despite being denied financial assistance, MSE entrepreneurs found M-Pesa to be a cost-effective and appropriate way of conducting financial activities of their businesses.

Natural resources: use of ICTs is sometimes affected by climatic conditions. *“Sometimes there is no internet because of harsh climatic conditions and I prefer to use my phone but when there is no signal I use my landline because they are using different MNOs,”* Res 22. MSEs are situated in buildings where there is access to water, restrooms and electricity. This enables these enterprises to conduct their daily business activities efficiently. *“There is water and toilets are there. Also, there is security”* Res 15.

Geographical resources: respondents said they use ICTs to receive money, transfer money, save money and communicate with other people, either being suppliers, customers or family members. It was clear that ICTs are used for both commercial and social purposes by MSE entrepreneurs. Moreover, using ICTs to perform such activities allowed respondents to receive money from distant customers and send money to distant family members. Other respondents said that they could pay employees and receive other businesses money through M-Pesa. Hence this proved to be a significant instrument to bridge the geographical challenges in Lesotho. Additionally, M-Pesa played a pivotal role by cutting the transport costs for MSE

entrepreneurs. Despite benefiting from M-Pesa, MSE entrepreneurs used emails and phone calls to maintain communication with clients and suppliers as well as their family members and friends.

Human resources: the human resources consisted of education, health, and skills of each MSE entrepreneurs. During the study, it was found out that some respondents did not carry their educational level to the tertiary stage, while the majority had tertiary qualifications ranging from diplomas and degrees in disciplines such as Nursing, Medicine, Secretarial Studies, Business Management, and Accounting. Additionally, most respondents acquired skills from their previous jobs and businesses. Others acquired skills from their parents and later on inherited the business. Respondents emphasised that their businesses help them have a better living because they can pay for things such as gym, *“I also go to gym, and I am able to pay for the gym and buy supplements for the gym”* Res 4. Apart from health and education, MSE entrepreneurs were equipped with marketing, bookkeeping and communication skills in order to successfully operate their businesses.

Psychological resources: the responses indicated that most MSE entrepreneurs do not feel like changing from M-Pesa to any other mobile payment platform because they have been using Vodacom sim card and M-Pesa for quite a long time. Things such as Vodacom’s innovations and Vodacom’s network coverage in Lesotho made MSE entrepreneurs reject mobile payment platforms other than M-Pesa. Moreover, one respondent indicated that her business could shut down if she stops using M-Pesa to conduct business transactions. *“If M-Pesa cannot be there this business is going to a massive collapse to my business. I am satisfied with M-Pesa services,”* Res 12.

Information: the reflection from the responses indicated that MSE entrepreneurs use the internet to obtain information about new products, potential suppliers, emerging trends and trading skills. Respondents use their phones, desktop computers and laptops to obtain information from Google search engines and YouTube. The most used browser is Google Chrome. Google search engine is mostly used for searching for information relating to products and prices. Moreover, respondents said they use Google to research emerging trends in their discipline. On the other hand, YouTube was used for viewing conferences and videos that could help business owners to improve their skills.

Cultural resources: Most MSE entrepreneurs had academic qualification such as Chattered Accounting and Business Management and Secretarial Studies. Some bought themselves cars while others were able to build homes for their families. The participants further stated that by using M-Pesa in their businesses, they were able to buy themselves clothes and take their children to school.

Social resources: most respondents were members of social groups. The societies joined by respondents included Rotating Saving and Credit Associations (RSCAs), family society, friends’ society, church society, cooperative society and in-enterprise society. Most money societies receive money from each member. Members of the societies distribute money either on a rotating basis or in the form of a loan. Among the RSCAs joined by MSE entrepreneurs, some monitor how each member has used the money that has been given to him or her to encourage growth among the society members, “*so we make a follow up to see if you have used that money efficiently. We don’t want a person to just take that money and buy clothes. We want to lift each other,*” Res 12].

One respondent indicated that he joined a society whereby members contribute money daily, which is then loaned to society members to finance their enterprises, “*There is a society that I have joined for cooperatives. We are contributing money on daily basis. This is to help business to grow well in case someone finds his or her business not going well. So we allow you to have a loan and repay it so that you can finance your business. We have formed this society as MSE entrepreneurs,*” Res 14. Most respondents showed that social groups are beneficial for investing money. For efficient communication, WhatsApp groups were created to provide a platform on which announcements could be posted. Most respondents showed that they used their mobile phones to access WhatsApp messages from societal groups. They further indicated that members who did not have smartphones to access WhatsApp messages were contacted by phone. Table 5.4 summarises agency and sample responses from the participants.

Table 5.4: Summary of themes for agency

Category	Themes	Sample responses
Material resources	Computer hardware	<p>“<i>on the other branch there are computers that this business has bought</i>” Res 10</p> <p>“<i>They gave us free landlines</i>” Res 12</p> <p>“<i>We have a barcode scanner and a printer</i>” Res 20</p>

Category	Themes	Sample responses
		<i>“we usually find a problem with our modem...”</i> Res 17
	Machinery	<i>“After completing I decided to buy a machinery from the profits that I made.”</i> Res 4 <i>“It is a machine that enables a client to pay for medication using an ATM card.”</i> Res 9
Financial resources	Denied financial assistance	<i>“Secondly, we have a problem of being funded by the bank”</i> Res 4
	Banks not appropriate for MSEs	<i>“Banks are not suitable for small business. They accommodate the environment of large businesses. As a result, using a bank to a small enterprise might bring the drawbacks of that business being shut down.”</i> Res 14
	Present collateral	<i>“They will tell you that you don’t qualify for a loan. They even end up requesting a three (3) months bank statement.”</i> Res 4
Natural resources	Climatic conditions	<i>“sometimes when there is no internet because of harsh climatic conditions I prefer to use my phone”</i> Res 22
	Access to natural resources	<i>“There is water, and toilets are there”</i> Res 15
Geographic resources	Distant money transfer	<i>“I can say M-Pesa helps me when a customer at Mokhotlong or Botha-Bothe wants to transfer money.”</i> Res 6
Human resources	Tertiary education	<i>“Maybe I got an opportunity because I am accountant by profession.”</i> Res 6
	Previous work experience	<i>“We worked for the company that performs the same activities as what our own company does.”</i> Res 10
	Customer care skills	<i>“If you fail to treat your customers well, then you have already expelled those clients from your business.”</i> Res 20
	Better lifestyle	<i>“I also go to gym, and I am able to pay for the gym and buy supplements for the gym”</i> Res 4
Psychological resources	M-Pesa as the preference	<i>“So to me it is quite challenging to change from Vodacom network to the other”</i> Res 1

Category	Themes	Sample responses
	No interest in other platforms	<i>"No I am not interested in other networks."</i> Res 11
	Network coverage to remote areas	<i>"Taking for example where I am from, the powerful network coverage is the one by Vodacom Lesotho. That's the reason why it is going to be hard to change M-Pesa."</i> Res 15
	Business security	<i>"If M-Pesa cannot be thee this business is going to a massive collapse to my business."</i> Res 12
Information	Conducting research	<i>"I go to the internet and make some research"</i> Res 2
	Instruments used to gather information	<i>"Research on the internet through Google and read... Even to make beautiful nails I use YouTube."</i> Res 3
	Skills development	<i>"So that time the client request me to design something for them. I have to go to YouTube and find the way out to design what he or she needs."</i> Res 4
Cultural resources	Qualifications/certifications	<i>"...before working I did secretarial studies"</i> Res 12 <i>"I went to a tailoring school..."</i> Res 21
	Luxurious lifestyle	<i>"The benefit that my business did for me is that it has bought me cars."</i> Res 7
	Human basic needs	<i>"It has helped me buy food, clothes, and transport for me and my children"</i> Res 19 <i>"...I was able to build a house"</i> Res 1
Social resources	Member of a society	<i>"There is a society of Youth at church. I am a member of that social group."</i> Res 3
	Contributing to the society	<i>"It has helped me because where I find people donating for something I enjoy being part of that."</i> Res 11
	ch other for a	<i>"We make a follow up to see if you have used that money efficiently. We do not want a person to just take that money and buy clothes. We want to lift each other."</i> Res 12
	Communication of announcements	<i>"When we are having a meeting, we can communicate announcements or through WhatsApp group..."</i> Res 3

5.2.6 Structure

The Choice Framework provided several insights into MSEs using mobile payments in Lesotho. Structure consists of policies and programmes, institutions and organisations, and formal and informal laws respectively.

