



## A Study on Capital Structure of TIGO PESA in Tanzania with Customer Satisfaction

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Date of Submission: 06-08-2024

Date of Acceptance: 17-08-2024

### ABSTRACT

This study investigates the impact of Tigo Pesa on customer satisfaction and the role of induction training on employee performance in Tanzania's telecommunications sector. As mobile money services have increasingly become vital in the economic landscape of Tanzania, understanding their influence on both customer satisfaction and employee performance is essential for improving service delivery and achieving competitive advantage. The study focused on two primary objectives: (1) to assess how Tigo Pesa influenced customer satisfaction in Tanzania, and (2) to examine the effect of induction training on the performance of Tigo Pesa employees. The study was supported by several key theories, including the Telecommunication Economic Development Theory and Social Learning Theory. The Telecommunication Economic Development Theory provided insight into how telecommunication services, like Tigo Pesa, contributed to economic growth and customer satisfaction. Meanwhile, the Social Learning Theory offered a perspective on how induction training could enhance employee performance by emphasizing the importance of observational learning, imitation, and modeling. The study revealed that Tigo Pesa significantly enhances customer satisfaction by providing convenient and reliable financial services, leading to continuous monitoring and evaluation of both customer satisfaction and employee training outcomes are critical for sustaining growth in the competitive telecommunications industry. In conclusion, Tigo Pesa has a substantial impact on customer satisfaction in Tanzania, and effectively influenced. The findings underscore the importance of aligning customer service strategies with employee development initiatives to achieve sustainable business success in the telecommunications sector.

**Key words:** Customer Satisfaction, Induction Training,

### I. Introduction

This paper introduces the company TIGO. It includes services like TIGO PESA, Send and Receive Money, TIGO App, Self Care, Pay Bills, International Money Transfer, LIPA KWA SIMU, Visa and TIGO PESA Corporate, Google Play Payment. TIGO PESA is the first mobile money service in Africa. TIGO was established in 1994 as Tanzania's first network. . TIGO PESA was introduced in 2003 under the name BUZZ GSM. In Tanzania it is called a telecommunication company. TIGO PESA is a mobile money service that enables customers to make payments and transactions using a mobile phone in an easy manner. It includes options for paying electricity bills, buying airtime, merchants, and sending and receiving money. It has a source for making bulk payments directly to consumers. It is recognized as a full-fledged digital lifestyle brand. Of the 7 million customers currently subscribed to TIGO Tanzania, over 3.5 million have already signed up. Kamal Okba is currently the Chief Executive Officer of Honora Tanzania Public Limited Company ("TIGO Tanzania") as of recent appointment

### II. Literature Review

Telecommunication systems have a long and varied history, beginning with primitive methods such as smoke signals and drums in Africa, Asia, and the Americas Abbate, J. (2000). The first semaphore system was developed in Europe during the 1790s. The evolution of electric telecommunication systems marked a significant advancement. The history of telecommunication is a critical part of global development Fischer, C. S. (2009). In ancient times, different forms of communication were utilized locally: drums were



common in Africa, while smoke signals were used in China and America.

Pigeons, known as "pigeon post," were another early form of communication. While experiments with electricity in 1726 failed, electrical telegraphy emerged in 1809 with the invention of the electrochemical telegraph by German physician Samuel Thomas von Summering. The 1870s witnessed the invention of the electrical telephone, building on the principles of electrical telegraphy. Noam, E. M. (2009). Other significant inventions followed, including radio, television, the light bulb, and the digital computer.

Prominent inventors such as Alexander Graham Bell and Gardiner Greene Hubbard were instrumental in establishing the first telephone company in the United States, the Bell Telephone Company, which eventually evolved into American Telephone & Telegraph (AT&T), once the world's largest phone company. Over time, telecommunications expanded with the advent of radio, telephony, video telephony, satellites, computer networks, the Internet, digital telephony, and the wireless revolution. Castells, M. (2010).

