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FACTORS INFLUENCING GROWTH OF GAMBLING ACTIVITIES IN KENYA

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MBA/99607/2017



**A RESEARCH DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER IN
BUSINESS ADMINISTRATION AT STRATHMORE UNIVERSITY**

MAY 2020

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the dissertation itself.

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Mary Mumbi Maina

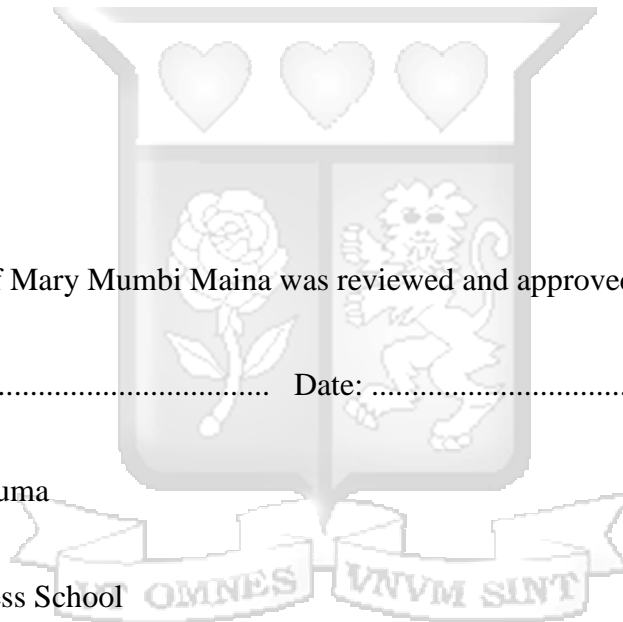
Approval

The dissertation of Mary Mumbi Maina was reviewed and approved for examination.

Signature:..... Date:

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ABSTRACT

Growth of gambling in Kenya has been fuelled largely by increasing societal acceptance of gambling as a form of recreation and by the promise of significant economic benefits and tax revenues for the regions in which gambling is done. This study sought to investigate factors influencing growth of gambling activities in Kenya. In conducting the research, descriptive and correlational research designs were adopted. Qualitative and quantitative data was collected using questionnaires and in-depth interviews. Data was analysed using both descriptive and inferential statistical methods. Qualitative data was analysed using the content analysis method. The results of the study show that most of the individuals involved in gambling in Kenya were male who are not married and not formally employed or those males from low income households. Sports betting were the most popular type of gambling among the youth whose main motivation to gamble was to make more money from gambling. The study also established that there is a positive and significant relationship between involvement of consumers and growth of gambling; socioeconomic factors positively and significantly related to the growth of gambling activities. Further the study shows that Kenya's gambling regulatory framework has a direct relationship with growth of gambling. The study recommends betting companies to adopt technology that would allow the user to set the limit of gambling to ensure they do not overspend or to prevent them from being addicts. There is need to educate especially the youth on responsible gambling and ways of avoiding falling into addiction.



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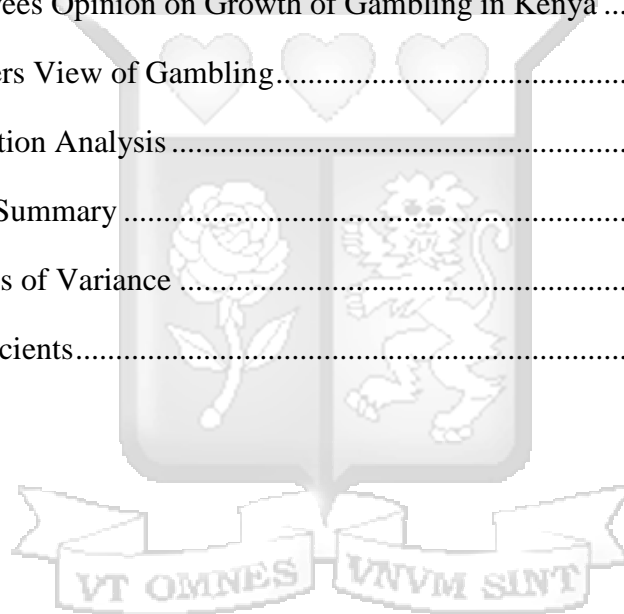


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LIST OF ACRONYMS AND ABBREVIATIONS

BCLB	Betting Control and Licensing Board
BOB	Bank of Botswana
CBA	Commercial Bank of Africa
HDI	Human Development Index
KCB	Kenya Commercial Bank
KRA	Kenya Revenue Authority
PwC	Price Waterhouse Coopers
Shilling	Kenya Shillings
SMS	Short Message Service
UK	United Kingdom
USSD	Unstructured Supplementary Service Data



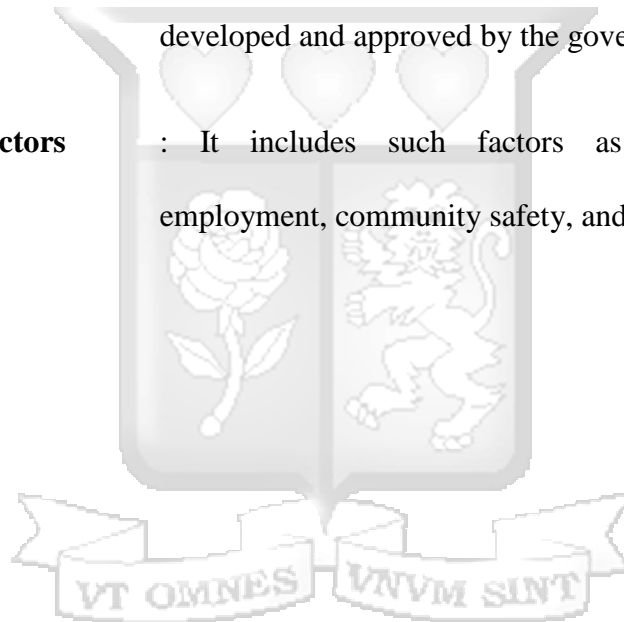
DEFINITION OF TERMS

Consumer involvement : Refers to customers' product or service consumption patterns and consumption behaviour.

Gambling : Refers to taking part in a game during which you risk money, or something of monetary value, in order to win money or a prize.

Regulatory framework : They laws, regulations, decrees and policies officially developed and approved by the government

Socioeconomic factors : It includes such factors as income, education, employment, community safety, and social supports.



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The process where money or other valuable items are wagered on events with uncertain outcomes with the intention of winning the money or the items is explained as gambling (Collins, 2003). Often, the results of wagers are instant but there are cases, for instance in sports events, that the time frame is longer (Collins, 2003). Most Jurisdictions have will either control gambling heavily through licences and regulation of bookmakers and gamblers. The challenge with regulating gambling heavily is that it leads to gambling tourism and illegal gambling. However, when local governments are involved either through taxing of betting gains or regulating betting activities, mutually beneficial relationships are created between promoters and governments. This leads to the government making significant incomes from the industry as has been seen in France (Monaco) and China. In Kenya, gambling attracts revenues of more than 200 billion shillings a year (BCLB, 2018). Kenya attracts various forms of gambling such as sports betting, casinos, lotteries and virtual games.

Modern philosophers have emphasised on gambling legitimacy as way of recreation and one that promotes social welfare through taxes and job creation. According to SWELOGS (2000), people gamble in part because it is a way to get together with others. During gambling, there are social interactions occurring which results to formation and reaffirmation of common values; gambling is defined in a manner that allows its functioning as a social and group-building activity.

The regulators and governments like have benefited from implementing laws that heavily regulate gambling activities. In UK, their Gambling Act of 2005 lays down the process of licencing prospective bookmakers and also protects the gamblers from problem gambling and exploitation from operators (Makee *et al.*, 2014). The regulators formulated this act for the purpose of preventing transformation of gambling into a platform of misuse and criminal activities, making sure that gambling is done fairly and protects vulnerable populations from problem gambling.

A research on social and economic effects of gambling was conducted by Canadian Consortium for Gambling (2011). In this research, it was established that the common effect of any type of gambling is increased revenue for the government. In addition, introduction of gambling was found to enhance public services such as social security, health and education. Generally, gambling operations are regulated by the government; therefore, any study that has been conducted on the same topic have established that introduction of gambling has resulted in an increase in cost of regulations. Additionally, introduction of gambling had no effect on gamblers personal income with the exemption of cases where additional revenue is brought from outside the community; also, before introduction of gambling, there is significant level of impoverishment.

Ahaibwe, Lakuma, Katunze and Mawejje (2016) carried out a survey in Kampala and found that in every four adults, one of them had engaged in gambling within the past one year. The key factors that determined level of participation in gambling were age, gender, employment status and level of income. In addition, those who are considered poor in the society tend to spend a greater percentage of their income in gambling practices unlike the rich individuals. In addition, there are negative effects of gambling on household savings and has also led to gambling problem. The proportion of revenue contributed by

gambling is still low but is experiencing a positive growth. In addition, the many faces of gambling law were found to be obsolete and don't apply to current gambling modes and the tremendous growth experienced in the sector.

In a study conducted by Walker and Nobel (2016) on social and economic effects of gambling, focusing of casinos found that in most cases casinos have positively influenced the economy of the areas they are located in. Gambling also has its vice in problem gambling, loss of income and other moral vices that have been attached to the recreation (Devereux & Tec, 2003).

Irrespective of the form of gambling, the most reliable effects of gambling is increased government revenue. Research findings have established that introduction of gambling enhances public services such as education, social security and health. Accessibility of mobile phones over the last decade has increased and now a strong internet connection, betting has become widely employed (Lugongo & Kaiba, 2016). Musili (2016) argues that its crucial to remember that betting and gambling are highly addictive and such substances or activities should be highly regulated since they result to severe harm in the society. Sports betting make people to lose their hard-earned cash, with some students using school fees while businesspeople directing their working capital to betting activities. This can lead to bankruptcies, homelessness, and loss of job or learning opportunities as result of betting addition.

In Kenya, gambling is on the rise and entering a new era. The industry is aggressively attracting new customers and the level of competition is at its peak. For instance, Parke (2008) asserts that various jackpots in the country attract over 300,000 users every week. According to Alexa (2018), the year 2017 attracted over 7,000,000 players. The societies

that suffer from adversity of economy and social hardship make use of gambling as means of solving the issue (Sammut, 2017). There are many instances when learners have opted for suicide when they lost their bets (Koross 2016). This raise concerns on whether the economic contributions of gambling outweigh the social cost of gambling.

According to Njiraini (2017), the Kenya Revenue Authority raised 33 Million dollars in the financial year 2016/2017 from a 7.5% tax, on gross gambling revenues. From this, the annual gross gaming revenue of the gambling industry is approximated at 440 Million dollars. According to Kenya's Budget Statement (2017), betting and gaming has become widespread in Kenya in an environment that is inadequately regulated. Its expansion is seen to negatively affect the society especially the young and the vulnerable. The government therefore put in several policy directives and legislative measures in efforts to curb the rise of the number of citizens taking part in gambling. Key among them is the imposition of surtax on the bookmakers' proceeds at the rate of 35% of their gross gaming revenue. This led to an uproar from the stakeholders mainly the bookmakers since they are set to lose a huge amount of their income through this surtax (Muchangi, 2018). The tax was then reduced to 15% in the financial year 2018/2019 Kenya Budget Statement following aggressive lobbying by the players and promoters (Kenya Budget Statement, 2018).

Many governments seem to focus on how to make additional revenue through gambling activities. However, little information is available on socioeconomic effects of gambling industry in view of addressing the social problems associated with gambling activities. Stakeholders who desire to improve the social as well as the economic contribution of gambling are often faced with large uncertainties of the options and alternatives available to them. Decision makers at various levels of government are faced with a serious

deficiency in empirical information on gambling in Kenya. This study sought to compile all pertinent theoretical and empirical data that exists on legalized gambling in Kenya. The theory underpinning the study which has been conducted is the Utilitarian Theory which is based on the greatest happiness principle and that given two actions, a person should choose the action that maximizes the total action of the world.

Gambling in Kenya has been legal since the year 1966. Participating in games of chances with possibility of winning or losing money or other valuables is defined by Betting Lotteries and Gaming Act (1965) as gaming. In Kenya, gaming and gambling mean same thing; they are used interchangeably. Gambling is categorized in three: betting, lotteries and promotions. Sports betting and lottery are the most prevalent gambling activities in Kenya. All kinds of betting and lotteries within Kenya are regulated by Betting and Gaming Control Act. The Betting Control and Licensing Board (BCLB) was instituted by an Act of the National Assembly in the year 1966. Since then, the BCLB has been permitting and controlling betting, casinos amid other systems of gambling (Koross, 2016). The BCLB authorizes the Kenyan lotteries and award competitions besides abolition of unlawful gambling.

1.2 Statement of the Problem

Gambling activities are on the rise in the Kenyan market. To regulate gambling activities, the Kenyan government has reviewed laws pertaining to licensing, control of entrants, and taxation of gambling proceeds. However, these tax laws and regulations do not include protections and regulation to the vulnerable users. Furthermore, no initiative has been taken on finding new technological channels to monitor the betting platforms and this has presented challenges in terms of control and access into new laws. Therefore,

room left for interpretation is a lot and therefore catalyzes betting and gaming companies' manipulation (Mutuku, 2013). In the last decade, there has been a surge in the number of foreign and local gambling firms that have set operations in the country. At the same time the number of consumers and advertisements on gambling activities has increased tremendously. There exists no known research in Kenya on socioeconomics of betting as well as how the regulatory framework in the country enhances or discourages participation in betting activities.

The current Lotteries, Gaming and Betting Act in Kenya have failed to implement variations concerning the protection of all vulnerable users and crime. While there is a requirement by BCLB to report problem gambling, there is no clear guideline on what would constitute problem gambling for the purposes of reporting. Additionally, there is little knowledge on how online betting platforms and mobile money portals interact as well as how they influence betting. Such gaps raise concerns of money laundering. It is important for the Kenyan regulation authorities to identify the challenges presented with gambling activities. Moreover, gambling involves risky decision making which means that there are socioeconomic consequences for participants. It is still not clear what the effect of gambling activities in Kenya and whether the effect is positive or negative. Kenya's gambling industry is continuously growing in popularity and dominance. This study sought to investigate factors influencing growth of gambling activities in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to investigate factors influencing growth of gambling activities in Kenya.

1.3.2 Specific Objectives

The specific objectives of the study are to:

- i. To determine the influence of consumer involvement on growth of gambling activities in Kenya.
- ii. To assess the influence of socioeconomic factors on growth of gambling activities in Kenya.
- iii. To examine the influence of Kenya's gambling regulatory framework on growth of gambling activities in Kenya.

1.4 Research Questions

The research questions of the study are:

- i. To what extent does consumer involvement influence the growth of gambling activities in Kenya?
- ii. How do socioeconomic factors influence the growth of gambling activities in Kenya?
- iii. To what extent does Kenya's gambling regulatory framework influence the growth of gambling activities in Kenya?