Institutions and organisations: Micro and Small Enterprises in Lesotho are governed by trading policies from governmental and non-governmental bodies. These bodies are the Central Bank of Lesotho, the Lesotho Revenue Authority, the Maseru City Council, the Ministry of Finance, the Ministry of Health, the Ministry of Labour, the Ministry of Small Business Development, Cooperatives and Marketing, the Ministry of Trade and Industry, and Vodacom Lesotho.

Discourses: Individual entrepreneurs in Lesotho are denied financial assistance by the commercial banks when they fail to present collateral information to support their loan applications, “...When they want a three (3) months bank statement where are you going to get it? It is not there because you get work after six months. Which transactions are you going to show apart from the ones from the deficit? There is no surplus because there was no work. Even if we can submit the company profiles when there are advertised tenders and win them, the bank is not going to offer you a loan because there are no transactions happening now. So, they can’t meet us half-way in that manner. The only way they can help us is by speed-upping the methods of payments. Banks are not giving us loans...” Res 4. The respondent emphasized that during the loan application process, commercial banks ask for a three months bank statement and failure to provide it results to unsuccessful loan application.

Policies and programmes: For MSE entrepreneurs to trade freely, they have to register their businesses with the Ministry of Trade and Industry to obtain a trader’s licence. The business is then listed under the business sector that deliver similar products and services to it. The traders’ licence is a prerequisite for registering as a tax-paying business at the Lesotho Revenue Authority. The traders’ licence is accompanied by a Certificate of Incorporation, while the Lesotho revenue Authority issues a Tax Clearance Certificate that goes with a Tax Identification Number (TIN), “Statutes that govern me include companies act number 8 of 2011 and the income tax act number 9 of 1993 as amended. Those two policies govern my business operation” Res 6. The companies act number 8 of 2011 is issued by the Ministry of Trade and Industry, while the Income-tax act number 9 of 1993 as amended is issued by Lesotho Revenue

Authority. *“When we are talking of the companies act, it will be telling me how to structure my business, how to submit my reports to the ministry of trade, and how to hold meetings. That’s how to operate the business. Income tax act is about guiding me on how tax applies and how to make submissions to the Lesotho Revenue Authority.”* Res 6.

Formal and informal laws: Laws concern norms on the usage of space and norms on the trading times. The registered and unregistered entrepreneurs occupied business premises in buildings. Using M-Pesa as a method of payment does not necessarily need an entrepreneur to rent a business space because transactions can be conducted virtually. *“Honestly, I do sales, and there is no need for me open a shop in each district. I don’t rent a space and I don’t even have to hire an employee. M-Pesa does every work easily.”* Res 12. The illustrated points cover norms on the usage of space.

On the other hand, using M-Pesa to conduct business activities allows an entrepreneur to operate their businesses at any time. M-Pesa allows MSE entrepreneur to receive payments from clients after trading hours to the extent that respondents emphasised that M-Pesa services remain available even at night. M-Pesa services are always available to allow deposits of business money. For transactions that were conducted using cash, the business owner would deposit that money in the M-Pesa account from the nearest M-Pesa agent. Moreover, using M-Pesa does not need one to wait for trading hours because as one participant who runs a remedial school stated that she receives payments even at 08:00 pm. *“But you can find out that we still find SMSs. Sometimes you may find out that a person made a payment at 08:00pm. Then a student will just come and collect a receipt.”* Res 17. She stated that her business even opens on Saturdays. However, using M-Pesa was found to be one of the riskier payment methods for MSEs who close their businesses during late hours, *“This is because I want to use M-Pesa as my bank. So, such things need us to have tight security especially towards late hours. Even when I am walking on streets, I know that people already know that I am a bank and there is money with me.”* Res 13. Even though most MSE entrepreneurs stated that M-Pesa is available 24/7, it was also indicated that M-Pesa services are affected by network break-downs, especially at the end of the month when many people use the service.

Technology and Innovations: Respondents showed a positive attitude towards accessibility, availability and affordability of ICTs. In the context of accessibility of ICTs, respondents indicated that they use the Internet, Facebook, WhatsApp, emails, mobile phones, laptops, Google Chrome and landlines. These technological products differed in use from entrepreneur

to entrepreneur. Respondents emphasised that through the use of M-Pesa, there was no need for travelling to customers for collecting monies because M-Pesa provides instant money transfer. M-Pesa bridges geographical challenges as it cuts transport costs for funds transfers which can be conducted between people who are distant from each other. Technologies such as Facebook, WhatsApp, emails, mobile phone, and telephones were used for advertising, marketing and communication purposes. The Internet was used for searching for information related to suppliers and new products in the market.

In the context of affordability of ICTs, respondents' attitude indicated that M-Pesa is a cost-effective technological product. They further emphasised that using M-Pesa is easy. Affordability was described in the context of low transaction charges as compared to other banking platforms. Additionally, keeping money in the M-Pesa account does not incur charges. However, there are charges made for withdrawals. *"It doesn't charge me for saving money. It only charges [for] a withdrawal."* Res 3.

Furthermore, the reflection of participants' responses on the availability of ICTs context showed that M-Pesa services help MSE entrepreneurs to conduct business operations timeously, thus saving time. It was also noted that M-Pesa services such as deposit and transfer of funds are convenient. Since banks close early on Saturdays, MSE owners found M-Pesa to be advantageous for making funds accessible after hours. This point was more important for those MSE entrepreneurs who were unable to withdraw money from the ATM, which is available after banking hours. Due to its broader coverage, M-Pesa was particularly important for people from the mountainous regions of Lesotho. One of the respondents indicated that he does not restrict himself by taking money to commercial banks. Money saved in M-Pesa account helps MSE owners to withdraw money conveniently and use the money to buy business stock. *"Because I know that the little I make from my business I deposit it into M-Pesa account and the next time I want to buy stock I just go to M-Pesa and withdraw money then continue with my business. That's how flexible it is."* Res 13. Table 5.5 summarises the structure and sample of responses from the participants.

Table 5.5: Summary of themes for structure

Categories	Themes	Sample responses
Institutions and organisations	Government and non-	<i>"We follow regulations from the Central Bank of Lesotho. Central Bank issues regulations that guide the operation of our</i>

Categories	Themes	Sample responses
	governmental institutions	<p><i>business. We must abide by the rules and regulations from them.” Res 10</i></p> <p><i>“What I know is that people from Lesotho Revenue Authority come to our office. I only know about LRA.” Res 1</i></p> <p><i>“There have been some ladies that came in here from the Ministry of Trade asking us some questions about the licence.” Res 2</i></p> <p><i>“Vodacom officials came in here and asked me to join so I joined from that time.” Res 16</i></p> <p><i>“...in order for M-Pesa to work, there must be Vodacom network available” Res 17</i></p> <p><i>“...one of the requirements is for the Municipality to evaluate the working environment.” Res 19</i></p> <p><i>“we are given the license by the Ministry of Health” Res 9</i></p> <p><i>“Municipality offices are already nearby. So, it is approximately five minutes.” Res 16</i></p>
Discourses	Equal access to financial information through ICTs	<p><i>“But M-pesa can be used by everyone even those people who economically disadvantaged, that is even gardeners and house workers can use M-Pesa. On M-Pesa, there is not platinum members or gold cardholders. All people are the same” Res 19</i></p>
Policies and programmes	Trading rules for business registrations and operation.	<p><i>“You register your business from Ministry of Trade in order to have a trader’s license and then be categorised under a group of businesses. Secondly, you register under LRA to ensure that your business is going to be paying tax. Then follow the rule and regulations of the country” Res 12</i></p> <p><i>“When we are talking of the companies act, it will be telling me how to structure my business, how to submit my reports to the ministry of trade, and how to hold</i></p>