By 2024, Africa's telecommunications market value is projected to reach \$82.34 billion by 2029, with a growth rate of 5% per year. For instance, Nigeria's youthful population shows high utilization at 9.09%, with MTN being the largest telecom operator in the country. Safaricom, a leader in Kenya, is known for its innovative services like M-Pesa, a mobile payment solution that has significantly impacted Kenya's telecommunications landscape. The MTN Group operates across Africa, particularly in South Africa, while Vodacom is the leading telecom operator in several African countries. Nigeria represents the largest segment in telecommunications, with major companies such as Airtel and Glo playing pivotal roles.

TIGO PESA, a public company, plays a crucial role in money transfer services in Tanzania. TIGO was the first mobile company in the country and operates as a joint venture with Luxembourg-based Millicom International Cellular (MIC), under the MIC TIGO brand. TIGO offers a broad range of products and services tailored to personal and business needs, ensuring that users stay connected with the latest technological updates. TIGO provides an exceptional digital experience, with super-fast download speeds at competitive internet bundle prices.

Recently, TIGO PESA has expanded its services, allowing customers to pay for flights via mobile phones and send money

internationally. McChesney, R. W. (2013). TIGO PESA operates in 14 countries across Africa, covering a network of 50 million mobile customers with 18,000 employees. Since its inception in 1994, TIGO has been at the forefront of digital transformation in Tanzania, with over 7 million users. In 2014, TIGO PESA became the first mobile money service to enable users to transfer money between different networks like Vodacom, Airtel, and Zantel. This service later expanded to Rwanda. In the fiscal year ending March 31, 2022, Safaricom generated over \$885 million in revenue from M-Pesa, a leading mobile money service in Africa that provides financial and payment services to users without bank accounts.

Telecommunication plays a pivotal role in global economic development, significantly impacting the economic landscape of Tanzania. Despite being one of the world's poorest economies, Tanzania has experienced growth through its gold mines in Mwanza, contributing to the development of sectors such as mining, agriculture, banking, financial services, telecommunications, energy, and industry. The telecommunication sector, in particular, has been integral to Tanzania's social and economic advancement. Originally known as TPTC (Tanzania Posts and Telecommunications Corporation), the communication sector was later streamlined by the government into TTCL (Tanzania Telecom Company Limited) and TCC (Tanzania Communication Commission). The country's growth extends into cellular services, radio networks, and internet services.

### III. Research methodology

This study aimed to give a comprehensive overview of the research process by detailing the research approach, philosophy, design, data sources, and methods employed for analyzing and the manner the findings were presented. The methodology provided a rationale for the study by establishing guidelines for relevant data collection and analysis. This approach ensured that the research was conducted systematically and logically, thereby enhancing its reliability and validity. This study employed a mixed-method approach, combining both qualitative and quantitative research methods to assess the impact of Tigo Pesa on customer satisfaction and employee performance in Tanzania. The qualitative aspect involved in-depth interviews with Tigo Pesa customers and employees to gather insights into their experiences and perceptions. These interviews were designed to explore the subjective elements of



customer satisfaction and the effectiveness of induction training from the employees' perspectives. The quantitative aspect includes surveys distributed to a larger sample of Tigo Pesa users and employees across various regions in Tanzania. The surveys were structured to collect data on key metrics such as customer satisfaction levels, frequency of Tigo Pesa usage, and the perceived impact of induction training on job performance. This data is analyzed using statistical tools to identify patterns, correlations, and causal relationships. The study also included a review of secondary data, such as company reports, industry publications, and previous research studies, to provide context and support the findings. By triangulating data from various sources, the research aimed to ensure the reliability and validity of the results, offering a comprehensive understanding of Tigo Pesa's role in the Tanzanian telecommunications sector.