1.5 Significance of the Study

This study is beneficial to the government of Kenya. This study is of great importance to the government of Kenya as it evaluates factors influencing growth of gambling activities in Kenya. It enhances the understanding on factors influencing growth of gambling activities. It is expected that the government of Kenya will be in a position of evaluating if socio-economic effects of gambling are desired. In addition, the findings help the

government understand the social effects of gambling and specifically understanding if it spurs or stifles the growth of the economy.

The study is also valuable to policy makers in gambling industry. It provides insights on the factors influencing growth of gambling activities. This enables policy makers to make responsive decisions regarding gambling practices in the country. The study would also assist policy makers in designing policies that will assist in improving gambling practices in Kenya.

The research provides a better understanding of socio-economic effects of gambling in growth of gambling industry in Kenya. Future scholars and academicians will greatly benefit from these study findings since it forms the foundational basis for other researches and also provide literature for further studies.

1.6 Scope of the Study

Socioeconomic impacts of gambling in Kenya in a regulated environment were analysed. The study targeted senior/middle level employees operating the sports-betting and lottery industry in Kenya and persons who have gambled in the past or are currently gambling in Kenya. This study sought to analyse factors influencing growth of gambling activities in Kenya. The study targeted senior/middle level employees operating the sports-betting and lottery industry in Kenya. This study was conducted between January 2019 and February 2020.

1.7 Assumptions of the Study

The assumption of this study is that gambling is driven by three players: promoters/corporate, consumers/community and the regulator/government in Kenya and each player is positively affected by the growth in sports betting and lottery activities.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter focuses on literature review on factors influencing growth of gambling activities in Kenya. It covers the theoretical review, empirical review, research gaps and the conceptual framework.

2.2 Theoretical Literature

This literature review has classified Gambling under the categories of its three main players: promoters (corporate), consumers (community) and the regulator (government). Most of the previous gambling research explores gambling from a pathological perspective around problem gambling concepts. This literature review makes a major contribution on the social and economic aspects of gambling that are based on The Utilitarian Theory.

2.2.1 Utilitarian Theory

This theory was developed by Jeremy Bentham (1748-1832) and John Stuart Mill (1806-1873). According to the theory an action is right if it tends to promote happiness and wrong if it tends to produce the reverse of happiness, not just the happiness of the performer of the action but also that of everyone affected by it. The action that maximizes utility by producing greater good to a larger group of individuals is defined as utilitarianism (Mill 1998).

Bentham's (1989) principle of utility recognizes the fundamental role of pain and pleasure in human life, approves or disapproves of an action on the basis of the amount of pain or

pleasure brought about that is consequences, equates good with pleasure and evil with pain, and asserts that pleasure and pain are capable of quantification (and hence 'measure'). Mill (1998) adjusted the more hedonistic tendencies in Bentham's philosophy by emphasizing it is not the quantity of pleasure, but the quality of happiness that is central to utilitarianism, the calculus is unreasonable that is qualities cannot be quantified (there is a distinction between 'higher' and 'lower' pleasures), and utilitarianism refers to "the Greatest Happiness Principle" it seeks to promote the capability of achieving happiness (higher pleasures) for the most amount of people (this is its "extent").

The principle of utility is applied directly to each alternative act in a situation of choice. The right act is then defined as the one which brings about the best results or the least amount of bad results. Criticisms of this view point to the difficulty of attaining a full knowledge and certainly of the consequences of our actions. The principle of utility is also used to determine the validity of rules of conduct or moral principles. A rule like promise-keeping is established by looking at the consequences of a world in which people broke promises at will and a world in which promises were binding (Bentham & Mill, 1987)

According to this theory, majority of the ethical choices will result in greater good for a greater number (McCloskey, 2013). Gambling is presumably permissible for anyone who really enjoys it. Actions can only be justified through moral framework. For example, Gambling should only be legal if the social cost is surpassed by the economic impact. This theory will therefore inform this study because it's the common approach used by businesses in their moral reasoning; mainly because of the manner in which it accounts for benefits and costs. It was therefore used to find out how consumer involvement,

socioeconomic factors and gambling regulations influence growth of gambling activities in Kenya and if it's common good outweigh the evil it brings.

2.3 Empirical Literature

In this section, past literature relevant to the variables under study are reviewed. The study reviewed literature on factors influencing growth of gambling activities in Kenya.

2.3.1 Involvement of Consumers and Growth of Gambling

Barnfield-Tubb and Harris (2017) conducted a study on Gambling participation; behaviour, awareness and attitudes. Their research presented the yearly approximation of gambling behaviour observed in the Greater Britain in 2017 and it comprised regular tracking of gambling participation by Gambling Commission. Data collection was done through a survey done online and through the telephone and involved individuals aged 16 years and above. Findings showed that participation in gambling had declined to 45% in 2017 from 48% in 2016. Men also tend to gamble more than women and over the past one month, individuals aged between 55 and 64 years were likely to have gambled. High level of participation was observed among youth aged between 16 and 34 years. Generally, over the past one month 18% of entire population had gambled. Rates of gambling participation was seen to have increased among individuals aged 25-34 years and 55-64 years but declined among those aged 16-34 years. According to PGSI index or DSM-IV screen, 0.8% of individuals surveyed had problem gambling while 3.9% were considered to be moderate and low risk. This study focused on participation, behaviour, awareness and attitudes but failed to show socio-economic effects of gambling on growth of gambling.

Zhang (2017) conducted a study on impacts Casinos have on non-gambling economy. The researcher used national data on household spending which was obtained from Consumer Expenditure Survey of 1996 to 2013. Casinos were found to positively affect spending of households on goods not related to gambling. Households with casinos located within 100 miles increased non-gambling spending by 2.6%; this suggests that non gambling economy is positively affected by casinos. This does not mean that building more casinos in an area will result to accumulation of the positive effects. By comparing different income groups, it is evident that casinos' contemporary effects on non-gambling economy are mainly driven by change in households with low income levels. The complementary effect persists in the long run. The study focused on one form of sports betting, and its effect on non-gambling population; this study did not show how the growth of gambling industry is affected by socio-economic factors.

Horváth and Paap (2012) sought to establish the impact recession has on expenditure on gambling. The researcher established the effect business cycle had on expenditure on three main gambling practices; pari-mutuel wagering, lottery and Casino gambling. Data used in the study was collected from monthly aggregated US per capita consumption between 1959 and 2010. Lottery was the only form of gambling that was seen to be resistant to recession. Spending on casino gambling grew positively during expansions but in times of recession, there was no growth observed. There is a general negative trend in Pari-mutuel wagering form of gambling and on average its growth rate is small compared to income growth more so in times of recession.

In a study conducted in Kampala by Wooldridge (2009) determined the level of gambling participation in Kampala and whether it affected growth. The study found that out of 4 adults one of them took part in gambling within the past one year. The reasons for not

participating in gambling were not because they lacked money or because facilities for gaming were unavailable. Participation rate was high among those employed compared to those self-employed. Participation in gambling was found to be affected by gender, age and employment status of individuals. Individuals' state of employment and their participation in gambling had positive and significant relationship.

A study by Bussu, and Detotto (2013) sought to establish how gambling behaviour was affected by emotional and socioeconomic factors. Researchers used issues existing among participants as a result of their participation in gambling and their intention to seek help to leave gambling were applied in measuring problems related to gambling; they were measured in terms of psychological, economic, and relations effects. Men were seen to bet more than women and the level of participation in gambling and income had positive effect on money set aside for gambling. Supremacy feeling and the will of replaying whenever there is a win increases the chances that betting funds will be increased. Problem gambling has a negative relationship with income and there is a greater possibility that individuals experiencing frustration or guilt in case of loss will develop issues related with gambling. Individuals from families with gamblers usually gamble with others and spend many hours in gambling and the result is them becoming pathological gamblers. Probability of becoming pathological gambler has a positive relationship with income but negative relationship with education. Feeling of satisfaction related with will or that of disappointment related with loss and excitement during games have negative relationship with becoming pathological gambler.

Menya (2016) conducted an investigation on effects of sports gambling among the youth in Kenya. This study focused on youth of Daystar University Athi River campus. The evidence confirmed that sports betting have caused more harm than good. Some of the

negative effects of gambling is that students end up dropping out of school because they use their fees to gamble; it causes depression when one loses and increase in crime as one seeks money to gamble. However, it's up to the individuals to take responsibility of their lives as they make their decisions in life. The study concluded that students are involved in sports gambling and they are addicted. Furthermore, it has caused more harm than good to their lives. Moreover, it was also established that even after the winnings, most have never invested the money earned.

The studies reviewed were either conducted in different countries other than Kenya and therefore the findings cannot be generalised. There is also conceptual gap since other studies focused on the effects of gambling on non-gambling population others on behaviour of gamblers but not a single was focused on customer involvement and growth of gambling. This study therefore sought to fill the research gap by exploring the extent of consumer involvement in various gambling activities

2.3.2 Socioeconomic Factors and Growth of Gambling

Strategic Economics Group and Spectrum Gaming Group (2014) sought to determine how Iowans are affected by the socioeconomic effects of gambling. Research was carried out in the racing and gaming commission of Iowa. A model on economic impact was applied in estimating effects within the state for both industries; casino and racetrack. Data collection was one among all the 18 casinos that have been registered within the state and the findings showed that 14,000 jobs have been created by this industry both directly and indirectly. Jobs supported by the government were not included in the analysis. Results of their analysis showed that for every direct job created by the casino, the private sector creates 53% jobs. Casino spending on purchasing of goods and services and the spending of employees in the economy on the casino is what creates the indirect

and induced jobs. The additional income and new jobs created flows in state economy as investment and spending on goods and services and therefore created additional jobs. It also affects other sectors of the economy, for example the construction industry mainly by increasing capital investment, increasing demand for housing and also increasing the amount spent on public facilities by the public sector. With the creation of new jobs and increase in income so does the demand for public sector facilities, commercial enterprise and housing.

Layton and Worthington (2019) researched on ways gambling expenditure is affected by socioeconomic aspects. Various forms of gambling including Lotto and Instant Lotto, lotteries, TAB/on course betting, casino and poker machines were examined. This study was conducted in Australia and the focus was on 8,389 households from which data was collected between 2013 and 2017. Effects of age, gender, occupational status, ethnicity, income level and occupation of family members on gambling decisions were investigated. All the aspects were found to affect households' decisions to participate in gambling. In addition, the effects varied depending on the type of gambling product. Comparing the rich and the poor, the poor tend to use a greater percentage of their income in gambling unlike the rich. Also, the displacement effect of gambling is great on household savings and necessities and has contributed to problem gambling. Regarding revenue, the amount contributed by the gambling sector as a percentage of overall revenue is low but is growing (0.15% in 2013/14). In addition, the many faces of gambling law were found to be obsolete and don't apply to current gambling modes and the tremendous growth experienced in the sector.

Mbalu (2015) researched on social and economic effects of gambling. The researcher used 492 studies, of which 293 were empirical investigations. The most reliable effect of

gambling was increased level of government revenue. Also, introduction of gambling was seen to have reliable effect on improved public services such as health, social security and education. Activities of gambling are regulated by the government. One key reason for its regulation is because it has been found that gambling causes problem gambling which results in bankruptcy, suicide, and family disputes/quarrels. Majority of gambling effects are social or monetary in nature and this is because individuals' findings themselves with this problem seek help and, in few cases, there is the intervention of other parties such as children, police, welfare or employment. After an individual is introduced to gambling, that is the time their gambling problem starts and increases with increased exposure.

Mbithi (2015) conducted a study on effects of gambling on casino players' socioeconomic status. The study was carried out among Casinos in Nairobi. The study adopted causal research design and selected a sample of 10 casinos using stratified random sampling. Questionnaire was selected tool for data collection. From analysed data, gamblers were found to feel depressed down or irritable. Gamblers lose interest in usual activities, their sleep has changed (for example they has problems falling asleep or staying asleep, or they sleep too much) and their investment pattern has been greatly affected as they divert assets to gambling. The study established that there are gamblers in debt in the name of gambling money. The study found that gamblers have been absent from work or other commitments because they spend time on gambling, and they spend 8-12 hours in a day gambling. The study concludes that problem gambling is major negative effect of gambling.

The studies reviewed presents a number of gaps. First there is the contextual gap since most of the studies were conducted in countries other than Kenya and therefore inhibit generalization of the research findings. There is also the conceptual gap where studies

focused on different areas. None of the studies reviewed was conducted in Kenya and sought to establish the factors influencing growth of gambling activities in Kenya and therefore this study sought to fill this research gap.

2.3.3 Gambling Regulatory Framework on Growth

Gainsbury and Wood (2011) researched on internet gambling policy using the perspective of critical comparison. Researchers focused on how effective the existing regulatory frameworks are. The main focus was to provide a clear understanding and guidelines on effective gambling policy implications through comparative evaluation of gambling in Australia and Canada based on social, political, economic and legal responses. Variations in level of development highlighted the possible unique paths, yet the similarity in the jurisdictions provided insight on ways policy makers, gambling operators, customers, and researchers can deal with the phenomenon. Recommendation was for the two countries to enforce the approach of national regulatory. In addition, the countries can ensure that their regulations are aligned with those of liberalized nations like Canada and UK and those NGOs promoting international standards for instance eCOGRA.

Monnye (2016) researched on the regulation of interactive gambling. Researcher analysed the gambling regulations used in South Africa. The study focused on providing safe regulations for interactive gambling and embracing modern technology that brings reality into interactive gambling. Lack of recent changes in regulations and implementation of policies while responding to transformation in provision of internet gambling, access and participation led to non-existence of cohesive policies. A good example is that of advertisement standards which for a long time have been ignored or unmonitored.

Mwadime (2017) researched on effects of Kenya's sports betting: effects of robust growth of sports betting sector. Researchers focus was on determining the controls existing in sports betting in Kenya. Descriptive research design was selected and quantitative data collected. Data collection was from gamblers in Nairobi County. Majority of gamblers held the opinion that the government is doing little in dealing with effects of betting. The government was found not to be interested in management of policies meant to protect individuals participating in gaming and didn't regulate exposure, advertisement or promotion levels of betting. On the other hand, the government was found to be interested in the maximization of revenue through tax imposed on sports betting firms.

Mutuku (2013) conducted a research on the regulatory regime governing Kenya's casino industry: the need for reforms. This study posits that the gaming regulatory regime in Kenya is inadequate and needs immediate review. It has also established that in the last two decades, the casino industry has not only grown exponentially in Kenya but also in other parts of the world. In Kenya, the number of Casinos rose from one in 1969 to over forty in 2013. With this expansion, a concern has been raised on whether the current gaming regulatory laws and systems are adequate to regulate the industry so as to enable governments to reap substantial economic benefits from the industry while protecting the vulnerable from the negative effects attached to the industry. During the period of expansion which affected the local regulation of the industry, the study has established that Kenya remained dormant when other gaming jurisdictions were reviewing their gaming legislations.