Categories		Themes	Sample responses
			<i>meetings. That's how to operate the business"</i> Res 6
		Tax clearance	<i>"Income tax act is about guiding me on how tax applies and how to make submissions to the Lesotho Revenue Authority"</i> Res 6
		Submit financial statement	<i>"what I know is that at the end of the day I must present my books to LRA"</i>
Formal and informal laws	Norms on usage of space	Unregistered business	<i>"No it is not registered."</i> Res 21
		No need to rent a trading space	<i>"I don't rent a space and I don't even have to hire an employee. M-Pesa does every work easily"</i> Res 12
	Norms on usage of time	M-Pesa services accessible after trading hours	<i>"It works even at night. It works all the time."</i> Res 3 <i>"Sometimes you may find out that a person made a payment at 0800pm."</i> Res 17
		Open on weekends	<i>"For instance, we open even on Saturdays."</i> Res 17
Technologies and innovations	Access to ICTs	Bridging geographical challenges	<i>"Some of the customers, as you can tell that Lesotho is a mountainous land with hard-to-reach places, but with M-Pesa they are able to pay for our products and then we take such products to the taxis."</i> Res 12
		Distant transactions	<i>"Now that I have M-Pesa in my business I don't have to travel long distances to collect money, for example; going to Ha-Mabote, then Naleli, and then Khubetsoana."</i> Res 1
	Availability of ICTs.	Time-saving.	<i>"M-Pesa does things on time."</i> Res 1 <i>"It enables one to do business operations on time and hence it saves time."</i> Res 1
		Consumer's convenience.	<i>"During Saturdays, banks close early and you may find that there is an order that we have to make. Moreover, the presence of M-Pesa has helped us to overcome any challenge attached to that because we can</i>

Categories		Themes	Sample responses
			<i>just go to M-Pesa agents and withdraw money so that we can do whatever we want to do.</i> ” Res 9
		Broader network coverage.	<i>“Even if a person has EcoCash, they end up using M-Pesa because it has got a broader coverage than EcoCash in the mountainous regions of Lesotho.”</i> Res 12
	Affordability of ICTs.	Cut transport costs.	<i>“there is no need for travelling to customers”</i> Res 1
		Fewer transaction charges.	<i>“It doesn’t charge me for saving money. It only charges me by the time I am performing a withdrawal.”</i> Res 3
	Capabilities needed for ICTs.	Guide customers through M-Pesa USSD prompts.	<i>“I have to guide them through the payment process. So if the customer is far, it is going to be hard for him or her to understand, but if a customer is nearer then we are going to transact easily.”</i> Res 13

5.3 Mobile payments use by MSE entrepreneurs

The respondents were required to provide information on the mobile payment of their preference, M-Pesa. The analysis led to the classifications of the M-Pesa use, the influence of M-Pesa on MSE entrepreneurs and the challenges of using M-Pesa for MSEs.

5.3.1 Use of M-Pesa

The findings indicate that M-Pesa was used for performing business-related and personal activities. Business activities conducted using M-Pesa included accepting payments from customers and saving business monies. Respondents indicated that they used M-Pesa to buy airtime, pay electricity bills and water bills, and to transfer money to friends and family. Business transactions were conducted through M-Pesa business or merchant accounts. Some respondents emphasised that they use their personal accounts to conduct business transactions while others used M-Pesa agent accounts for business transactions. Table 5.7 illustrates how respondents used M-Pesa for business and personal purposes. The rate of use is indicated by rare, occasional and regularly.

Table 5.7: Use of M-Pesa by MSE entrepreneurs:

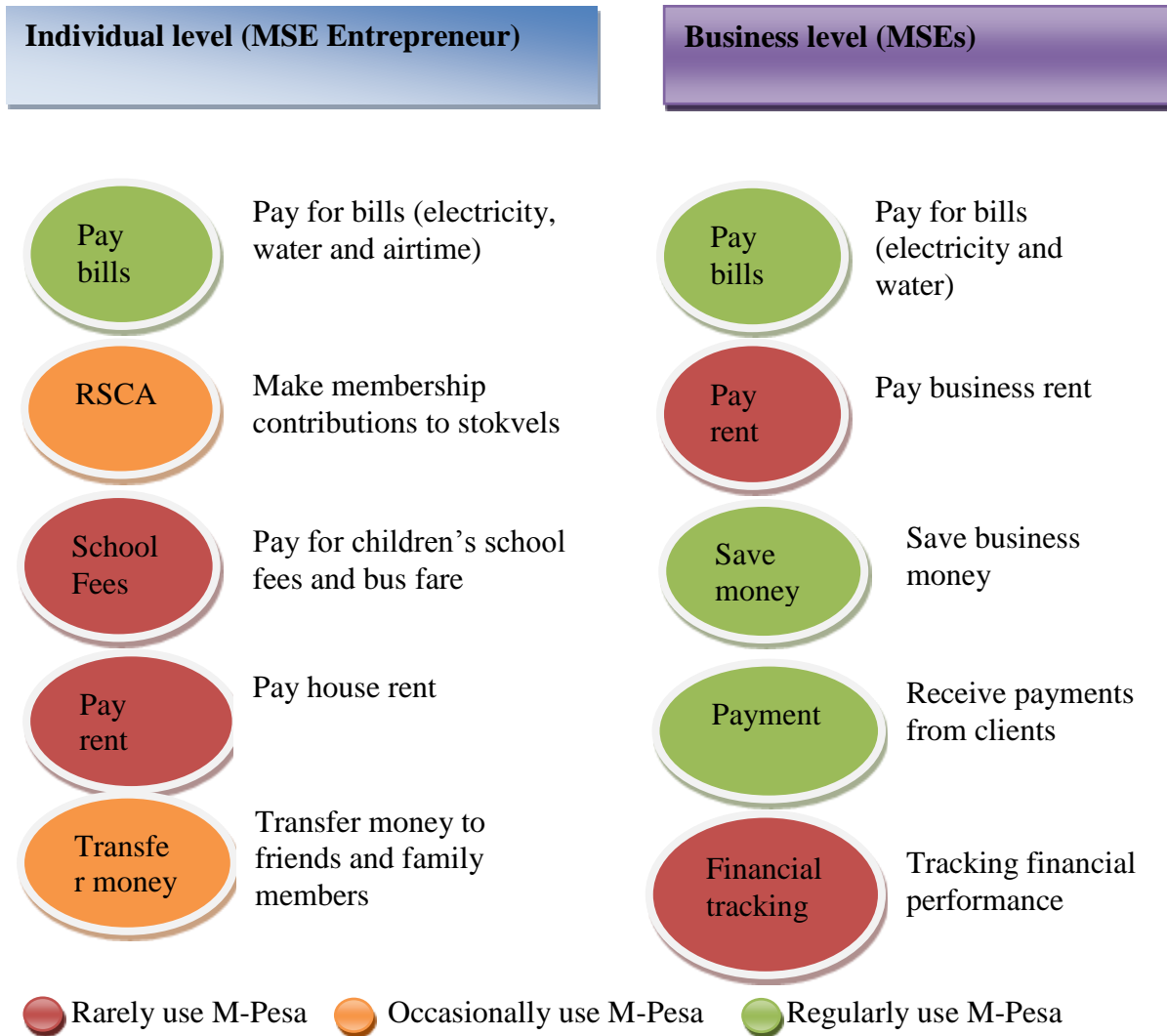


Table 5.7 shows that most respondents preferred using M-Pesa for accepting payments from customers, retaining business monies and paying bills. The main reason is that M-Pesa services are conducted smoothly through instant money transfer at affordable costs. *“It plays a huge role. It forms something like a bank where a person can keep money because its fees are quite low...”* Res 6.

5.3.2 Influence of M-Pesa on MSE entrepreneurs

The influence of M-Pesa was twofold, it affected the MSE entrepreneur's life and MSEs' growth. Respondents showed that M-Pesa allowed them to have more time for their enterprises. They further stated that through M-Pesa's instant money transfer, they could receive payments from clients who stay in rural and distant areas. Additionally, respondents indicated that M-Pesa helps them to contribute money to the social groups that they have joined as well as

covering house expenses such as electricity and water bills. On the other hand, M-Pesa played a crucial role to help MSEs to have increased turnover, profit, and customers. The convenience of M-Pesa services was observed to lead to the empowerment of respondents through financial inclusion. However, there were challenges that respondents came across while using M-Pesa.