#### IV. RESULTS AND DISCUSSIONS

This part interpreted the data collected and analyzed, presenting a comprehensive view of how Tigo Pesa influences customer satisfaction and employee performance. Data was gathered using a mixed-method approach, with primary data collected through questionnaires and secondary data sourced from stakeholders relevant to this study. The analysis was conducted using SPSS software and Microsoft Excel, which facilitated the creation of various tables, pie charts, and bar graphs to illustrate the findings. Additionally, qualitative analysis provided deeper insights into the impact of Tigo Pesa on customer satisfaction and employee performance. The study concluded

that Tigo Pesa significantly enhances customer satisfaction, and induction training plays a vital role in boosting employee performance. These findings highlighted the importance of aligning customer service strategies with effective employee development programs to achieve sustainable growth in the competitive telecommunications industry. By continuing to innovate and invest in its workforce, Tigo Pesa could maintain its leadership position and further contribute to Tanzania's economic development.

The data presented in Table 4.1 reflects the age distribution of respondents in the study. The majority of respondents, accounting for 34%, are in the age group of less than 25 years, indicating a significant representation of younger individuals. This is followed by the 25-35 age group, which comprises 32% of the respondents, suggesting that a substantial portion of participants are in their early to mid-career stages.

The age group of 35-45 years represents 24% of the respondents, showing a moderate level of participation from individuals in their mid-career phase. On the other hand, the older age groups are less represented, with only 4% of respondents falling within the 45-55 years age range, and 6% being above 55 years.

This distribution suggested that the study primarily engaged younger and middle-aged individuals, with fewer contributions from older respondents. This demographic spread might reflect the age profile of Tigo Pesa users or employees involved in the study, highlighting the potential influence of age on customer satisfaction and employee performance perspectives.

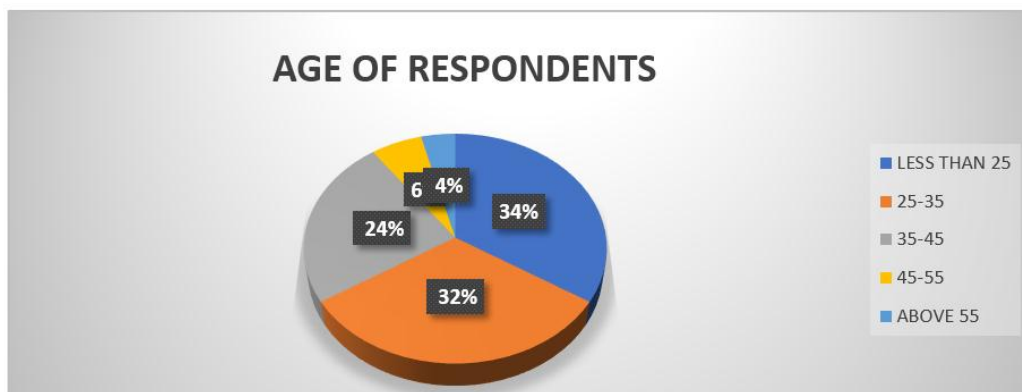


Table 4.8 and figure 4.8 shows the distribution of respondents according to coverage in the area. There are four variables, which is less than YES - 78%, NO - 18%, NEVER - 2 %, more than SOMETIMES - 2%. In KINONDONI Area there are many other network were available. When there was no network there was no communication between people. This communication could help to communicate to the other networks.