The study by Gainsbury and Wood (2011) focused on internet Gambling Policy using the perspective of critical comparison; Monnye (2016) focused on regulation of interactive

gambling; Mwadime (2017) researched on regulatory regime governing Kenya's casino industry. These studies failed to focus on regulatory framework of sports betting in Kenya; those that focused on regulatory framework focused on one form of sports betting and not the entire industry.

2.4 Summary Of Literature Review

A study by Bussu, and Detotto (2013) sought to establish the effect of socio-economic and emotional factors on gambling behaviour. This study focused on effects on behaviour and failed to show effects on growth. Menya (2016) conducted a study on effects of sports gambling among the youth in Kenya. This study failed to show the socio-economic effects. Barnfield-Tubb and Harris (2017) conducted a study on Gambling participation; behaviour, awareness and attitudes. Their research presented the yearly approximation of gambling behaviour observed in the Greater Britain in 2017 and it comprised regular tracking of gambling participation by Gambling Commission. Zhang (2017) conducted a study on impacts Casinos have on non-gambling economy. The researcher used national data on household spending which was obtained from Consumer Expenditure Survey of 1996 to 2013.

Layton and Worthington (2019) researched on ways gambling expenditure is affected by socio- economic aspects. Various forms of gambling including Lotto and Instant Lotto, lotteries, TAB/on- course betting, casino and poker machines were examined. This study was conducted in Australia and the focus was on 8,389 households from which data was collected between 2013 and 2017. Mbithi (2015) conducted a study on effects of gambling on casino players' socioeconomic status. The study was carried out among Casinos in Nairobi. The study adopted causal research design and selected a sample of 10

casinos using stratified random sampling. The study mainly focused on casinos and therefore cannot be generalised for the case of sports betting and lottery companies. Gainsbury and Wood (2011) researched on internet Gambling Policy using the perspective of critical comparison. Researchers focused on how effective the existing regulatory frameworks are. Monnye (2016) researched on the regulation of interactive gambling. Researcher analysed the gambling regulations used in South Africa.

From the literature reviewed, a number of studies have been conducted on gambling and its effects on various stakeholders. There is no study that specifically sought to investigate factors influencing growth of gambling activities in Kenya.

2.5 Gap Of The Literature

While research on the gambling trends has increased globally, few studies have been conducted to determine the level of participation of communities in betting and lottery. No research has also been done in Kenya to assess the socio-economic consequences of gambling. The study by Bussu, and Detotto (2013) focused on socio-economic and emotional factors on gambling behaviour. This study failed to show the effects it had on growth of gambling industry. The study by Menya (2016) was on the effects of sports gambling on youth; this study did not show establish the socioeconomic effects gambling has on growth of gambling industry. Zhang (2017) conducted his study focusing on effect of casinos on the non-gambling economy and therefore the results cannot be generalised for the sports betting industry.

A study by Layton and Worthington (2019) was on socio- economic factors and its relationship with gambling expenditure and therefore failed to show its effect on growth; this study was also conducted in Australia which is a developed country and therefore it is

not possible to generalize the findings for Kenyan case. Gainsbury and Wood (2011) researched on internet Gambling Policy and its effectiveness. This study was conducted in South Africa and therefore it cannot apply for the case of Kenya. The study also focused on internet gambling while current study will cover sports betting and lottery in general.

Most studies reviewed were conducted in other countries other than Kenya and therefore inhibiting generalization of research findings. Studies conducted in Kenya failed to touch on social economic effects. None of these studies sought to analyse the socio-economic effects of gambling in growth of gambling industry in Kenya. This study therefore sought to fill the research gap by analyzing factors influencing growth of gambling activities in Kenya.

2.6 Conceptual Framework

The representation of the dependent and independent variables being investigated in a study in a diagrammatic form is referred to as conceptual framework (Mugenda & Mugenda, 2013). Conceptual framework in this study shows the relationship between the independent variables (Involvement of consumers, socioeconomic factors, and Kenya's gambling regulatory framework) and the dependent variable (Growth in Gambling).

Figure 2.1 illustrates the relationship between the study variables.

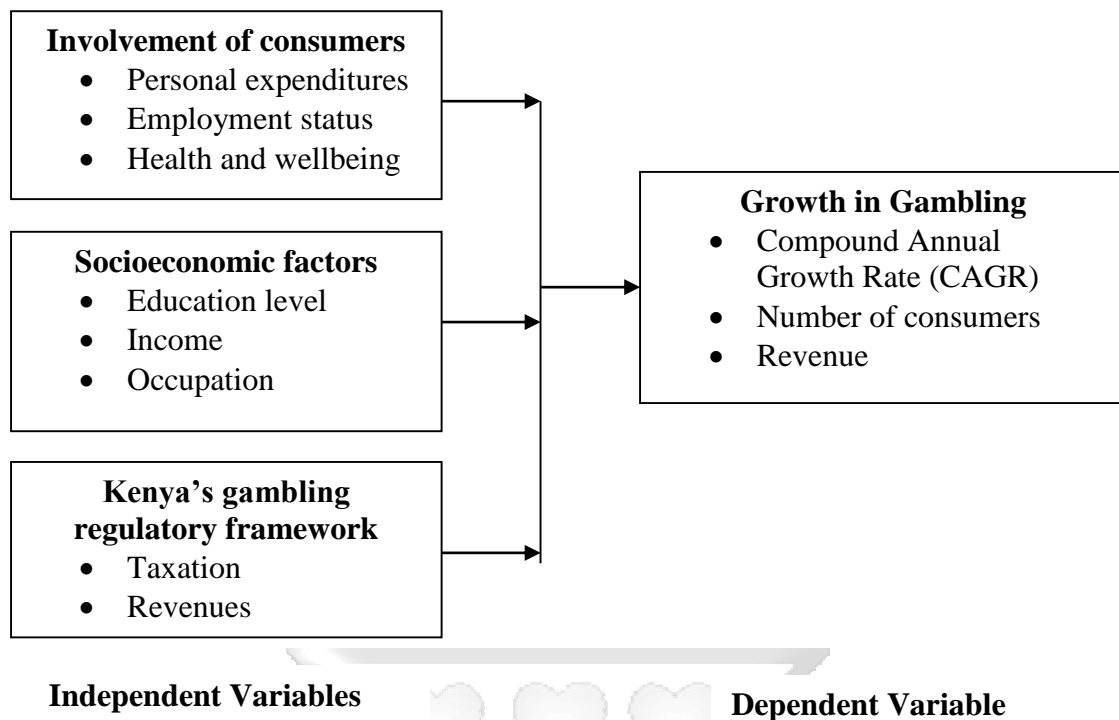


Figure 2.1: Conceptual Framework

2.7 Operationalization of Variables

Table 2.1: Operationalization of Variables

Independent variables	Operational ability	Measurement	Scale
Involvement of consumers	<ul style="list-style-type: none"> • Personal expenditures • Employment status • Health and wellbeing 	Five point Likert scale	Ordinal
Socioeconomic factors	<ul style="list-style-type: none"> • Education level • Income • Occupation 	Five point Likert scale	Ordinal
Kenya's gambling regulatory framework	<ul style="list-style-type: none"> • Taxation • Revenues 	Five point Likert scale	Ordinal
Dependent Variable			
Growth in Gambling	<ul style="list-style-type: none"> • Compound Annual Growth Rate (CAGR) • Number of consumers • Revenue 	Five point Likert scale	Ordinal



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section of the research provides details of the methodology that was adopted when conducting the research. The chapter includes research design, population and sampling, data sources, pilot study, data analysis, and ethical considerations.

3.2 Research Design

The study that is was done used descriptive research design. This kind of research design was appropriate for this study since every one of the components was explored in a similar context and within the same timelines. Also, this study design is the most proper and helpful in the assurance of the disposition and impression of the respondents considering the factors under examination (Newman, 2003). The investigation utilized a deductive approach particularly the testing theory. Robson (2002) attests that through this approach a fitting speculation is created from the hypothesis before being investigated factually and tried utilizing the accessible quantitative and qualitative information.

3.3 Population and Sampling

3.3.1 Target Population

The total target population for this study was senior/middle level employees operating the sports-betting and lottery industry in Kenya and persons who have gambled in the past or are currently gambling in Kenya. According to KNBS report (2017), approximately 28% of Kenyans aged 18+ have participated in gambling either in the past or are still participating. This population is approximated to be 7,000,000. There are nearly 30 sports

books licensed to operate in the country with each having approximately two senior managers (BCLB, 2018). The total target population of the study was therefore 150 senior/middle level employees operating the sports-betting and lottery industry in Kenya, and a target population of 7,000,000 persons who have gambled in the past or are currently gambling in Kenya.

3.3.2 Sample Size

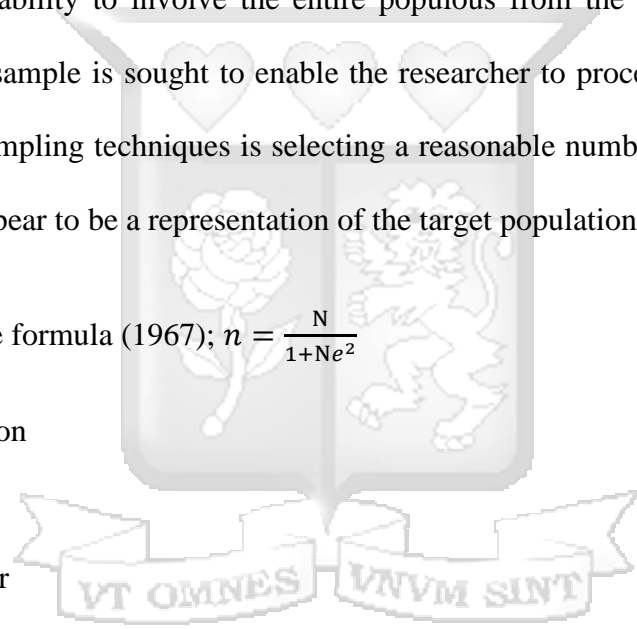
A sample has been referred to as a sub-set of the target population. A sample is important because of the inability to involve the entire populous from the population (Creswell, 2003). Thus, the sample is sought to enable the researcher to proceed with the research. The aim of the sampling techniques is selecting a reasonable number of objects, subjects or cases which appear to be a representation of the target population.

Using the Yamane formula (1967); $n = \frac{N}{1+Ne^2}$

N= Total population

n= Sample size

e = margin of error



For the gambling consumers, the population (N) of Seven Million (7,000,000), and the margin of error (e) of 0.07, the sample size (n) of the study was Two Hundred Four (204). In sampling the gambling consumers and senior and middle level respondents of gambling industries, the study employed the method of convenience sampling. This is because of limitations related to human resources, time and the motivation of survey respondents this study.

3.3.3 Sampling Techniques

The study utilized stratified random sampling. The sample population was partitioned into strata. Strata's are important because the sample population is heterogeneous in nature. The strata comprised of employees in sports betting and lottery industry and individuals involved in gambling. Respondents were arbitrarily chosen from the three strata. Stratified random method was picked because it gives every individual from the population an equivalent possibility of being chosen and it in this way lessens biasness in the determination of subjects to be incorporated into the example (Saunders, *et al*, 2015).

Table 3.1: Sample size

Strata Population	Total Population	Sample size
Senior/Middle Level Employees	150	20
Gamblers	7,000,000	204
Total	7,000,150	224

Source: Human Resources Report (2020)

3.4 Data Sources and Data Collection Method

The research that was conducted relied on data sourced from primary sources. Primary data has been referred to as first-hand data which is collected by researchers to serve the intended purpose (Saunders, Lewis, & Thornhill, 2007). Often, the intended purpose is to prove the hypothesis of the research through answering the research objectives. The researcher used both qualitative and quantitative data. In collecting the primary data, the researcher used structured questionnaires for quantitative data as well as in-depth interviews for qualitative data. The questionnaire was done using a Likert scale for purposes of quantifying the responses. In-depth interviews were done with some of the sampled respondents. Interviewers were stationed outside selected gambling sites to intercept customers as they exit the site. Interviews were conducted at different times of

the day to gain representation of different customer types such as working and non-working.

To ensure that an adequate number of gamblers would be achieved by the study, an intercept survey amongst 5 gamblers, using face to face interviews, was undertaken. For online respondents which make up 95% of gambling in Kenya, interviews were conducted through online gambling groups particularly on Facebook via an online form. Qualitative information, particularly with regard to the socioeconomic effects of gambling was gathered through a series of focus groups in all enumeration areas.

3.5 Reliability of the Study and Validity

A pilot study was conducted for purposes of testing the quality and appropriateness of the questionnaires. This helped the researcher to make corrections of any errors that the questionnaires or interview questions might have such as grammar errors or poor sentence structure. During the pilot study, the researcher administered 5 questionnaires to randomly selected individuals who do not gamble. Nevertheless, the results from the pilot conducted were not included when reporting the final results. The pilot study was critical in conforming to reliability. On the other hand, the validity of the questionnaire is the extent data which is obtained from a study reflects what was intended by the researcher originally (Creswell, 2003). Often, when the results of the study are misinterpreted or questionnaires are designed with haste, the validity of the questions is affected. Involving the supervisor was critical in the validation of the instruments.

The study tested reliability of the study variables using Cronbach's Alpha. To test for reliability, the study conducted a pilot test using 5 respondents and the data collected was used to test for reliability using the test retest technique. The reliability findings were as

presented in Table 4.2. From the findings, it was established that involvement of customers had alpha value of 0.793, socioeconomic factors had alpha of 0.764, Kenya's gambling regulatory framework had Cronbach's alpha of 0.759, and growth of gambling an alpha value of 0.783. Gliem and Gliem (2003) assert 0.70 as the acceptable reliability level and therefore this study adopted it as acceptable threshold. Based on these findings, the Cronbach's alpha for all variables exceeded 0.70, an indication that they were all reliable.

Table 3.2: Reliability Analysis

Scale	Cronbach's Alpha	Number of Items
Involvement of consumers	0.793	5
Socioeconomic Factors	0.764	5
Kenya's gambling regulatory framework	0.759	7
Growth in Gambling	0.783	5

3.6 Data Analysis and Presentation

The data collected from the field by use of questionnaires and in-depth interviews was assessed and a comparison made to select the most accurate and quality responses which have less inconsistencies. This was followed by coding of the data using an excel sheet in order to categorize them in few categories. The data was analysed using SPSS. Descriptive statistics such as mean, standard deviation, frequency distribution and percentages was used to summarize and present data. Qualitative data was analysed using the content analysis method.