5.3.3 Issues on use of M-Pesa

The respondents pointed out that though M-Pesa benefits them personally and in the business environment, there are issues attached to the use of M-Pesa. Network failure, security risks, presenting documents to Vodacom, and low limits on withdrawals were listed. These issues had an impact on the operations of the MSEs. Network breakdowns led to inaccessibility of M-Pesa services and withdrawal limits reduce access to money for buying stock. These issues are listed in table 7 below with supporting sample responses and the rate of each issue.

Table 5.8: Issues of using M-Pesa

Issue	Sample response	Rate of an issue
Network breakdown	<i>“Problems arise when there is no network connectivity. So in that case when a customer has paid we don’t get a notification...”</i> Res 19	Moderate
Security	<i>“I want to use M-Pesa as my bank. So such things need us to have a tight security especially towards late hours. Even when I am walking on streets I know that people already know that I am a bank and there is money with me.”</i> Res 13 <i>“Also challenges are that people steal our till numbers and steal money from us”</i> Res 19	Moderate
Limit on withdrawals	<i>“Since I have a lot of customers, even before the end of the month I will be told that I have reached the limit. So I had to go to Vodacom and fill the form so that I can withdraw large sums of money from my M-Pesa.”</i> Res 6 <i>“Limit is a major problem because I often withdraw money from M-Pesa and find that I even exceed a monthly limit. When someone from Thaba-Tseka pays me after providing a service, per se he or pays M40000.00. If he or she sends that money through M-Pesa, how am I going to withdraw it when my monthly limit is M9000.00?”</i> Res 4	High
Presenting documents	<i>“...there is the time when the letter from the chief is required. But during the registration time there is requirement of such documents.”</i> Res 20	High

Issue	Sample response	Rate of an issue
	<p><i>“They require us to provide a letter from the chief. I think since we are now using our passports to register for M-Pesa, it is advisable that Vodacom should no longer require a letter from the chief because some of us are staying far [away].” Res 15</i></p>	

Table 5.8 shows the most significant issues facing the respondents was presenting documents to Vodacom Lesotho when they had problems associated with their M-Pesa accounts and low withdrawal limits hindering the smooth operation of business activities. The other challenges, such as network breakdown and security, had minimal impact.

5.4 Linking theoretical constructs with themes

The association between the top themes from the study and the Choice Framework constructs is presented in the table below.

Table 5.9: Linking theoretical constructs with top themes

Themes	Concepts from findings	Choice Framework Constructs			
		Structure	Agency	Dimensions of Choice	Developmental outcomes
Employment Equity	Family operated enterprises, 1-11 employees including owners, employees with academic and non-academic background, employed males and females.		✓		
Informal and formal trading	Not registered and registered enterprises, operating beyond trading hours	✓			
AAA (<i>Affordability</i> , <i>Accessibility</i>)	Broader network coverage, distant communication and transaction,	✓			

Themes	Concepts from findings	Choice Framework Constructs			
<i>and Availability)</i>	convenient and time-saving transactions, reduced costs				
Social engagement	Supporting each member financially and non-financially, communicating through WhatsApp group		✓		
Institutions, policies and regulations	Obtain a licence from government institution, tax clearance and enterprise regulations.	✓			
Green community through mobile payments	Pay bills, rent, children's school fees, and electronic payments to social groups, funds transfer, receiving, tracking and saving the business money, Using computer and mobile phone to communicate through social media and emails, and gathering information from YouTube and Google.			✓	
Telecommunications and Infrastructure resources	Use a modem, landline, mobile phone and computers, POS and bank speed point.		✓		
Interaction with mobile payment platform	Easy to use, flexible functionalities, understandable functionality and user-friendly	✓			

Themes	Concepts from findings	Choice Framework Constructs			
Business performance	Increased profits, turnover, and customers.				✓
Furniture and fixtures	There were chairs (for employees and clients), desks, filing cabinets, and tables.		✓		

The concepts on table 5.9 corresponded to Choice Framework because it became the theoretical lens of the study, that is; data collection and analysis of the study relied on it. There were concepts that did not fit in Choice Framework because it is a developmental framework in the ICT space and the emerged themes were interaction concepts (see Chapter 6, section 6.4) of an ICT artefact.

5.5 Summary of findings

Despite the issues encountered by MSE entrepreneurs while using M-Pesa, there are numerous benefits that M-Pesa to the entrepreneurs. Improved lifestyles, increased profits, more customers, higher turnover and access to financial services were listed as the outstanding benefits that respondents obtained from M-Pesa. Additionally, respondents indicated that M-Pesa allows them to have full access to their financial information. M-Pesa services were accessed equally which respondents considered as fair treatment and empowerment to the economically disadvantaged individuals. Table 5.10 illustrates a summary of the data analysis.

Table 5.10: Summary of findings

Keywords (as per research objectives)	Concepts covered	Summary of analysis
MSE entrepreneurs	Skills	MSE entrepreneurs were equipped with accounting, marketing, ICT, and sales skills before venturing into business.
	Educational background	Most entrepreneurs acquired Tertiary education. The qualifications ranged from Accounting, Sales, Secretarial studies to Tailoring.
	Beneficiaries	MSE entrepreneurs supported their families with food and school fees.

Keywords (as per research objectives)	Concepts covered	Summary of analysis
	Gender	The respondents were from both gender groups – males and females.
	Social engagement	Few respondents indicated that they are not part of the social groups. Most interestingly, the majority of respondents joined more than one social group.
Mobile payment	Access to M-Pesa	M-Pesa services were accessed through a mobile phone. MSE entrepreneurs used their personal phones, while others used mobile phones provided by Vodacom Lesotho.
	Trading account	M-Pesa personal, business and merchant account was used for business savings and receiving payments from customers.
	Activities performed using M-Pesa	M-Pesa was used for transferring money to friends and relatives, receiving payment from clients, and saving the business money.
Developmental outcomes	Profit, turnover and customer increase	MSE entrepreneurs stated that they do not lose customers while using M-Pesa because most people are using it. Therefore, this results in increased sales and profits. The commission that MSE entrepreneurs receive for using M-Pesa merchant increases business profit.
	Financial inclusion	Transferring, receiving and withdrawing money at their convenience, MSE entrepreneurs found that as empowerment. The ability to perform banking services at an affordable cost was an added advantage of using M-Pesa.
	Improved well-being	Being able to buy food, clothes, and build houses were benefits of owning enterprises that use M-Pesa services. Moreover, respondents indicated that they could pay Gym memberships with the money saved on their M-Pesa account.
Use of M-Pesa	The extent of using M-Pesa	MSE entrepreneurs use M-Pesa services mostly for receiving payments from clients and paying home and business bills.