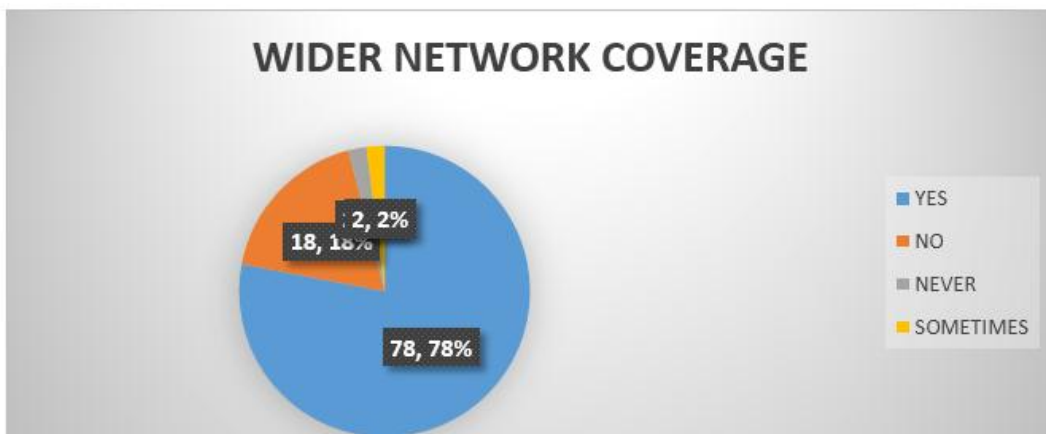
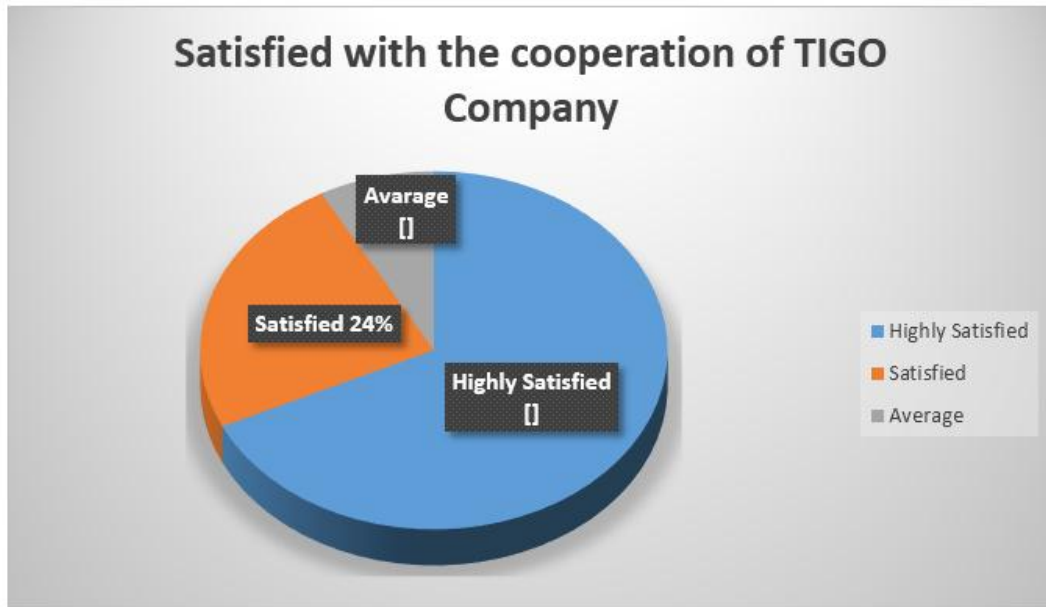


Table 4.9 and figure 4.9 shows the distribution of respondents according with satisfied with the cooperation of TIGO Company. There were four variables, which is Highly Satisfied - 68%, satisfied – 24%, Average – 8 %. In KINONDONI Area there were many other companies are available. When there is satisfied cooperation in public company is more offer table to the customers.