Pearson's correlations coefficients were obtained to examine the relationship among the independent and the dependent study variables that are set out in the objectives of the study. Also, a logistic regression model was used to determine the level of effects on different age segments of the betting participants. Further the linear regression model

below was used to analyse the relationship between the dependent variables and independent variable:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: Y is the growth of the sports betting and lottery industries as coded from the questionnaire; Growth was measured using Compound Annual Growth Rate (CAGR), number of consumers and revenue. α is a constant. X1, X2 X3 and X4 are coded variables representing; socioeconomic factors, involvement of consumers and government regulation of the gambling industry. β_1 , β_2 , β_3 and β_4 are the beta coefficients. ε is the error term. Correlation analysis was used to determine the relationship between the independent variables and sports betting and lottery.

The correlation coefficient is a measure of linear association between two variables. In order to test the significance of the model in measuring the relationship between gambling effects and growth in sports betting and lottery, significance were tested using the analysis of the variance (ANOVA), t-tests, z-tests and f-tests at 95% confidence.

3.7 Ethical Considerations

When conducting the research, it is important to adhere to some ethics. The first ethical consideration is obtaining the necessary consent. This means that the researcher sought the consent of the organizations and individuals who formed part of the study sample. The researcher explained to them the reason for conducting the research and answered their questions. Agreement of participating in the study was by signing a consent form. Secondly, confidentiality and privacy of the research respondents was adhered to. It was important to protect the personal information of the respondents. Hence, respondents' names and the organizations where they work were not been revealed at any one point.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

In this chapter, data analysis, presentation of research findings and their interpretations are presented. The chapter specifically covers the general information of the study this includes the response rate, reliability and demographic information of respondents. This chapter also presents descriptive and inferential statistics.

4.2 Response Rate

Study sample size was 224 respondents; 204 were gamblers while 20 were employees of sports-betting and lottery companies in Kenya. Data collection was one on all respondents, but the researcher was able to collect back 158 questionnaires having been dully filled from gamblers forming a response rate of 77.5% and 16 questionnaires from employees of sports-betting and lottery companies forming a response rate of 80.0%. Mugenda and Mugenda (2013) asserts that a response rate of 50% and above is adequate and good when it's above 60% and excellent if it is 70% and above. From the findings in Table 4.1, our response rates were considered excellent and were therefore used for further analysis and reporting.

Table 4.1: Response Rates

Questionnaires	Employees		Gamblers	
	Frequency	Percent	Frequency	Percent
Returned	16	80.0	158	77.5
Un-returned	4	20.0	46	22.5
Total	20	100.0	204	100.0

4.3 Demographic Information

In this section, the study presents the general information of respondents. The study presented general information for both employees of sports-betting and lottery companies and gamblers.

4.3.1 Demographic Information of Employees

In this section, the study presents general information of employees from 30 sports-betting and lottery companies. Specifically, the study sought to establish their gender, length of service in the company, level of management, role in the company and their opinion on gambling.

4.3.1.1 Gender of Respondents

Employees of sports-betting and lottery companies indicated their gender and Figure 4.1 presents the findings.

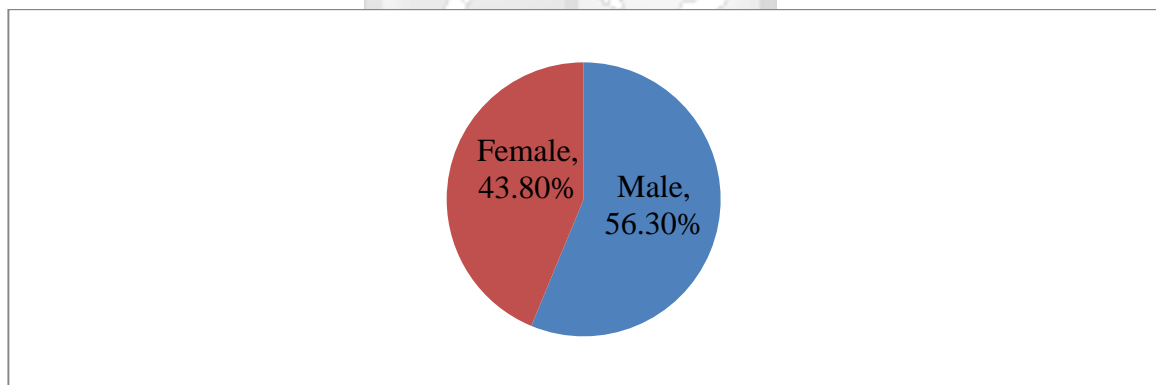


Figure 4.1: Employees Gender Distribution

From the findings, majority (56.3%) of employees in sports betting companies in Kenya were male while 43.8% were female. Based on these findings, despite majority of employees being male, there is gender equality in these companies since they employ both male and female employees. The findings also suggest that the study was not gender biased because both genders have been represented.

4.3.1.2 Respondents Length of Service in the Company

Knowing the length of time employees had worked in the company informed the researcher on how well they are conversant with the practices of the company. Findings on length of service were as presented in Figure 4.2.

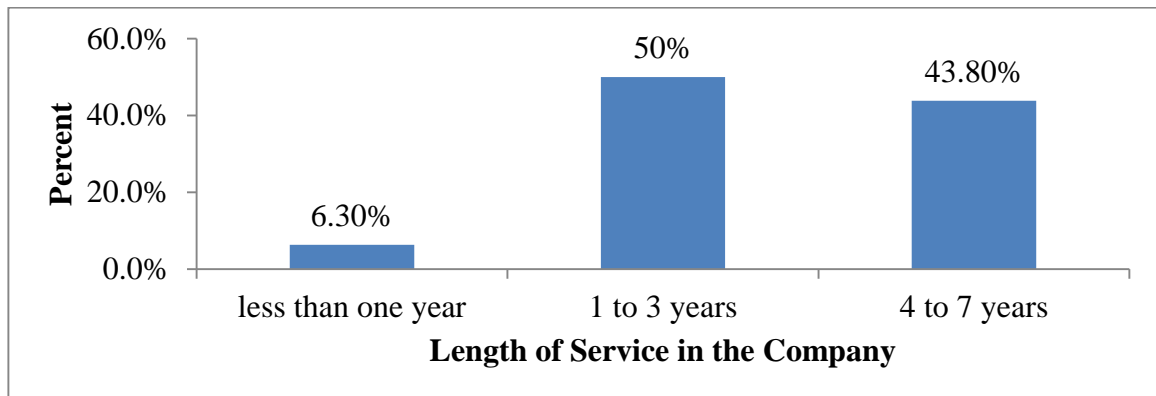


Figure 4.2: Employees Length of Service in their Company

From the findings, 50% of respondents indicated that they had worked in their company for 1 to 3 years, 43.8% had worked for 4 to 7 years, while 6.3% had worked for less than one year. From these study findings, it is observed that respondents selected for the study had worked in their company for varied number of years. Majority (50%) of them had worked for between one and three years. Therefore, the respondents were equipped with the information needed for this study since they were conversant with operations of the organization.

4.3.1.3 Respondents Level of Management

Respondents were requested to indicate their level of management in their company. The results obtained were analysed and presented in Figure 4.3.

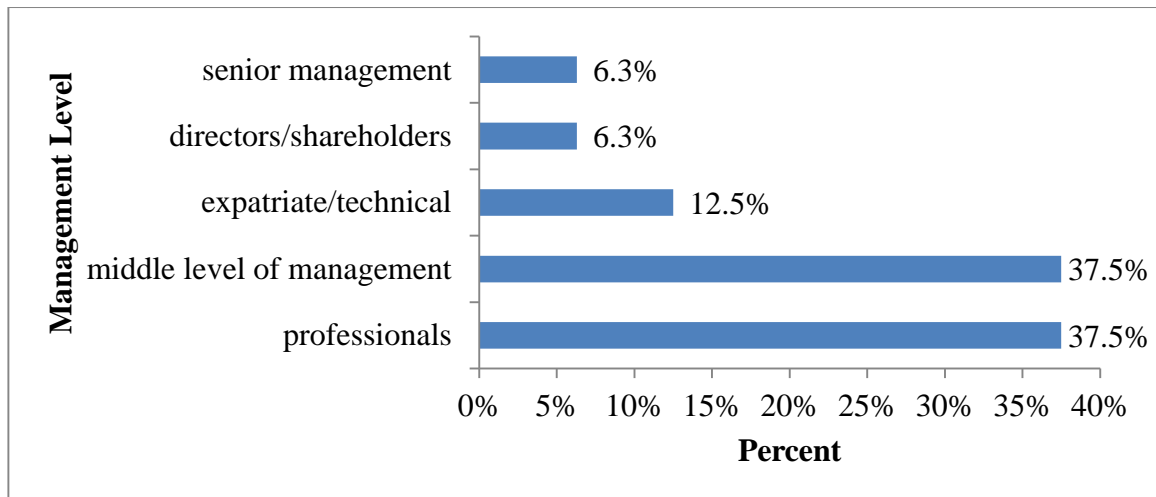


Figure 4.3: Employees Level of Management

From the findings, 37.5% of employees were professionals, another 37.5% were in middle level of management, 12.5% were expatriate/technical management level, 6.3% were directors/shareholders and another 6.3% were senior management. These findings suggest that respondents selected for the study held different managerial positions in the sports-betting and lottery companies.

4.3.1.4 Respondents Role in the Company

Respondents were asked to indicate the role they play in the company. The findings obtained were as presented in Figure 4.4.

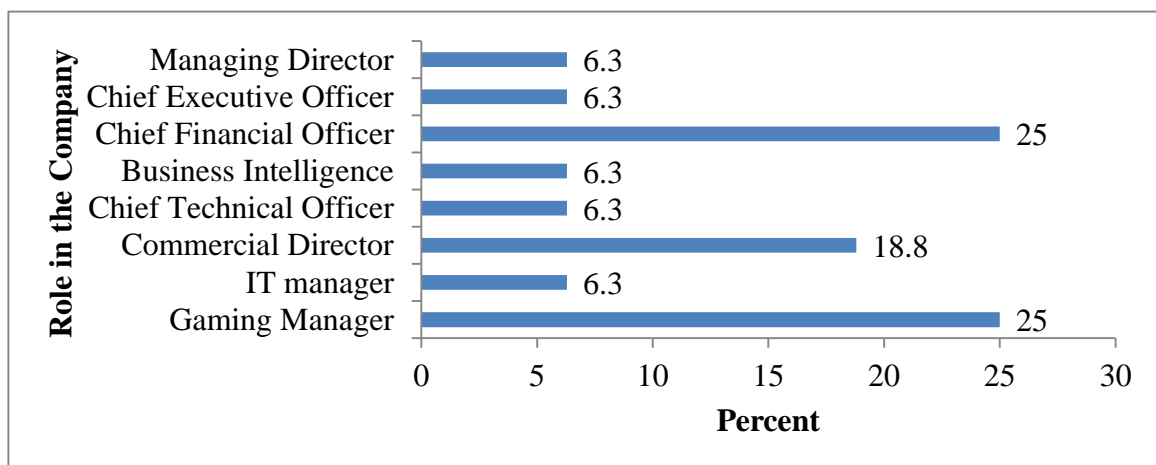


Figure 4.4: Employees Role in the Company

From the findings, 25% of respondents indicated that their role was that of chief financial officer, another 25% had the role of gaming manager, 18.8% performed the role of commercial director, and those with the role of managing director, chief executive officer, business intelligence, chief technical officer, and IT manager each had a proportion of 6.3%. Based on these findings it is evident that respondents selected for this study had diverse roles in the company.

4.3.1.5 Number of Employees in the Organization

Respondents were asked to indicate the number of employees employed in their company. The findings obtained were as presented in Figure 4.5.

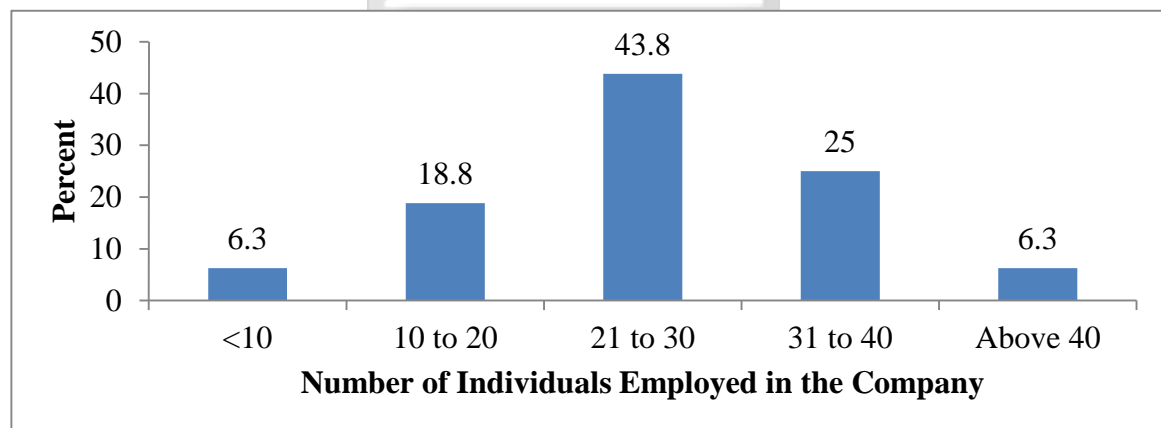


Figure 4.5: Number of Individuals Employed in the Organization

From the findings, 43.8% of the respondents indicated that their company employs 21 to 30 employees, 25% employed 31 to 40 employees, 18.8% indicated their company employs 10 to 20 employees, 6.3 employed more than 40 employees while another 6.3% of employees indicated that their company employs less than 10 employees. Based on the findings, it can be observed that the betting and lottery companies in Kenya employ different number of employees. Number of employees in these companies is diverse.

4.3.1.6 Respondents View on Gambling

Respondents were asked to indicate what their view on gambling was. The results obtained were summarised and presented in Figure 4.6.

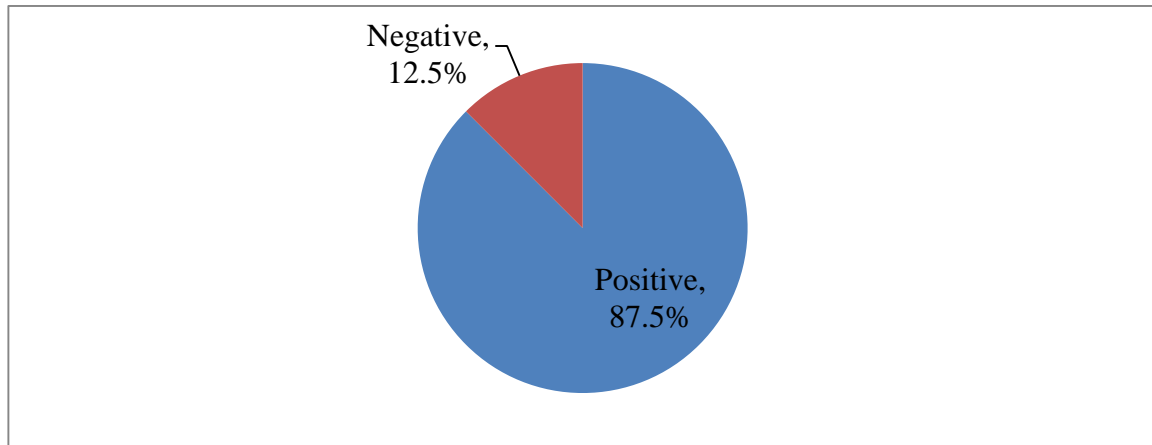


Figure 4.6: Employees View on Gambling

From the findings, majority (87.5%) of the respondents were of the opinion that gambling had positive effects while 12.5% were of the opinion that gambling had negative effects. The respondents further explained that gaming has positive impacts on youth by providing them with opportunities to earn money which in turn contributed positively to the economy of the country.