Chapter 6: Discussion of Findings

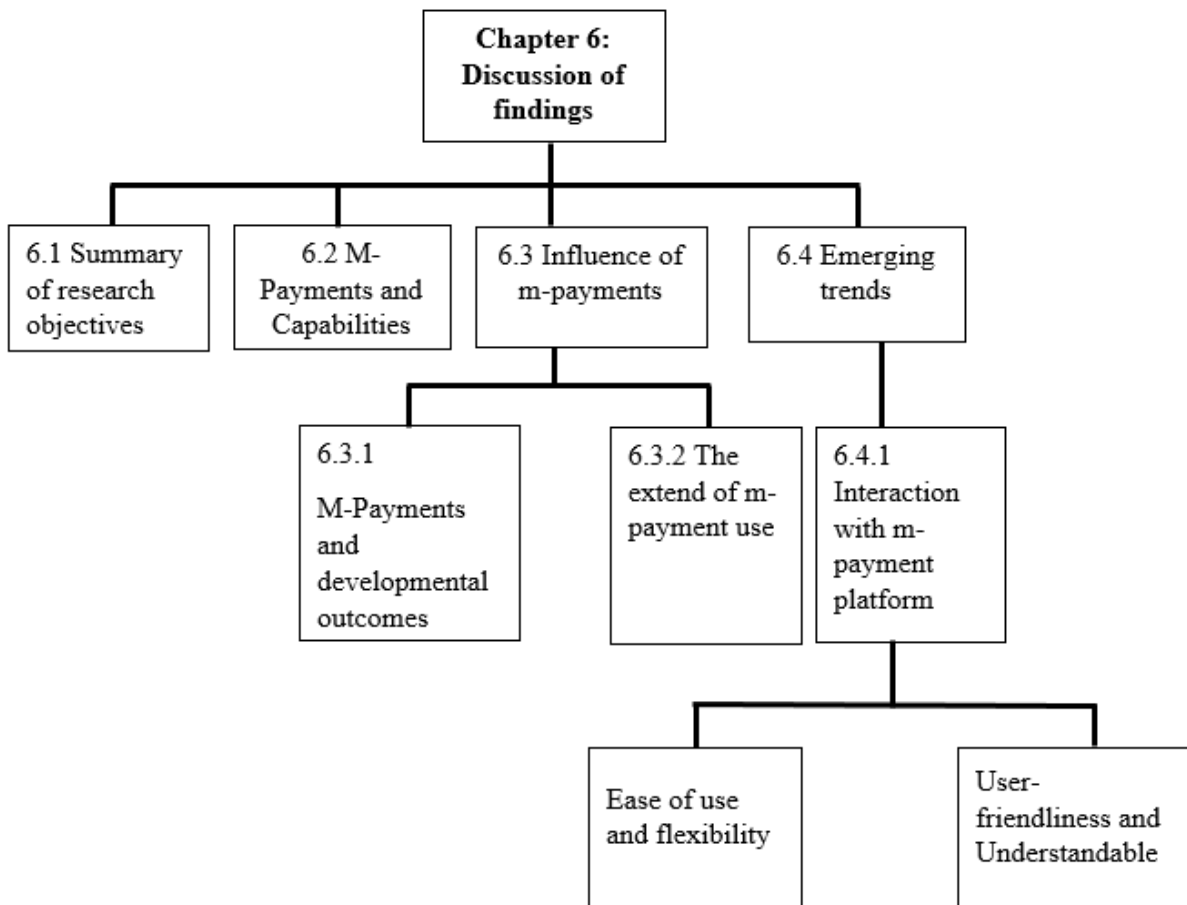


Figure 6.1: Overview of Chapter 6

6.1 Summary of research objectives

The research objective for this study was to explore and empirically assess through a capabilities lens the benefits of mobile payments among MSE entrepreneurs in the context of Lesotho. Gikunda et al. (2014) stated that mobile payments platforms play a significant role in banking the unbanked and income generation through Rotating Saving and Credit Associations (RSCA) model. Additionally, mobile payments provide an efficient means of processing B2C payments (Mbiti & Weil, 2014) and allow individuals to securely transfer money to family members and friends regardless of their geographical location (Ntale & Bosire, 2018). This results in reduced costs for transport and increased B2C transactions (Ntale & Bosire, 2018). Given these assumptions from the literature, below is a discussion of the study's objectives:

- **To assess how the use of mobile payments by MSEs lead to development outcomes:** M-Pesa became a banking platform for MSE entrepreneurs because they could not afford to bank through commercial banks. This opened opportunities to the

economically disadvantaged MSE sector for (i) revenue generation, (ii) customer attraction, (ii) profit generation, (iv) business growth, (v) quality of life and ability to meet human basic needs (buy food and clothes, rent and build homes), (vi) access to financial information at their convenience, and (vii) income generation for families. Perekwa et al. (2016) stated that mobile payments increases MSE sales and according to Gichuki and Mutuku (2017) mobile payments makes banking services available to the unbanked individuals at their convenience. Mramba et al. (2017) stated that mobile payments contributes to MSEs performance. Furthermore, Roy and Wheeler (2006) emphasised that income generated from MSEs help entrepreneurs to build homes for their families.

- **To assess the extent of mobile payments use within the MSE sector in Lesotho:** M-Pesa was used for numerous activities by MSE entrepreneurs, which include accepting payments from customers, banking business money, paying for business rent and home, payment of bills (home and business), transfer of money to friends and family members, and payment of school fees and gym subscriptions. Most MSE entrepreneurs used M-Pesa to accept payments, save business money and pay bills, transfer money to friends and family members, and to make contributions to social groups. Wyche and Olson (2018) stated that M-Pesa is a safe way to transfer and save money which is supported by Donovan (2012) who showed that mobile payments were used for bill payment and cash transfers. Furthermore, Mbogo (2010) and Pinchot, Mishra, Poullet and Kohun (2016) argued that mobile payments helps individuals to purchase goods and make airtime top-ups.

6.1.1 Mapping research objectives and findings

The analysis from the study's findings brought a broader vision of how MSE entrepreneurs use M-Pesa in their daily activities. Table 6.1 below illustrates the research objectives mapped to the analysed responses.

Table 6.1: Mapping research objectives with findings from the study

Research Objectives	Research Objectives keywords	Findings
To assess how the use of mobile payments by MSEs lead to development outcomes.	mobile payments	<ul style="list-style-type: none"> • M-Pesa services were accessed through a mobile phone. Some MSE entrepreneurs used their personal phones, while others used mobile phones provided by Vodacom Lesotho. • M-Pesa was used for transferring money to friends and relatives, receiving payment from clients, saving the business money, paying for rent, business and home bills, and gym.
	Developmental Outcomes	<ul style="list-style-type: none"> • M-Pesa resulted in increased sales and profits. The commission that MSE entrepreneurs received for using M-Pesa merchant added to business profits. • Transferring, receiving and withdrawing money at their convenience was considered empowering. • The ability to perform banking services at an affordable cost. • Buying food, clothes, and build houses were benefits of using M-Pesa services. • Growth of MSEs through increased volumes of customers and sales.
To assess the extent of mobile payments use within the MSE sector in Lesotho.	The extent of mobile payment use	<ul style="list-style-type: none"> • M-Pesa services were used for receiving payments from clients and paying home and business bills. • M-Pesa services such as transferring money to family members and friends and paying a contribution to social groups had moderate use. • Using M-Pesa to pay for rent and gym had low use.
	MSE sector in Lesotho	<ul style="list-style-type: none"> • Categories of MSEs included pharmacies, hair salons, herbal products distributors, tailors, and clothing shops. • MSEs had less than ten employees including the business owner. • MSEs were equipped with furniture (chairs and tables), personal computers, and printers. Other enterprises owned cars. • MSEs were located in town. • MSE owners are sole funders of their enterprises.

6.2 Mobile payments and capabilities of MSE entrepreneurs

The study's findings indicate that MSE entrepreneurs assisted customers during the payment process. The respondents stated that some customers could not read and write; therefore, navigating through a USSD supported M-Pesa system was a challenge. Some customers could be directed through M-Pesa USSD prompts on the enterprise premises while other clients were assisted remotely. For remote assistance, respondents used a phone call to guide customers. This gave the MSE entrepreneurs the ability to broaden their business market and increased enterprises' sales and profits. Accordingly, this resulted in income generation and business growth.

Furthermore, mobile payments helped MSE entrepreneurs to perform B2C transactions without being challenged by geographical issues. Due to the broader M-Pesa network coverage, respondents were able to receive and transfer funds at their convenience. This enabled them to work without premises thereby reducing expenses for rent and maintenance. Additionally, respondents settled enterprise bills and their personal expenses using money generated from M-Pesa.

6.3 The influence of mobile payments on MSE entrepreneurs

The study found that mobile payments influence MSE entrepreneurs' lives and their businesses. The literature revealed that M-Pesa circulates money through the Rotating Saving and Credit Associations (RSCA) model whereby MSE entrepreneur's save cash for better living (Gikunda et al., 2014). Research also shows that M-Pesa leads to creation of jobs through micro trading in the developing economies resulting in the reduction of poverty and unemployment (Gikunda et al., 2014). Ng'weno and Ignacio (2010) argued that MSE entrepreneurs could easily buy goods from suppliers. Demirguc-Kunt et al. (2015) added that M-Pesa helps the unbanked micro-entrepreneurs to accept electronic payment for goods and services. Mbiti and Weil (2011) maintained that M-Pesa significantly improves the lives of the poor and reduces financial exclusion. These scholars further emphasised that M-Pesa provides an electronic method for saving money and hence reducing risks of physically handling money. Tsilizani (2015) said that mobile payments offers an efficient and productive environment for B2C transactions. Perekwa et al. (2016) added that mobile payments help traditional entrepreneurs to process business transactions.