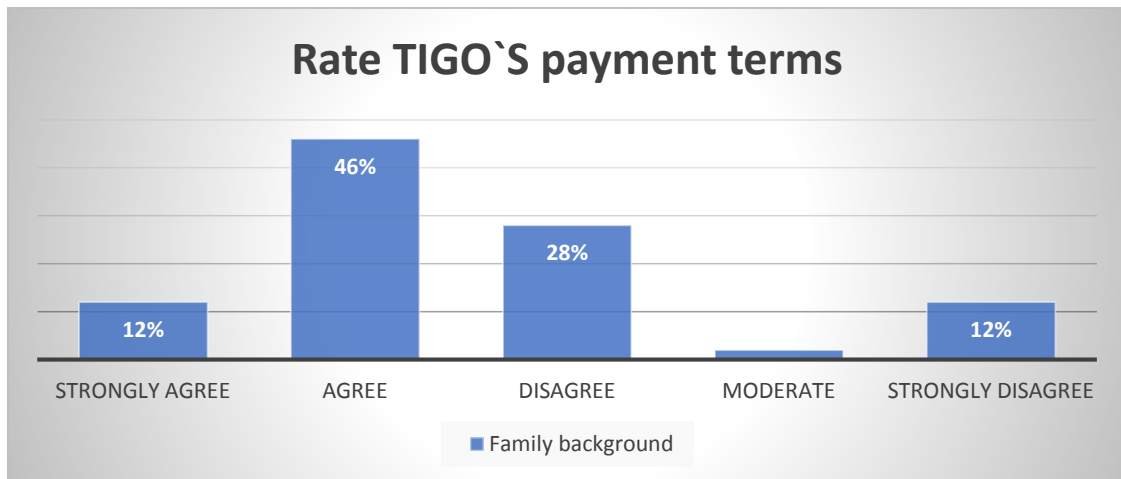


Figure 4.7 presented the distributions of respondents according to payment terms. The distribution of respondents in regard to rate of payment terms was considerate of five variables, The rate TIGO'S payment terms is more important to rate payment terms in business where responded as Strongly agree were 6with 12%, Agree were 23 with 46%, Moderate were 1with 2% . Disagree were 14with 28%, and strongly disagree were 6 with 12%. The total number of respondents were 50.

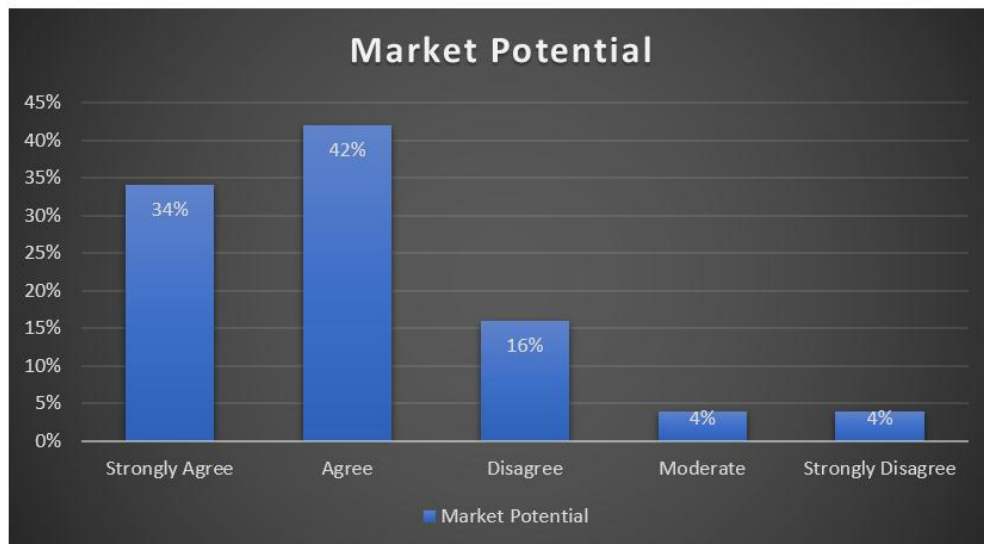


Figure 4.8 presents the distribution of respondents' perceptions of Market Potential, categorized into five levels: Strongly Agree, Agree, Moderate, Disagree, and Strongly Disagree. Out of a total of 50 respondents, the most significant proportion, 42% (21 respondents), agreed that there is strong Market Potential. This suggests that nearly half of the participants have a positive outlook on the market's potential.

Additionally, 34% of respondents (17 individuals) strongly agreed, reinforcing the overall positive sentiment towards Market Potential. Combined, these two categories (Agree and

Strongly Agree) account for 76% of the respondents, indicating a strong consensus on the market's potential among the participants.

On the other hand, 16% of respondents (8 individuals) disagreed, and 4% (2 individuals) strongly disagreed with the statement on Market Potential, reflecting a minority who are skeptical about the market's opportunities. Another 4% (2 respondents) rated their perception as moderate, neither agreeing nor disagreeing.