4.3.2 Demographic Information of Gamblers

In this section, the study presents the general information of respondents (gamblers). The study specifically sought to determine their gender, age, marital status, level of education, occupation, and their monthly earnings.

4.3.2.1 Gender of Respondents (Gamblers)

In this section, gamblers were asked to indicate their gender and the findings obtained were as presented in Figure 4.7.

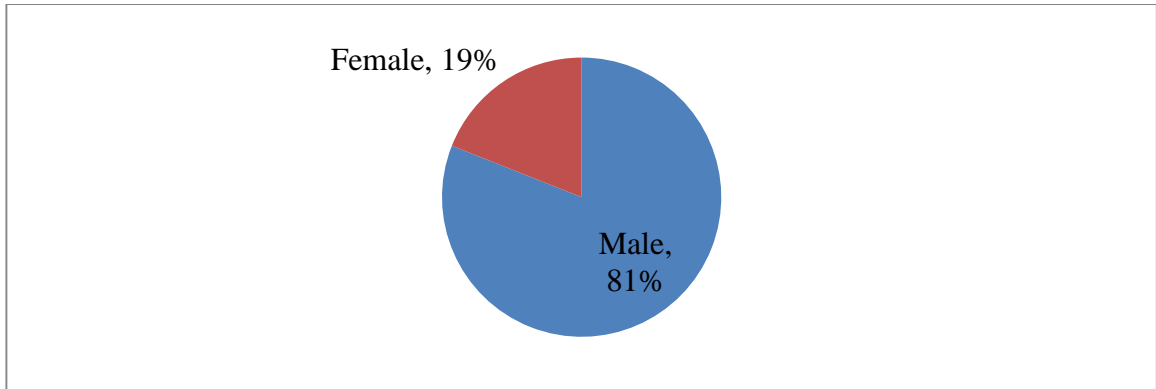


Figure 4.7: Gender Distribution of Gamblers in Kenya

From the findings, majority (81%) of the respondents were male while 19% were female. Based on these findings, majority of individuals practicing gambling/ are gamblers in Kenya are men. Mainly, gamblers take part in sports betting, and lottery activities.

4.3.2.2 Age of Respondents (Gamblers)

Respondents were asked to indicate their age bracket and the findings obtained were as presented in Figure 4.8.

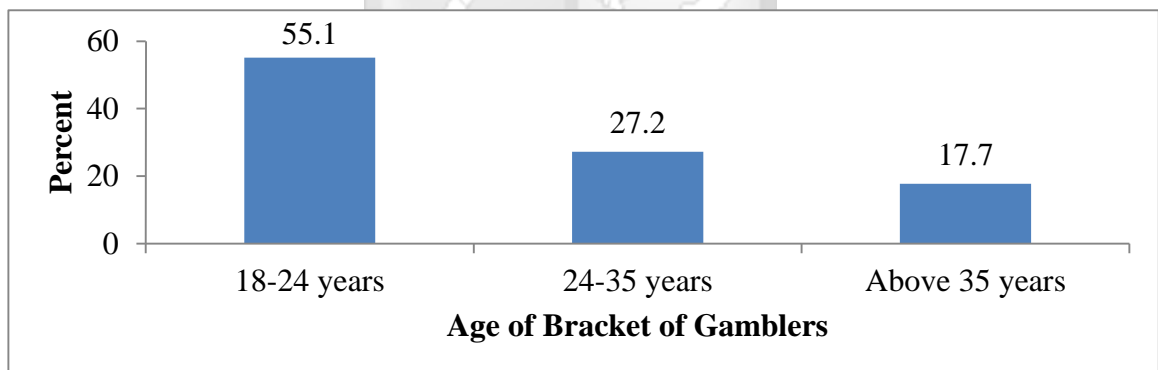


Figure 4.8: Age Bracket of Gamblers

From the findings, 55.1% of the respondents indicated that they were aged 18 to 24 years, 27.2% were aged 24 to 35 years, and 17.7% were aged above 35 years. These results suggest that gamblers in Kenya are age diverse with majority being aged between 24 and

35 years. Therefore, majority of individuals practicing gambling are youth i.e. aged below 35 years.

4.3.2.3 Respondents (Gamblers) Marital Status

Respondents were asked to indicate their marital status. The responses provided were analysed and presented in Figure 4.9.

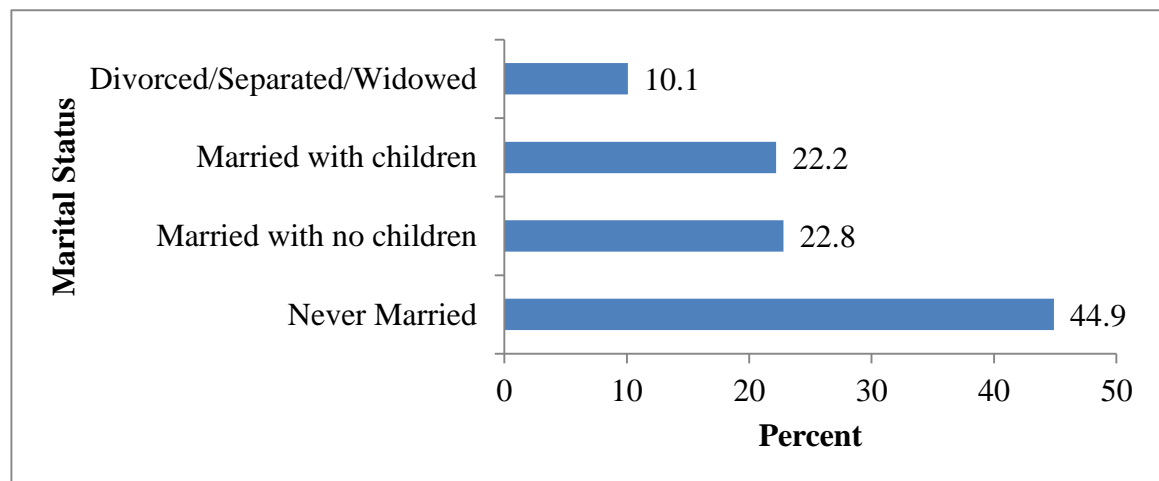


Figure 4.9: Gamblers Marital Status

From the findings, 44.9% of the respondents indicated that they have never married, 22.8% were married with no children, 22.2% were married with children, and 10.1% were divorced/ separated/ widowed. The findings obtained suggest that gamblers in Kenya are from diverse marital status. Most gamblers (44.9%) have never married.

4.3.2.4 Respondents Level of Education (Gamblers)

Respondents were asked to indicate their level of education; the findings were as presented in Figure 4.10.

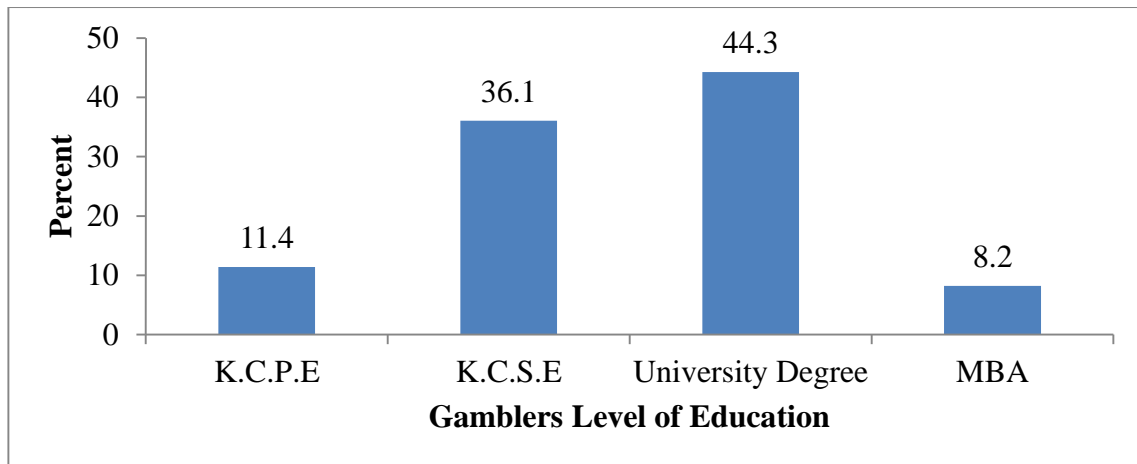


Figure 4.10: Gamblers Level of education

From the findings, 44.3% of the respondents indicated that their level of education was university degree, 36.1% had secondary level (KCSE), 11.4% had primary level (KCPE), and 8.2% had MBA. From the findings, it can be observed that gamblers in Kenya are from diverse levels of education with most (44.3%) having university degree level of education. Therefore, gamblers population comprises of both highly educated individuals and those with low levels of education. This explains the socioeconomic effects on gambling activities.

4.3.2.5 Respondent Occupation

Respondents were asked to indicate their occupation, and the findings were as presented in Figure 4.11.

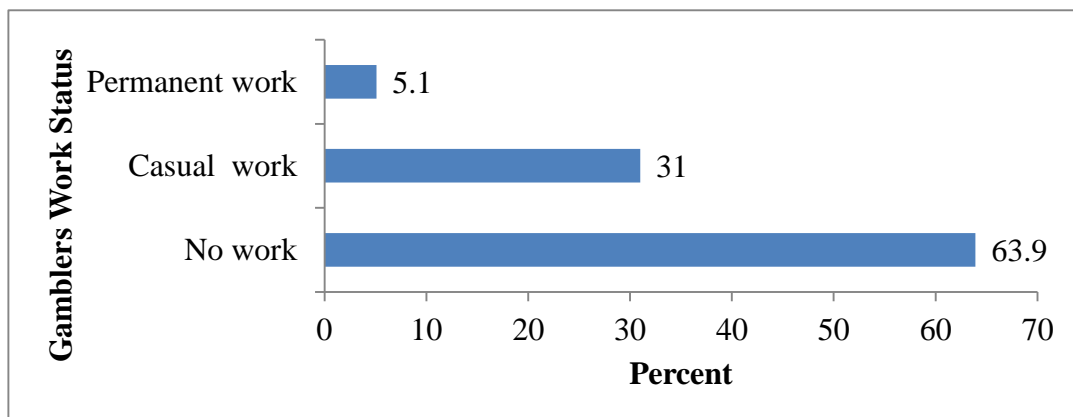


Figure 4.11: Gamblers Occupation

From the findings, 63.9% of the respondents indicated that they were not working, 31% were casual labourers and 5.1% were in permanent work. These suggest that gamblers selected for the study were diverse in their state of employment. Most gamblers in Kenya are unemployed as supported by most (63.9%) of the respondents.

4.3.2.6 Respondents (Gamblers) Average Monthly Income

Gamblers were asked to indicate their monthly income in Kenya Shillings. The results obtained were as presented in Figure 4.12.

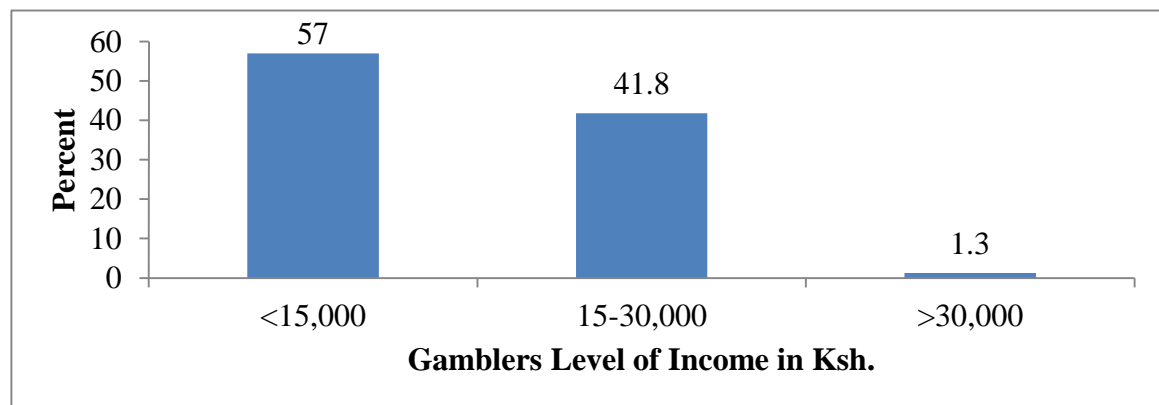


Figure 4.12: Gamblers Monthly Earnings

From the findings, 57% of the respondents earned below Ksh. 15,000, 41.8% earned between 15 and 30,000, and 1.3% earned above Ksh. 30,000. Based on these findings, majority of gamblers in Kenya are low income earners as supported by 57% of respondents. The Findings could also suggest that majority of high-income earners do not practice gambling.

4.4 Descriptive Analysis

In this section, the study presents findings of respondents, both employees and gamblers on various aspects relating with the variables being investigated. Respondents were asked to indicate the extent of their agreement with statements using a 5-point likert scale where

1=Not at all/strongly disagree, 2=Small Extent/disagree, 3=Average/neutral, 4=Large Extent/agree, and 5=Very Large Extent/strongly agree. Means and standard deviation values were used to interpret the findings where a mean value of between 0 to 1.49 implied respondents strongly disagreed, 1.5to2.49 implied they disagreed, 2.5 to 3.49 suggest that they were neutral, a mean of 3.5 to 4.49 suggest they agreed, and a mean of 4.5-5 implies the respondents strongly agreed.

4.4.1 Consumers Involvement and Growth of Gambling

Employees were asked to indicate the level to which they agreed with various statements on customer's involvement on growth of gambling. The findings were as presented in Table 4.2.