The study's findings show that respondents transfer money to friends and family members regardless of their geographical backgrounds. From the findings, it was identified that M-Pesa was used to make monetary transfers to social groups of which the respondents were members. The respondents indicated that they allowed clients to pay for goods using M-Pesa as M-Pesa has broad coverage and is accessible to the hard-to-reach mountainous places in Lesotho. Therefore, this expanded the market for MSE entrepreneurs. The respondents used M-Pesa for personal, business and merchant account for B2C transactions. The money generated from business transactions was saved in M-Pesa accounts as banks were considered not appropriate for small enterprises. Additionally, respondents used M-Pesa to pay for bills such as electricity, water and DSTV. The results from the findings indicated that MSE entrepreneurs receive business money via M-Pesa and use M-Pesa to pay employees.

M-Pesa enabled MSE entrepreneurs to manage business funds and allowed respondents to monitor the financial performance of their enterprises. Tracing their financial performance was enabled through M-Pesa's transactional history. The respondents pointed out that M-Pesa allowed them to generate enough income so that they were able to expand their businesses and sustain their families. The money generated from M-Pesa transactions was used to buy business furniture, equipment and build homes for micro entrepreneurs. Respondents also used business income to pay for children's education, food and clothes. This implies that the use of M-Pesa in the MSE sector helps many families in Lesotho survive (FinMark, 2016). Consequently, respondents indicated that their enterprise's success provided them with a better living. One respondent noted that his business's growth enabled him to himself fancy clothes and more groceries which was not possible before M-Pesa. Thus, the capability provided by M-Pesa translated into a developmental outcome functioning through his agency of choice.

6.3.1 Mobile payments and development outcome functionings

Mobile payments were observed to provide benefits for MSE entrepreneurs at the business level and the individual level. On the business level, respondents indicated that M-Pesa allows them to (1) bank business money, (2) obtain equal access to financial information, (3) perform accurate transactions, (4) increase customers, revenue and profits, and (5) reduce costs on transactions. On the individual level respondents indicated that they obtained developmental outcomes from M-Pesa including (1) quality of life, (2) financial information access, (3) financial management activities, and (4) convenient transacting. Three outcomes in particular applied to the business level and the individual level: (1) financial inclusion and financial

information access; (2) convenient transacting; and (3) financial management activities. Ntale and Bosire (2018) and Gichuki and Mutuku (2017) argued that mobile payments are a way to bank the unbanked MSE entrepreneurs. In support of that, the literature points out that a spread of mobile payments is found in the MSE sector (Kimani et al., 2016). Moreover, Omwansa (2009) pointed out that mobile money allows MSE entrepreneurs to receive and transfer money wherever they are. The study outcome provided by mobile payments to MSE entrepreneurs is listed in Table 6.1. These outcomes are presented from both individual and business perspectives.

Table 6.2: The developmental outcomes of using M-Pesa

Developmental Outcomes categories from findings	Developmental outcomes	Explanation of developmental outcomes
Individual level (MSE entrepreneur level)	<ul style="list-style-type: none"> • Financial inclusion • Convenient transactions • Quality life • Financial management activities 	The findings indicated that MSE entrepreneurs use M-Pesa to transfer money to remote people and make monthly or annual contributions to social groups. M-Pesa provides banking activities to respondents at affordable rates and improves their lives through financial inclusion.
Business level (MSE level)	<ul style="list-style-type: none"> • Bank business money • Financial inclusion • Accurate business transactions • Increased customers, revenue and profits • Reduced costs on transactions • Financial management activities. 	MSEs increased customers, sales and profits from using M-Pesa to perform financial transactions. This is mainly due to reduced costs and broader network coverage of M-Pesa services. Respondents maintained that they use M-Pesa to bank business money and that M-Pesa services allowed them to control cashflow.

6.3.2 The use of mobile payments by MSE entrepreneurs

The findings from the study emphasises that mobile payments are used for (1) transferring money to family members and friends, (2) banking business money, (3) making payment to social groups, (4) receiving payment from clients and/or customers, (5) payment of bills and

(6) making payment for children's school fees and bus fare. Respondents conducted these activities at different rates. Some activities were frequent, while other activities had a moderate use. The respondents indicated that they use M-Pesa to bank business money, receive payments and pay electricity, water and DSTV bills. Some MSE entrepreneurs used M-Pesa to transfer money to other people and to make a membership contribution in social groups. Many respondents found that social groups waste their money and did not invest the business money wisely. The study also showed that some respondents pay rent (business and home) and track the financial performance of their enterprises through M-Pesa.

6.4 Emerging trends

The study adopted a deductive approach to analyse the collected data. The Choice Framework guided this approach and themes were identified to accommodate the constructs of the framework. However, during the analysis, the following additional themes and sub-themes emerged from data.

6.4.1 Interaction with mobile payment platform

It was noted from the findings that MSE entrepreneurs regarded M-Pesa as an easy to use, flexible, understandable and user-friendly mobile payment platform. The principles of interaction are discussed below.

Ease of use and flexibility

The findings indicated that interacting with M-Pesa was smooth and that there was no need for formal training to use M-Pesa. Some respondents stated that they assist clients who cannot easily follow M-Pesa USSD prompts during the payment process. Respondents indicated that they could easily change M-Pesa's language from Sesotho to English and vice-versa. This indicated a flexibility feature of M-Pesa through customisation. Norman (1988) stated an interactive ICT product should be flexible; that is, the ICT product must be customizable and controllable. Rogers and Preece (2007) stated that an IT artefact should be effective and efficient to use. These scholars further stated that an artefact should be easy to learn, and a user must easily remember how to use it.

User-friendliness and Understandable

The findings from the current study indicated that the use of M-Pesa was understandable because the mobile payment platform provided the services in different languages including Sesotho. The findings showed that this was an advantage for those who could not read and write in any other language apart from Sesotho, which was the respondents' native language. Respondents indicated that this also makes it easier for them to understand the functionalities of M-Pesa.