## V. MAJOR FINDINGS

The study found that Tigo Pesa significantly enhances customer satisfaction in Tanzania. A substantial portion of the respondents reported positive experiences with Tigo Pesa, particularly appreciating its convenience, reliability, and the ability to conduct transactions across different networks. This indicates that Tigo Pesa is effectively meeting the needs of its users and maintaining a strong customer base.

Induction training was identified as a crucial factor in improving employee performance at Tigo Pesa. Employees who underwent comprehensive induction training reported higher job satisfaction, confidence, and productivity. The training provided a solid understanding of company operations and customer service standards, which directly translated into better service delivery.

The majority of respondents expressed a positive outlook on the market potential of Tigo Pesa, with 42% agreeing and 34% strongly agreeing that there is significant potential for growth. This strong consensus highlights confidence in the continued expansion and success of Tigo Pesa in the Tanzanian telecommunications market.

Tigo Pesa's ability to facilitate transactions across different networks and internationally was highlighted as a key competitive advantage. This feature has broadened its appeal and contributed to its strong market position in Tanzania and beyond. While customer satisfaction was generally high, some respondents raised concerns about network reliability and occasional transaction delays. These issues, though not widespread, suggest areas for improvement in Tigo Pesa's service infrastructure to enhance overall user experience.

The age distribution of respondents showed a significant representation of younger individuals, with 66% of respondents under the age of 35. This suggests that Tigo Pesa's services are particularly popular among younger demographics, who are likely more tech-savvy and engaged with mobile money platforms. While induction training is effective, there is a need for continuous training to keep employees updated with new technologies and service enhancements. This ongoing development is essential to maintaining high service standards and ensuring that employees are equipped to handle future challenges.

## VI. SUGGESTIONS AND RECOMMENDATIONS

Based on the findings of the study, the following suggestions and recommendations were proposed to enhance Tigo Pesa's customer satisfaction, employee performance, and overall market position: Tigo Pesa should invest in upgrading its network infrastructure to address concerns about reliability and transaction delays. Improving network performance will reduce disruptions and enhance the overall user experience, leading to higher customer satisfaction. Regularly monitor and assess network performance, particularly during peak usage times, and implement proactive measures to prevent downtime. Expanding network capacity in underserved areas could also help in improving service consistency. Tigo Pesa should implement ongoing training and development programs for employees. While induction training has proven effective, continuous learning opportunities will ensure that employees remain well-versed in the latest technologies and customer service best practices. Introduce periodic refresher courses, workshops, and e-learning modules that focus on new product offerings, emerging market trends, and advanced customer handling techniques. This will keep the workforce agile and capable of meeting evolving customer expectations. With a strong perception of market potential among stakeholders, Tigo Pesa should capitalize on this by expanding its marketing efforts, particularly targeting younger demographics who already form a significant portion of its user base. Develop marketing campaigns that highlight the unique features of Tigo Pesa, such as cross-network transactions and international money transfers. Collaborating with influencers and utilizing social media platforms can help to engage the younger audience more effectively. Strengthen customer support channels to address any service-related issues swiftly and efficiently. Ensuring that customers have access to reliable support will build trust and loyalty.

Introduce a multi-channel support system that includes live chat, social media support, and a more responsive call center. Training customer service agents in problem-solving and conflict resolution will also enhance the quality of support provided. Tigo Pesa should invest in initiatives that promote financial literacy among its users, particularly in rural areas where mobile money services can have a transformative impact. Organize community outreach programs and workshops that educate users on the benefits of



mobile money, how to use Tigo Pesa effectively, and the importance of financial management. This can help to increase adoption rates and deepen customer engagement. Tigo Pesa should explore new market opportunities within Tanzania and in other regions where mobile money services are in demand. This could include expanding its service offerings or entering into strategic partnerships.

## VII. Conclusion

Tigo Pesa has established itself as a leading mobile money service provider, significantly impacting both customer satisfaction and employee performance. By addressing existing challenges and seizing emerging opportunities, Tigo Pesa could continue to drive growth and contribute to Tanzania's economic development.

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