Table 4.2: Employees Opinion on Consumers Involvement on Growth of Gambling

Statement	N	Min.	Max.	Mean(M)	Std. Deviation
People in Kenya gamble to make a living	16	3.00	5.00	4.0625	.57373
Gambling has increased crime	16	1.00	5.00	4.0625	1.12361
Some gamblers have depleted their savings	16	1.00	5.00	3.9375	.99791
Gamblers are at risk of poverty	16	1.00	5.00	3.8750	.88506
Most of the gamblers are not employed	16	1.00	5.00	3.8125	1.04682
Valid N (listwise)	16				

Results reveal employees agreeing that people in Kenya gamble to make a living (M=4.0625); gambling has increased crime (M=4.0625); some gamblers have depleted their savings (M=3.9375); gamblers are at risk of poverty (M=3.8750); and that most of the gamblers are not employed (M=3.8125). The study findings concur with the findings of Musili (2016) that sports betting make people to lose their hard-earned cash; with some students using school fees while businesspeople directing their working capital to betting activities. This can lead to bankruptcies, homelessness, and loss of job or learning opportunities as result of betting addiction.

4.4.2 Socioeconomic Factors and Gambling Activities

In this section, employees were asked to indicate their level of agreement with statements relating with effects of socioeconomic factor on growth of gambling. The results obtained were as presented in Table 4.3.

Table 4.3: Employees Opinion on Socioeconomic Factors on Growth of Gambling

Statement	N	Min.	Max.	Mean	Std. Deviation
We have partnered or sponsored some activities around the country	16	1.00	5.00	4.1875	1.04682
We have been involved in identification of sporting talents	16	2.00	5.00	4.1250	.88506
A large percentage of our employees are Kenyan	16	1.00	5.00	4.1250	1.02470
Our organization participates in corporate social responsibilities	16	1.00	5.00	4.0625	1.18145
The growth of the sports betting and lottery industry is beneficial to the Kenyan economy	16	1.00	5.00	3.8125	.98107
Valid N (listwise)	16				

Results showed employees agreed that they have partnered or sponsored some activities around the country as indicated by a mean of 4.1875; they have been involved in identification of sporting talents as shown by a mean of 4.1250; a large percentage of their employees are Kenyan as shown by a mean of 4.1250; their organization participates in corporate social responsibilities as shown by a mean of 4.0625; and the growth of the sports betting and lottery industry is beneficial to the Kenyan economy as indicated by a mean of 3.8125. These concurs with Richard (2013) who noted that rapid growth in gambling sectors had led to social effects; in addition, despite gambling positively benefiting the economy, it is very important to also consider the social cost which means that licensing must be guided by the cost benefit analysis.

4.4.3 Regulatory Framework of Gambling In Kenya

Employees were asked to indicate the extent to which they agreed with a number of statements on adequacy and efficiency of the regulatory framework of gambling in Kenya. The results were as presented in Table 4.4.

Table 4.4: Employees Opinion on Regulatory Framework of Gambling In Kenya

Statement	N	Min.	Max.	Mean	Std. Deviation
The recent move by the government to impose 15% revenue taxation is unfair	16	2.00	5.00	4.2500	.85635
We are considering leaving the Kenya market	16	2.00	5.00	4.1875	.83417
The organization will in the next one year reduce the number of employees	16	3.00	5.00	4.1875	.54391
The regulation by the government has scaled back our revenues	16	3.00	5.00	4.1250	.50000
Our organization feels that there is need for further consultations	16	1.00	5.00	4.0000	1.03280
The regulation has affected the number of customers using our services	16	1.00	5.00	3.9375	1.12361
We contemplate to reduce our sponsorships	16	2.00	5.00	3.8750	.95743
Valid N (listwise)	16				

Results show employees were in agreement that the recent move by the government to impose 15% revenue taxation is unfair as supported by a mean of 4.2500; they are considering leaving the Kenya market as shown by a mean of 4.1875; the organization will in the next one year reduce the number of employees as shown by a mean of 4.1875; the regulation by the government has scaled back their revenues as indicated by a mean of 4.1250; their organization feels that there is need for further consultations as shown by a mean of 4.0000; the regulation has affected the number of customers using their services as indicated by a mean of 3.9375; and that they contemplate to reduce their sponsorships (M=3.8750). The study findings agree with Collins (2017) that betting, and gaming has become widespread in Kenya in an environment that is inadequately regulated; this

causes extensive non-positive impact on the vulnerable population and the young individuals.

4.4.4 Growth of Gambling in Kenya

Respondents were asked to indicate their level of agreement with various statements on the growth of gambling in Kenya. Table 4.5 presents the findings.

Table 4.5: Employees Opinion on Growth of Gambling in Kenya

	N	Min.	Max.	Mean	Std. Deviation
Has gambling in Kenya grown at a high rate?	16	3.00	5.00	4.1250	.61914
Some people lives have negatively changed due to gambling	16	1.00	5.00	4.0000	.96609
There have been rise in people addicted to betting	16	1.00	5.00	3.9375	1.18145
Have you increased the budget for advertising?	16	1.00	5.00	3.6875	1.13835
Some people' lives have positively changed due to gambling	16	1.00	4.00	3.5625	.89209
Valid N (listwise)	16				

The findings in table 4.5 show employees agree that gambling in Kenya has grown at a high rate as indicated by a mean of 4.1250; some people's lives have negatively changed due to gambling as indicated by a mean of 4.0000; there have been rise in people addicted to betting as shown by a mean of 3.9375; they have increased the budget for advertising as shown by a mean of 3.6875; and that some people' lives have positively changed due to gambling as shown by a mean of 3.5625. These study findings concurs with Sammut (2010) who explained that communities suffering economic adversity and social hardships use gambling as a solution to those problems; in addition, there are several instances where people have committed suicide after losing on bets. The study also agrees with Kenya's Budget Statement (2017) that betting, and gaming has become widespread in Kenya in an environment that is inadequately regulated and that its expansion is seen to have non-positive impact on the vulnerable population and the young individuals.

4.5 Descriptive Analysis on Gambling Activities

In this section, the study presented findings on responses provided by gamblers on various factors that relate with socioeconomic effects of gambling in Kenya in a regulated environment.

4.5.1 Analysis of Level of Participation of Consumers in gambling activities

4.5.1.1 Gambling Activities in Kenya

Respondents were asked to indicate the gambling activities they engaged in. The findings were as presented in Table 4.13.

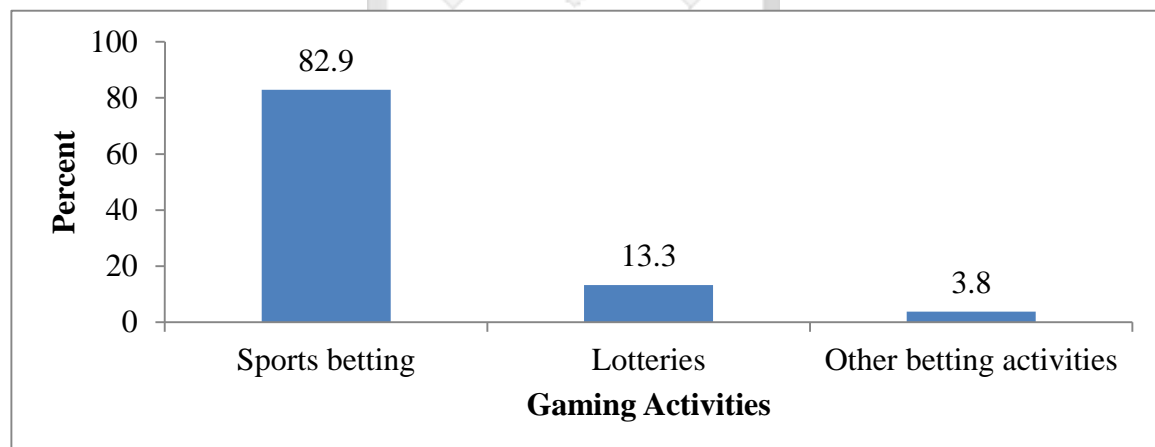


Figure 4.13: Gaming Activities Respondents Engage in

From the findings, 82.9% of the respondents indicated that they engaged in sports betting, 13.3% engaged in lottery, while 3.8% engaged in other betting/gaming activities. These findings suggest that majority of gamblers in Kenya take part in sports betting as supported by 82.9% of the respondents.

4.5.1.2 Reasons to Start Gambling

Respondents were asked to indicate the reason why they started gambling. The findings were as presented in Figure 4.14.

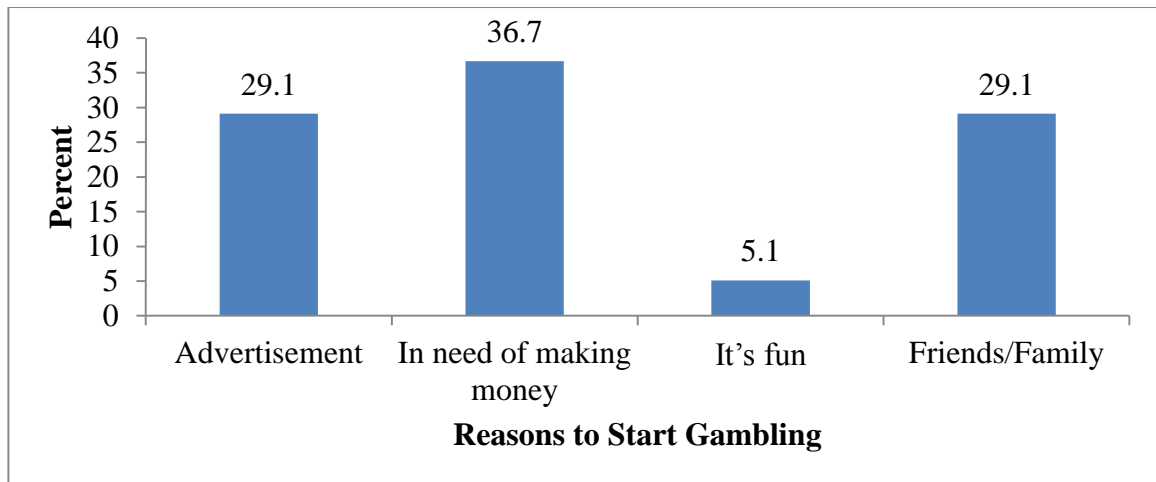


Figure 4.14: Gamblers Reasons to Start Gambling

Results show that 36.7% of gamblers indicated that they started gambling because they needed to make money, 29.1% indicated that it was because of advertisement from betting companies and another 29.1% indicated that it was because of influence from their betting friends and families, and 5.1% started because they think it is fun. These findings suggest that gamblers in Kenya started betting because of varied reasons. Most of them started because they needed to make money as supported by 36.7% of respondents. It is also evident that very few gamblers in Kenya practice gaming activities such as lottery and sports betting because it is fun activity, this is supported by 5.1% of respondents.

4.5.1.3 Respondents Betting/Lottery Accounts

It was also critical for the researcher to examine the number of accounts that the respondents had with the betting and lottery firms. Therefore, respondents were asked to indicate the number of betting/lottery brands they currently have an account with. Their responses were summarised in Figure 4.15.

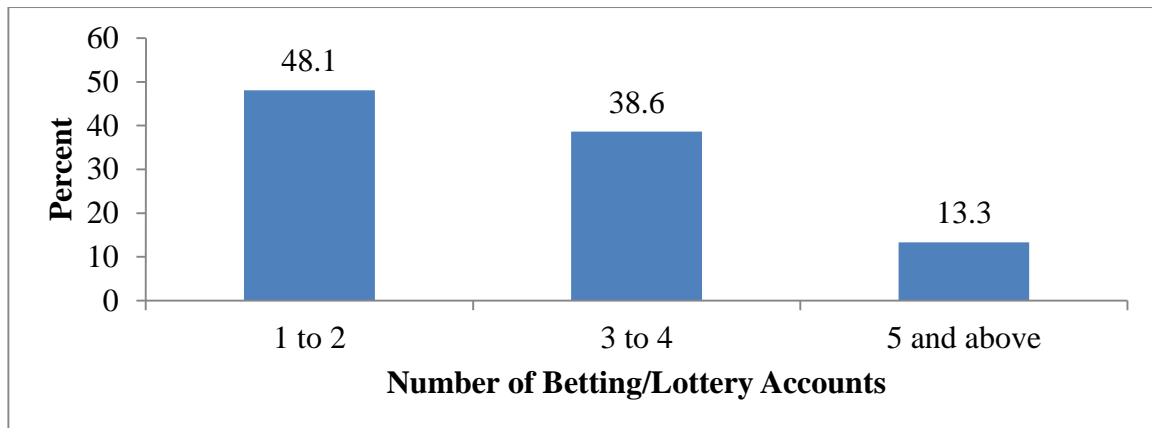


Figure 4.15: Respondents Number of Betting/Lottery Accounts

From the findings, 48.1% of the respondents indicated that they had between one and two betting/lottery accounts, 38.6% had between 3 and 4 accounts while 13.3% had 5 accounts and above. The results show that most of the respondents had 1 to 2 betting or lottery accounts.

4.5.1.4 Frequency in Bet Placing

It was also important for the researcher to establish how frequent respondents did bet. Therefore, respondents were asked to indicate the number of times they placed bets daily. Figure 4.15 presents the findings.

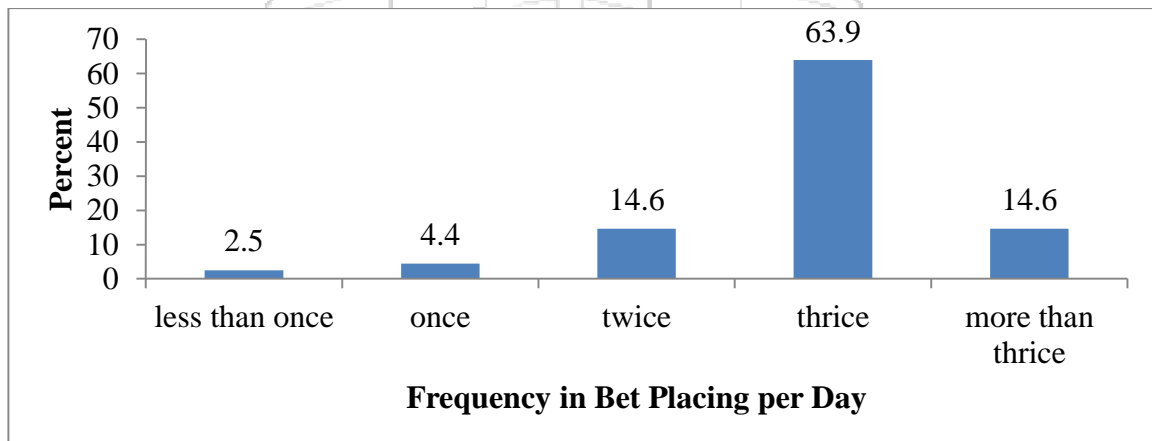


Figure 4.16: Respondents Frequency in Bet Placing

From the findings, 63.9% of the respondents indicated that they place bets thrice each day, respondents who placed bets twice or more than thrice a day were 14.6%, those who

placed once were 4.4%, and 2.5% placed less than once. These findings suggest that gamblers in Kenya place their bets daily with majority (63.9%) placing bets thrice in a day. The findings also suggest that very few gamblers fail to place bets each day as supported by 2.5% of total respondents.