Chapter 7: Conclusion

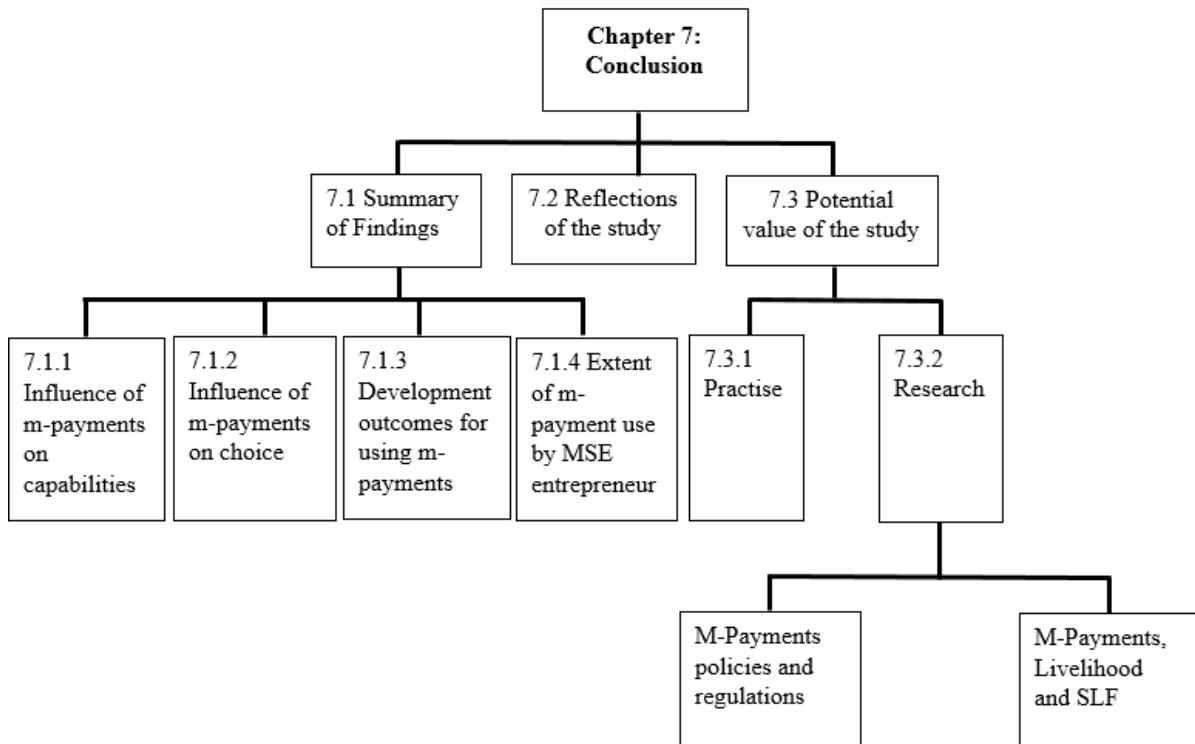


Figure 7.1: Overview of Chapter 7

7.1 Summary of findings

The study unpacked the knowledge on the development outcomes of mobile payments to MSE entrepreneurs in Lesotho. Furthermore, the study reveals the challenges that these entrepreneurs face while using mobile payments to operate their enterprises. The following sections outline the influence of mobile payments and the extent at which they are used within the MSE sector in Lesotho.

7.1.1 Influence of mobile payments on the capabilities of MSE entrepreneurs

The findings from the study indicated that MSE entrepreneurs were fully equipped with the skills needed to perform B2C transactions through mobile payments. The respondents pointed out that during transactions, there would be a point when the customer does not know how to use M-Pesa. Therefore, the MSE entrepreneurs would guide the customer through M-Pesa USSD prompts in-person or through a phone call. This helped the MSE entrepreneurs to broaden their business market and reach remote areas of Lesotho. Due to the broader network coverage of M-Pesa, the respondents indicated that distant transactions were not a challenge

and thus the geographical challenge of Lesotho was not a burden and resulted in increased profits, customers and sales revenue.

7.1.2 The influence of mobile payments on MSE entrepreneurs' choice

The findings pointed out that some MSE entrepreneurs were provided with M-Pesa merchant package, while other entrepreneurs decided to use their own mobile phones to process M-Pesa transactions. This provided unbanked MSE entrepreneurs broader access to financial services without the formalities of the formal banking sector. The MSE entrepreneurs were able to receive payments from customers, save business money into the M-Pesa account, receive money generated from other enterprises that they own, pay salaries to employees, transfer money to friends and family members, settle home and business bills (water and electricity), and pay school fees for children. Given a broader picture of services provided by M-Pesa, the micro-entrepreneurs had full access to their financial information, their standard of living improved, and their enterprise's performance.

7.1.3 The development outcome functionings for using mobile payments

The primary developmental outcomes that emerged from the findings is that M-Pesa was mainly used to reduce handling physical cash. The MSE entrepreneurs found M-Pesa to be a convenient and effective way of conducting B2C transactions. Through this mobile payment platform, there were several outcomes that MSE entrepreneurs obtained. Findings indicated that M-Pesa reduced the costs of conducting financial management activities (save, deposit, withdraw, and transfer). M-Pesa as an effective and accessible mobile payments platform in Lesotho results in increased volumes of customers increased sales revenue and profits. The profits that MSE entrepreneurs obtained were not limited to customer payments, because Vodacom Lesotho provided 10% commission for entrepreneurs who use M-Pesa to conduct their business financial activities. Therefore, this increased entrepreneurs' standard of living and reduced financial exclusion. Generally, M-Pesa, as an mobile payment platform, empowered the MSE entrepreneurs through equal access to financial information.

7.1.4 The use of mobile payments by MSE entrepreneurs

The findings from the study showed that M-Pesa was used for paying salaries to an employee, transferring money to friends and family members, settling home and business bills (water and electricity), and paying school fees for children and receiving payment from customers. These

services had different levels of use because some were highly used while others had moderate and minimum use. The services such as paying for bills (electricity, water and airtime) and receiving payments from clients had a higher rate of use while services such as making membership contributions in social groups and transferring money to friends and family members had a moderate use. Other M-Pesa services had a lower rate of use, including; tracking financial performance, paying rent and paying for children's school fees and bus fare.

7.2 Reflections of the study

The major challenge that the researcher found during the fieldwork was that participants could not openly communicate with the researcher with regards to the range of income that their enterprises generate. Therefore, this did not provide a picture of the amount of money that MSE entrepreneurs accumulate from their enterprises. Moreover, the participants referred the researcher to participants who are in the same business industry as them while other referrals were to MSEs that use M-Pesa on the agency level, not merchant or trading purposes. Hence, the researcher sometimes struggled to find the next potential participant.

During the interviews there were constant distractions from clients resulting in pausing the recording device. When a client entered the shop, the participant would leave so that he or she could offer assistance to their client. Additionally, interviewees' friends and neighbouring entrepreneurs demanded time for the interviewee, which distracted the interview process. Moreover, the participants posed complaints, both business-related and M-Pesa-related to the researcher, in the hope that the researcher will present the complaints to the Government and Vodacom Lesotho.

7.3 Potential value of the study

The previous studies on the influence of mobile payments in Lesotho were collective-oriented. This means that such studies showed the influence of M-Pesa on financial inclusion in Lesotho. Moreover, existing studies in the context of Lesotho did not theorise the concept of M-Pesa through the empowerment of financial inclusion. This study fills the gap by evaluating the influence of M-Pesa from an individualist point of view. The following subsections provide recommendations for practise and suggestions for future research.

7.3.1 Recommendations for practise

- There is a need for assessment of mobile payment practises among micro-enterprises. It is indeed interesting that Vodacom Lesotho issued mobile payments merchant package to the MSE entrepreneurs, but the application of such a product should be monitored in order to have a clear picture of challenges and benefits that accompany it.
- MSE entrepreneurs should be taught about the significance of mobile payments. The MSE sector is a backbone for Lesotho's economy, and mobile payments are a crucial tool for the growth of these enterprises. Therefore, providing workshops that make MSE entrepreneurs aware of mobile payments would be beneficial to the Lesotho economy.
- There is a need for increased awareness of the policies and regulations that govern the operation of mobile payments in Lesotho.
- The Governmental body that governs the MSE sector in Lesotho needs to provide workshops that brings the awareness of ICTs to MSE entrepreneurs. The training should point out the benefits of ICTs in business and skill development.
- The MSE sector in Lesotho as a whole needs to be made aware of the benefits provided by ICTs. This training should point out the benefits of ICTs in business and skill development and would be best undertaken from a Governmental perspective.

7.3.2 Suggestions for future research

The suggestions for future research are twofold, from a regulatory perspective and a livelihoods perspective.

Mobile payments policies and regulations

There is a shortage of regulations that govern money transfers, deposits, and withdrawals in the mobile payments ecosystem (Motjoloane, 2018). This indicates the need for research that should consider the underlying policies and regulations governing mobile payments in Lesotho. The policies must be aligned with the development of the MSE sector as this is the backbone for the economic development of developing countries (Onsinyo & Moronge, 2018).

Mobile payments, Livelihood and SLF

Mobile payments play a significant role in the lives of people in urban and rural areas. This study suggests that future research should consider the influence of mobile payments on the lives of individuals living in rural areas. Furthermore, the study recommends that future research should consider theorising the discussion through the Sustainable Livelihood Framework, which could lead to a significant contribution to IS research.

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Appendices

Appendix A: Authority to conduct research (Organisation consent form)



Department of Information Systems

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Private Bag X3 - Rondebosch - 7701
Tel: +27 (0) 21 650 2261 Fax: +27 (0) 21650 2280
Internet: <http://www.commerce.uct.ac.za/informationssystem/>

18 October 2018

Request to conduct research and interview participation consent form

Dear Sir/Madam,

In terms of the requirements for completing a Master's Degree in Information Systems at the University of Cape Town a research study is required.