4.5.1.5 Length of Time Betting

The study sought to establish how long they have been betting. Results obtained were as presented in Figure 4.17.

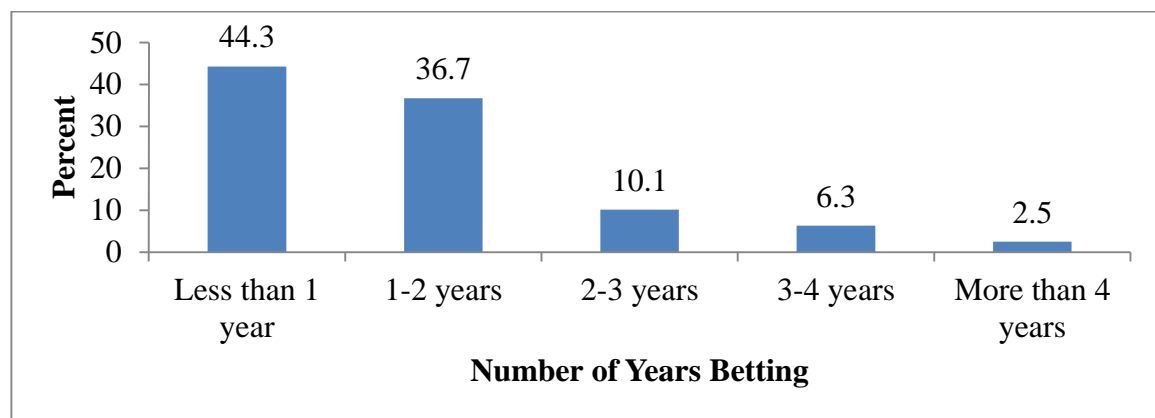


Figure 4.17: Respondents Number of Years Betting

From the findings, 44.5% of the respondents indicated that they have been betting for less than one year, 36.7% have been betting for 1 to 2 years, 10.1% for 2 to 3 years, 6.3% for 3 to 4 years, and 2.5% for more than 4 years. These findings suggest that most (44.5%) of gamblers in Kenya are new gamblers because they have been betting to less than 1 year. This can support the idea that gambling and betting sector in Kenya has grown significantly in the recent past.

4.5.1.6 Respondents Source of Betting Funds

Respondent's main source of betting funds was sought. Results obtained were as presented in Figure 4.18.

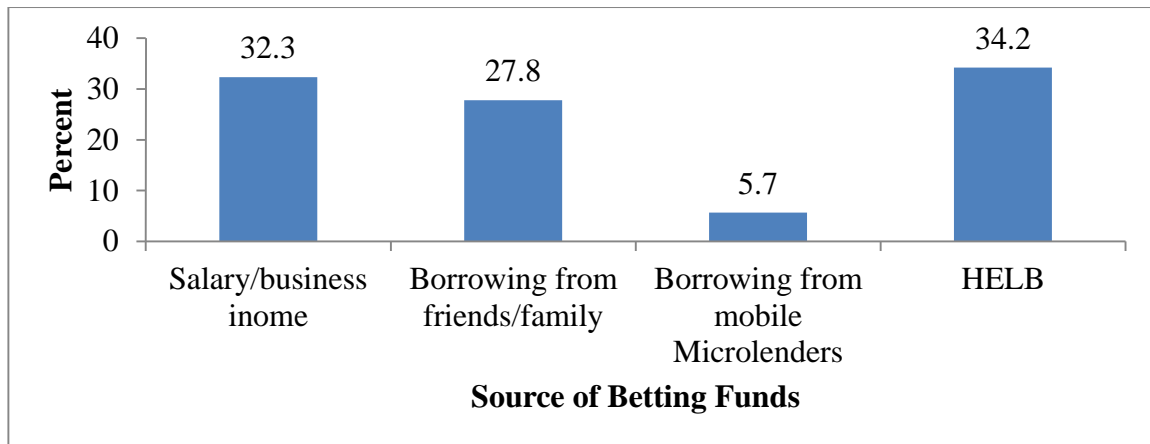


Figure 4.18: Respondents Source of Betting Funds

From the findings, 34.2% of the respondents indicated that their source of betting funds is HELB (Higher Education Loans Board) money, 32.3% indicated salary/business income, 27.8% indicated borrowing from friends/family and 5.7% indicated borrowing from mobile micro-lenders. These findings suggest that gamblers in Kenya get their gambling funds from diverse sources. Most gamblers were found to be students, and this explains why most gamblers get their betting funds from HELB (Higher Education Loans Board).

4.5.1.7 Respondents Average Spending on Betting

The study sought to determine the average spending of gamblers on betting each month. The findings obtained were as presented in Figure 4.19.

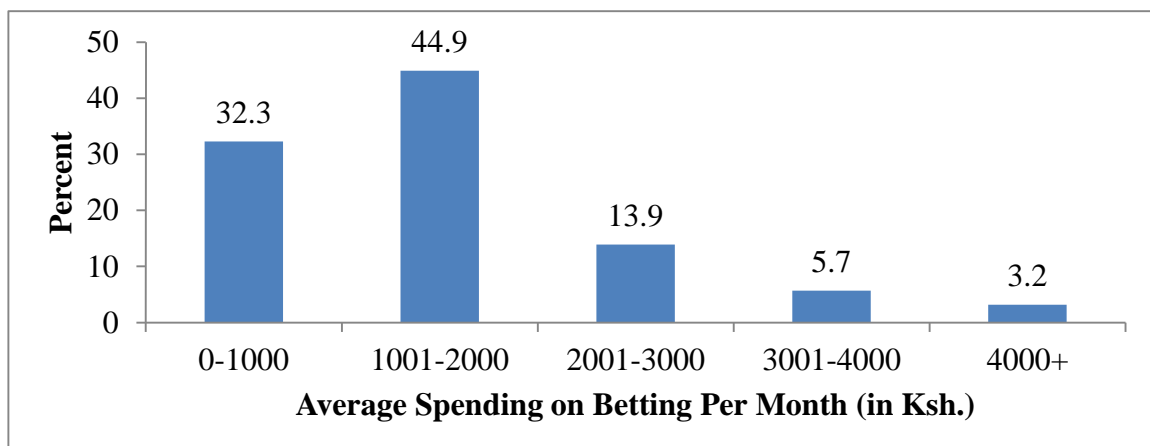


Figure 4.19: Respondents Average Spending on Betting per Month

From the findings, 44.9% of the respondents indicated that they spend between Ksh.1,001 and 2000, 32.3% did spend below Ksh. 1,000, 13.9% spent between Ksh. 2,001, and 3,000, 5.7% spent Ksh. 3,001 and 4,000, and 3.2% spent more than Ksh. 4,000. Therefore, it is evident that most gamblers in Kenya spend between Ksh. 1,001 and Ksh. 2,000 as indicated by 44.9% of respondents. Previous findings had shown that majority of respondents are low income earners, therefore it is evident that a significant amount of their earnings is spent on sports betting activities.

4.5.1.8 Gamblers View of Gambling

Gamblers were asked to indicate their level of agreement with various statements on gambling. The results were as presented in Table 4.6.

Table 4.6: Gamblers View of Gambling

	N	Min.	Max.	Mean	Std. Deviation
I have been addicted to betting and playing lottery	158	1.00	5.00	3.9873	.39077
I believe that gambling causes crime	158	1.00	5.00	3.9494	.58427
My business has collapsed because of betting	158	1.00	5.00	3.9177	.60744
My income has increased since I started betting	158	1.00	5.00	3.8861	.65787
I invest part of the money I win from betting	158	1.00	5.00	3.8608	.70907
I save part of the money I win from betting	158	1.00	5.00	3.8165	.66619
I ably provide for my family since I started betting	158	1.00	5.00	3.6899	1.09952
My family does not approve my gambling behaviour	158	1.00	5.00	3.0253	.51660
Government taxes discourage me from betting	158	1.00	5.00	3.0063	.92038
I have been in good healthy since I started betting	158	2.00	5.00	3.0000	.58647
My quality of life has greatly improved since I started betting	158	1.00	5.00	2.9494	.70302
I have made many friends as result of gambling	158	1.00	4.00	2.8797	.63203
I have been able to start a business as result of betting	158	1.00	4.00	2.8608	.58067
Valid N (listwise)	158				

From the findings, respondents were in agreement that they have been addicted to betting and playing lottery as indicated by a mean of 3.9873; they believe that gambling causes crime as indicated by a mean of 3.9494; their business has collapsed because of betting as

indicated by a mean of 3.9177; their income has increased since they started betting as shown by a mean of 3.8861; they invest part of the money they win from betting as shown by a mean of 3.8608; they save part of the money they win from betting as shown by a mean of 3.8165; and that they ably provide for their family since they started betting as shown by a mean of 3.6899.

The study findings further showed that respondents had neutral opinion that: their family does not approve their gambling behaviour as indicted by a mean of 3.0253; that government taxes discourage them from betting as shown by a mean of 3.0063; they have been in good healthy since they started betting as indicated by a mean of 3.0000; their quality of life has greatly improved since they started betting as shown by a mean of 2.9494; that they have made many friends as result of gambling as shown by a mean of 2.8797; and that they have been able to start a business as result of betting as shown by a mean of 2.8608.

These findings therefore show that there are both positive and negative effects of gambling that gamblers in Kenya are aware of. The study findings concur with Mwamba (2016) who explained that betting and gambling is highly addictive and therefore, sports betting make people to lose their hard-earned cash, with some students using school fees while businesspeople directing their working capital to betting activities. It also concurs with Zhou et al. (2017) that despite there being positive economic effects of gambling, the social cost must also be considered which means that a license cannot be issued unless social cost is surpassed by the economic impact. Most individuals who are mostly affected by the betting and lottery culture are the youths and young adults.

4.6 Content Analysis

In this section, the study presents findings obtained from the interview questions. The study summarised the findings and presented them in themes.

4.6.1 Measures to Ensure Responsible Gambling

The researcher sought to determine measures taken by betting and lottery companies in Kenya to ensure that there is responsible gambling. The study found that there are measures taken by these companies which include responsible gambling policy, having caps on betting activities and suspending users with problem gambling. Those were initiatives made by the companies, and therefore the researcher sought to determine whether the government has played any role in ensuring responsible gambling. Interviewees were asked their opinion on whether the government has done enough to create and develop appropriate policies for the sports betting and lottery industries. Majority of gamblers were of the opinion that the government has done enough while others felt that there is dire need for the government to have discussions with companies' stakeholders to ensure they create favourable policies and working environment.

4.6.2 Effects of Thriving Sports Betting and Lottery Industry

4.6.2.1 Positive Effects

The opinion of betters/gamblers on ways Kenya benefits from thriving sports betting and lottery industries was sought. They explained that as this industry thrives, they drive for more innovations which results in technological advancement in the country. As the industry grows, the government is able to collect more taxes which imply increased revenue to promote social welfare. Also, they explained that growth of companies

suggests increased profits and therefore they can increase their spending on corporate social responsibility. Also expansions means the company will require more staff members which creates more employment opportunities.

4.6.2.2 Negative Effects

The study sought the opinion of interviewees on ways Kenyan society is set to suffer from a thriving sports betting and lottery industries. Main concerns were on issues of gambling addiction especially among the youth which in the long run causes other significant challenges. They explained that addiction to gambling is the cause of crime, business failures, family conflict and even school dropouts. In other cases, it causes deaths due to disappointment and loss when a gambler loses their stake or is no longer in position to finance their gambling addiction.

4.6.2.3 Future of Sports Betting and Lottery Industry

Considering the new regulations made in the betting and lottery industry, the study sought the opinion of interviewees on what the future of this industry is. They were of the opinion that survival of this industry is highly dependent on government regulations and if the two entities fail to communicate and consult with each other on ways of creating favourable working environment, then they will definitely collapse. Others felt that the industry was short-lived because the new regulations do not favour their operations, and this has seen most of them move out of the country or close down.

4.7 Inferential Statistics

To establish the relationship existing between the dependent and independent variables, the study computed correlation and regression analysis.

4.7.1 Correlation Analysis

The study computed Pearson's correlations coefficients to examine the nature and the direction of the relationship between the dependent and the independent variables. The correlation coefficient (r) values range between -1 and +1 where a small correlation is that where $r = \pm 0.1$ to ± 0.29 , medium has $r = \pm 0.3$ to ± 0.49 , and a strong relationship is one where $r = \pm 0.5$. In this study, the researcher sought to establish the nature of relationship between involvement of consumers, socioeconomic factors and Kenya's gambling regulatory framework with Growth in Gambling.

Table 4.7: Correlation Analysis

		Growth	Involvement	Socioeconomic Factors	Regulatory Framework
Growth in Gambling	Pearson Correlation	1			
	Sig. (2-tailed)				
Involvement of consumers	N	158			
	Pearson Correlation	.850**	1		
Socioeconomic Factors	Sig. (2-tailed)	.000			
	N	158	158		
Kenya's gambling regulatory framework	Pearson Correlation	.532**	.257**	1	
	Sig. (2-tailed)	.000	.001		
	N	158	158	158	
	Pearson Correlation	.809**	.751**	.228**	1
	Sig. (2-tailed)	.000	.000	.004	
	N	158	158	158	158

** . Correlation is significant at the 0.01 level (2-tailed).

From the findings, involvement of customers was found to have a strong positive relationship with growth of gambling ($r=850$. $p=0.000$). The findings also show that socioeconomic factors has a strong direct relationship with growth of gambling ($r=532$ $p=0.000$). In addition, Kenya's gambling regulatory framework was found to have strong direct relationship with growth of gambling ($r=809$, $p=0.000$). The findings show that

involvement of consumers, socioeconomic factors, and Kenya’s gambling regulatory frameworks are related with growth of gambling.

4.7.2 Multiple Regression Analysis

The study computed linear regression model to analyse the relationship between the dependent variables and independent variables.

4.7.2.1 Model Summary

This study used model summary to establish amount of variation in growth of gambling as a result of changes in involvement of consumers, socioeconomic factors and Kenya’s gambling regulatory frameworks was sought.

Table 4.8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.941 ^a	.886	.883	.12836

a. Predictors: (Constant), Kenya’s gambling regulatory framework, Socioeconomic factors, Involvement of consumers

Results show the value of R^2 to be 0.886 which suggests that 88.6% variation in growth of gambling in Kenya can be attributed to changes in Kenya’s gambling regulatory framework, socioeconomic factors and involvement of consumers. The remaining 11.4% suggests that there are other factors other than Kenya’s gambling regulatory framework, socioeconomic factors, involvement of consumers that can be used to explain variation in growth of gambling. The study also established that the variables under investigation have a strong positive relationship ($R=0.941$).