The researcher, in this case **Batloung Hlabeli**, has chosen to conduct a case study entitled "**The influence of mobile payments on the Capabilities of Micro and Small Enterprise entrepreneurs in Lesotho**". The objective of the research is to empirically assess the ways in which mobile payments technologies contribute to the empowerment of entrepreneurs of micro and small enterprises (MSEs) in the Mountain Kingdom of Lesotho.

We would like to inform you that the ethical aspect of the research ensures the preservation of the identity of the participants, the data collected will be used purely for academic purposes. All personal details will be treated with the highest form of confidentiality. Please note that participation in this research is voluntary and participants can opt out of the study at any time.

The interview will follow set of open-ended questions that will be posed to each potential participant, who in turn will refer the researcher to other potential participants. The intended duration of each interview is 60 minutes. If you authorise this study to be undertaken, please kindly sign the attached form and return to me at your earliest convenience.

Should you have any questions regarding this research, please feel free to contact me on **hlabelibatloung@gmail.com**.

Your approval of this study would be greatly appreciated.

Sincerely,

Batloung Hlabeli

Researcher - MCom Student, (UCT)
Department of Information Systems
University of Cape Town

Email: hlbbat001@myuct.ac.za

Pitso Tsibolane

Research Supervisor
Department of Information Systems
University of Cape Town

Email: pitso.tsibolane@uct.ac.za

Management Consent Form

I, _____, consent to the conducting of this research entitled **‘The influence of mobile payments on the Capabilities of Micro and Small Enterprise entrepreneurs in Lesotho’**.

I am aware that participation in this study is voluntary and that participating organisations can choose to withdraw from this study at any time, should they choose to do so.

Signature _____ Date _____

Appendix B: Individual consent form



Department of Information Systems

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27 November 2018

Request to conduct research and interview participation consent form

Dear Sir/Madam,

In terms of the requirements for completing a Master's Degree in Information Systems at the University of Cape Town a research study is required. The researcher, in this case Batloug Hlabeli, has chosen to conduct a case study entitled "The influence of mobile payments on the Capabilities of Micro and Small Enterprise (MSE) entrepreneurs in Lesotho". The objective of the research is to empirically assess the extent to which mobile payments contribute to the development of human capabilities for the entrepreneurs driving MSEs in the Mountain Kingdom of Lesotho.

Being a participant in this research is voluntary. Moreover, any information that you provide during the course of the study will be kept confidential and be used for the purpose of this research. Upon completion of this study, all provided information will be publicized to online databases BUT participants' names will be kept anonymous. Additionally, as a participant, you are not required to present an identity document to take part in the study. This will be a way of maintaining data confidentiality. As indicated earlier that participation is voluntary, also as an individual participant you are free to terminate an interview.

The interview will follow set of open-ended questions that will be posed to each potential participant, who in turn will refer the researcher to other potential participants. The intended duration of each interview is 60 minutes. Having interest in participating in this study, kindly sign the attached form and return your response to me.

Should you have any questions regarding this research, please feel free to contact me on hlbbat001@myuct.ac.za

Sincerely,

Batloug Hlabeli
Researcher - MCom Student, (UCT)
Department of Information Systems
University of Cape Town
Email: hlbbat001@myuct.ac.za

Pitso Tsibolane
Research Supervisor
Department of Information Systems
University of Cape Town
Email: pitso.tsibolane@uct.ac.za

Research Participant Consent Form

I, _____, consent to participate in the research on the influence of mobile payments on the Capabilities of Micro and Small Enterprise (MSE) entrepreneurs in Lesotho. I am aware that participation is voluntary and that I may choose to withdraw from this study at any time, should I choose to do so.

Signature _____ Date _____

Appendix C: Project plan

Milestones	Start Date	Completion Date
Dissertation Proposal	13 Mar 2018	17 May 2018
Literature Review	22 Jul 2018	26 Jul 2018
Research Design	15 Aug 2018	02 Oct 2018
Ethic Clearance	22 Nov 2018	19 Dec 2018
Pilot Study	19 Feb 2019	01 Mar 2019
Data Collection	15 Mar 2019	25 Apr 2019
Data Analysis	06 June 2019	22 Jul 2019
Draft dissertation	29 Jul 2019	06 Sept 2019
Final dissertation	16 Sep 2019	30 Sep 2019
Submit final dissertation	14 Oct 2019	02 Dec 2019

Appendix D: Interview guide

Interview Questions

<p>Please briefly describe yourself:</p> <ul style="list-style-type: none"> - Age, Sex, Marital status, Number of dependents, Educational background. <p>Please briefly describe your business:</p> <ul style="list-style-type: none"> - What type of business do you operate? How did it start? When did it start? - How many employees do you employ? What are your business long term aspirations? - Who are your key stakeholders (suppliers, partners etc?) - Do you own or rent the business space/premise? 	
<p>Choice Framework constructs</p>	
<p>Structure</p>	<p>Institutions and Organisations</p> <ul style="list-style-type: none"> ▪ Which government laws or regulations affect your business most? ▪ In what ways do these laws affect your business? ▪ How accessible and helpful are the government institutions to you? <p>Discourses</p> <ul style="list-style-type: none"> ▪ What are the most common issues do other neighbouring business such as yours complain and worry about most of the time? <p>Policies and programmes</p> <ul style="list-style-type: none"> ▪ Who authorized your business to operate in this location? <p>Formal and informal laws</p> <ul style="list-style-type: none"> ▪ Who authorized your business to operate in this location? ▪ Do you get inspectors coming to your business for inspections? ▪ Is your business registered? Why (not)? <p>Technologies and Innovations</p> <ul style="list-style-type: none"> ▪ What general technologies do you use to support your business activities? ▪ What specific technologies do you use for processing payments? For example, M-Pesa, EcoCash, or Internet Banking. Why? ▪ How do you do banking for your business? ▪ How do you obtain information that affects or influence your business? ▪ How do you communicate with social or business groups in sharing information?

	<ul style="list-style-type: none"> ▪ What are the problems associated with using technology, particularly payment technology, in your business? ▪ What are the benefits of using technology in general, and mobile payment technology in particular in your household?
Agency	<ul style="list-style-type: none"> ▪ What type of knowledge and skills did you acquire to operate your business? ▪ What type of technology, if any did you use to acquire the skills and knowledge? ▪ What type of financial services does your business depend on? How does it work ▪ Do you belong to any social or business group and why? ▪ How do you communicate with members of the social or business group? ▪ What methods of communication do you often use to promote your business? ▪ What resources do you use to access information for your business?
Development Outcomes	<ul style="list-style-type: none"> ▪ How has the technology you have adopted (particularly for payments) improved your life? Additionally, how has it benefited your business? ▪ What are the goals do you aspire to achieve from the business? ▪ Which outcomes from the business do you consider important and why? ▪ To what extent have you achieved your goals from the business?
	<ul style="list-style-type: none"> ▪ Apart from mobile payments was there any other option that you would use for your business's financial management activities? ▪ Now that you are using M-Pesa as an m- payment platform, does your personal goals for using M-Pesa in your business match the outcomes that you get? ▪ Can you just mention few outcomes that you got and matched your intension?
	<ul style="list-style-type: none"> ▪ Are there any questions you would like to ask? ▪ Thank you very for your time.

Appendix E: Illustration of structure construct, sub-constructs and themes from NVIVO

Structure	22	104	
Discourses	4	4	
Equal access to financial information through I	4	4	
Formal and informal laws	5	7	
Norms on usage of space	2	3	
Norms on usage of time	3	4	
Institutions and organisations	15	25	
Access to institutions	10	10	
Governmental and non-governmental instituti	7	10	
Inspection	5	5	
Policies and programmes	10	21	
Submit financial statement	2	4	
Tax clearance	4	6	
Trading rules for business registrations and op	8	11	
Technologies and innovations	17	47	
Access to ICTs	5	10	
Affordability of ICTs	12	15	
Availability of ICTs	13	20	
Capabilities needed for ICTs	2	2	