4.7.2.2 Analysis of Variance

Analysis of variance is used to determine whether the model developed is significant and whether it is a perfect fit for the data. The study tested significance of the model at 95% confidence interval.

Table 4.9: Analysis of Variance

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	19.649	3	6.550	397.538	.000 ^b
1 Residual	2.537	154	.016		
Total	22.187	157			

a. Dependent Variable: Growth in Gambling

b. Predictors: (Constant), Kenya's gambling regulatory framework, Socioeconomic factors, Involvement of consumers

From the findings, it can be observed that the model was significant since the p-value (0.000) was less than the selected level of significance (0.05). From the Anova table, the F-calculated value (397.538) was less than the f critical value (2.663) obtained from the f-critical tables. Therefore, Kenya's gambling regulatory framework, socioeconomic factors and involvement of consumers can be used to predict growth of gambling.

4.7.2.3 Beta Coefficients of the Study Variable

Beta coefficients values in the coefficients table were used to fit the regression model.

Table 4.10: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.302	.134		-9.713	.000
Involvement of consumers	.541	.046	.493	11.833	.000
1 Socioeconomic factors	.251	.022	.322	11.401	.000
Kenya's gambling regulatory framework	.434	.049	.365	8.844	.000

a. Dependent Variable: Growth in Gambling

From the findings in the table above, the following regression equation was formed;

$$Y = -1.302 + 0.541 X_1 + 0.250 X_2 + 0.434 X_3 + \epsilon$$

Where Y= Growth in Gambling; X₁= Involvement of consumers, X₂= Socioeconomic factors and X₃= Kenya's gambling regulatory framework.

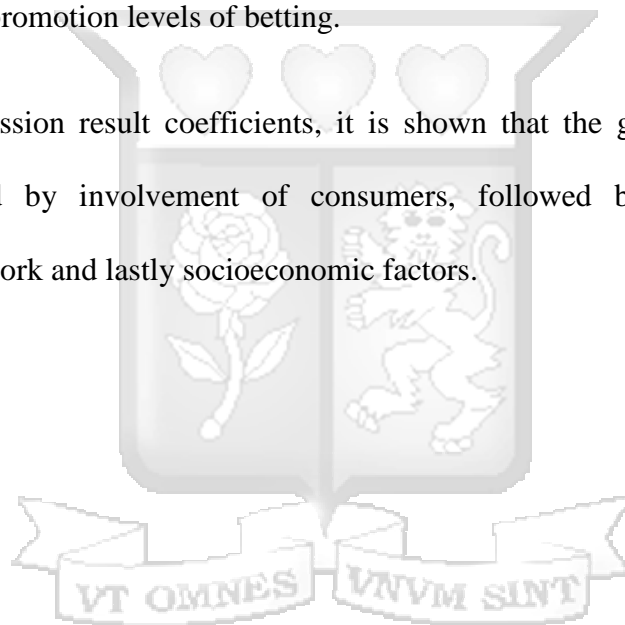
From the above regression equation, if there is no involvement of consumers and with no known socio-economic factors and which would then imply that no regulatory framework would be required, then there would be no desire to be involved in gambling activities among Kenyans.

The study also established that involvement of consumers has a significant influence on growth of gambling. The findings further showed that the influence is positive ($\beta=0.541$, p-value = 0.000). This is an indication that involvement of consumers has a direct relationship with growth of gambling. Therefore, increasing involvement of consumers will result to growth in gambling by 0.541 units if the rest of the variables are unchanged. The findings concur with Kampala by Wooldridge (2009) who found that individuals' state of employment and their participation in gambling had positive and significant relationship.

Also, the study findings show that socioeconomic factors are related with growth of gambling. The findings further showed that the two variables have a direct relationship ($\beta = 0.251$, p-value = 0.000). This suggests that socioeconomic factors are positively and significantly related with growth of gambling. Therefore, increasing socioeconomic factors will cause growth to increase by 0.251 units assuming that the rest of the variables are unchanged. The findings concur with Mbithi (2015) who found that problem gambling is major negative effect of gambling.

Finally, the findings showed that Kenya's gambling regulatory framework is related with growth of gambling. The findings also established that they are positively and significantly related ($\beta=0.434$, $p\text{-value}=0.000$). This shows that Kenya's gambling regulatory framework has a direct relationship with growth of gambling an indication that a unit increase in Kenya's gambling regulatory framework causes growth of gambling by 0.434 units when the two variables are kept constant. The findings concur with Mwadime (2017) who noted that the government was not interested in management of policies meant to protect individuals participating in gaming and didn't regulate exposure, advertisement or promotion levels of betting.

From linear regression result coefficients, it is shown that the growth of gambling is highly influenced by involvement of consumers, followed by Kenya's gambling regulatory framework and lastly socioeconomic factors.



CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the study presents summary of findings, conclusion drawn from the findings and recommendations made there-to. Conclusion drawn and recommendations made addressed study objectives. The main objective of the study was to analyse the factors influencing growth of gambling activities in Kenya.

5.2 Discussion of Findings

In this section, the study presents discussion of findings based on the specific objectives of the study. The specific objectives of the study were to determine the influence of consumer involvement on growth of gambling activities in Kenya, to assess the influence of socioeconomic factors on growth of gambling activities in Kenya and to examine the influences Kenya's gambling regulatory framework on growth of gambling activities in Kenya.

5.2.1 Influence of Consumer Involvement on Growth of Gambling Activities

The study found that involvement of customers in Kenya is the main reason for growth of gambling industry. The study found that most common gaming activity that gamblers take part in is sports betting with others take part in lottery. The study also found that the main reasons why people gamble, in order of significance is because they need money, advertisement from betting companies, and because of influence from friends and family. Also, most gamblers have 1 to 2 betting or lottery accounts which they use to place their bets daily with majority placing bets thrice in a day. In addition, the study established that

most of these gamblers are new gamblers because they have been betting for less than a year. The study found majority of gamblers to be students and therefore their source of betting funds in HELB money. Most of them spent between Ksh. 1,001 and Ksh. 2,000 on betting which is a significant amount of earnings spent on sports betting activities.

The study further found that: most gamblers have been addicted to betting and playing lottery; gambling causes crime; business have collapsed because of betting; income has increased due to betting; gamblers invest part of the money they win from betting and they save part of the money. Also, the study found that families do not approve gambling behaviour of some gamblers; government taxes discourage one from betting; quality of life hasn't improved greatly since they started betting.

5.2.2 Influence of Socioeconomic Factors on Growth of Gambling Activities

The study found that socioeconomic factors have a direct relationship with growth of gambling. The study also established that sports betting and lottery companies have partnered or sponsored some activities around the country; they have been involved in identification of sporting talents. The study also found that a large percentage of employees in these companies are Kenyan and therefore justifies the aspect of employment creation. Also, these organizations participate in corporate social responsibilities; and the growth of the sports betting and lottery industry is beneficial to the Kenyan economy. The study further established that despite these companies having positive effects there are other negative effects associated with them. The study established that Main concerns were on issues of gambling addiction especially among the youth which in the long run causes other significant challenges. Addiction to gambling is the cause of crime, business failures, family conflict and even school

dropouts. In other cases, it causes deaths due to disappointment and loss when a gambler loses their stake or is no longer in position to finance their gambling addiction.

5.2.3 Influences Kenya's Gambling Regulatory Framework On Growth Of Gambling Activities

The study found that Kenya's regulatory framework significantly affects growth of gambling. Also, it was established that the recent move by the government to impose 15% revenue taxation is unfair; sports betting and lottery companies are considering leaving the Kenya market; the organization will in the next one year reduce the number of employees; the regulation by the government has scaled back their revenues. Betting companies feel that there is need for further consultations and that the regulation has affected the number of customers using their services. The study also established that these companies are contemplating to reduce their sponsorships. Betting and gaming has become widespread in Kenya in an environment that is inadequately regulated causing extensive impacts on vulnerable individuals and the youth.

5.3 Conclusions

The study found that level of involvement of consumers' influences growth of gambling. The study also established that there is a positive and significant relationship between involvement of consumers and growth of gambling. Based on the study findings, the study concludes that increasing involvement levels of consumers will cause growth of gambling.

The study found that socioeconomic factors are related with growth of gambling. The findings further found that the two variables have a direct relationship; this suggests that socioeconomic factors positively and significantly influence the growth of gambling

activities. Therefore, from the study findings, the study concludes that socioeconomic factors influence the growth of gambling activities in Kenya.

Kenya's gambling regulatory framework was found to influence growth of gambling in Kenya. The study further established that Kenya's gambling regulatory framework positively and significantly relates with growth of gambling. This shows that Kenya's gambling regulatory framework has a direct relationship with growth of gambling. The study therefore concludes Kenya's gambling regulatory framework positively influence the growth of gambling activities in Kenya.

5.4 Recommendations

There has been a steady growth in gambling activities in Kenya. Therefore, the government should develop policies that would promote responsible gambling and also regulate advertisements associated with gambling activities.

The study also recommends the government to develop policies and plans that will ensure taxes or revenues from gambling firms are used to improve the state of sports in the country. The study recommends betting companies to adopt technology that can allow the user to set the limit of gambling to ensure they do not overspend or to prevent them from being addicts. There is also need to educate especially the youth on good gambling habits and ways of avoiding falling into addiction.

5.5 Limitations of the Study

The research was limited to sports betting and lotteries as types of gambling and respondents were sampled from Nairobi County within the scope of the four set objectives.

5.6 Suggestions for Future Studies

The main focus of this study was to to analyse the factors affecting of gambling in Kenya in a regulated environment. The study recommends a study to be conducted on the challenges facing gambling companies in setting up and running betting operations

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APPENDICES

Appendix I: Ethical Review

20 March 2019

To Ethical Review Committee,

Strathmore University

NAIROBI

Dear Sir/Madam,

RE: APPLICATION FOR ETHICAL REVIEW

I am a final year post graduate student at Strathmore Business School and I am conducting a survey study for my research project. This research concerns an analysis of the socioeconomic effects of gambling on diverse stakeholders in the gambling industry in Kenya.

Attached herewith please find the following;

- Study Protocol
- Information about payments and compensation
- Proposed Study Budget
- Document detailing recruitment of respondents and obtaining informed consent
- Consent form

I await your approval to proceed with my data collection.

Yours faithfully,

MARY MAINA

STRATHMORE BUSINESS SCHOOL

Appendix II: Ethical Review Approval

RHInnO Ethics - - 1 of 1

Final Decision Certificate

This document certifies that the study:

**"THE SOCIOECONOMIC EFFECTS OF GAMBLING ON
DIVERSE STAKEHOLDERS IN THE GAMBLING INDUSTRY
IN KENYA "**

Principal Investigator: Ms. Maina, Mary Mumbi
Reference number: SU-IERC0365/19

Was reviewed and received the following status:






"done"

Additional Comments: Final decision: **approved**

Comments sent:

Reviewer #1:
'None'

Appendix III: Research Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 935648	Date of Issue: 02/Dec/2019
RESEARCH LICENSE	
	
<p>This is to Certify that Miss MARY MUMBI MAINA of Strathmore University, has been licensed to conduct research in Nairobi on the topic: THE SOCIOECONOMIC EFFECTS OF GAMBLING ON DIVERSE STAKEHOLDERS IN THE GAMBLING INDUSTRY , IN KENYA for the period ending: 31/December/2019</p>	
License No: NACOSTI/P/19/576	
935648 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code
	
<p>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</p>	

Appendix IV : Introduction Letter

OUR REF: YOUR REF:

(Date)

To whom it may concern,

[Name stakeholder/institution]

P.O. Box

NAIROBI

Dear [name],

RE: INTRODUCTION LETTER

Mary Maina is a final year post graduate student at Strathmore Business School and she is conducting a survey study for her research project. This research concerns an analysis of the socioeconomic effects of gambling on diverse stakeholders in the gambling industry in Kenya.

The student sought to conduct in-depth interviews/focus group discussions which should take no more than an hour to complete. We assure you of full confidentiality on all information given and anonymity. The information will also be fully available to you upon request.

In the event that you have any queries or that you require any independent clarification about this study, please do not hesitate to contact the Administrator at Strathmore Business

School on +254 727 969 372.

Yours faithfully,

MARY MAINA

STRATHMORE BUSINESS SCHOOL

Appendix V: Consent Letter

Dear Respondent,

We are a group of MBA students from Strathmore Business School conducting a study to show the effect of access and use of agricultural information by smallholder potato farmers on productivity.

The results of the study will help us give valuable feedback on the socio-economic effects of gambling on diverse stakeholders in the gambling industry in Kenya. The findings of this study will be beneficial to various stakeholders including the government, prospective investors, industry operators, and the public in revealing gaps in the current gambling trends that can be used as a business case for innovative solutions.

You have been randomly selected to complete a brief questionnaire containing questions that directly address our study objectives. Please fill all the questions legibly.

For confidentiality purpose, you will not be required to put your name on the questionnaire. The final date for filling this questionnaire Friday April 8, 2019. Participation in this exercise is voluntary and you can skip any question you are not comfortable answering. You are free to withdraw from the research process at any given time without any consequence.

For follow up on study results, please feel free to call one of the researchers conducting this study.

Your participation in this questionnaire is greatly appreciated.

Sincerely,

MARY MAINA

STRATHMORE BUSINESS SCHOOL

Appendix VI: Questionnaires for Senior/Middle Level Employees in Gambling

Organizations

Kindly answer all the questions (Answer by ticking or commenting as appropriate)

Part A: Personal Information

1. Please identify your gender:

Male

Female

2. How long you have been working with the company?

Less than a year

1-3 years

4-7 years

8-10 years

Above 10 years

3. Kindly tick the management level

Middle management

Senior management

Director/Shareholder

Expatriate/Technical

Professional

4. What is your role in the company?

Gaming Manager

IT manager

Commercial Director

Chief Technical Officer

Business Intelligence

Chief Financial Officer

Chief Executive Officer

Managing Director

5. How many people are employed in your company?

<10

10 to 20

21 to 30

31 to 40 ()

Above 40 ()

6. What is your view on gambling?

Positive ()

Negative ()

Section B: Socioeconomic Effects of Gambling

7. Indicate your level of agreement on the following statements ?

Statement	Not at all	Small Extent	Average	Large Extent	Very Large Extent
The growth of the sports betting and lottery industry is beneficial to the Kenyan economy					
Our organization participates in corporate social responsibilities					
We have partnered or sponsored some activities around the country					
A large percentage of our employees are Kenyan					
We have been involved in identification of sporting talents					

Section C: Adequacy and efficiency of the regulatory framework of gambling in

Kenya

8. Indicate your level of agreement on the following statements?

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
The recent move by the government to impose 15% revenue taxation is unfair					
We are considering leaving the Kenya market					
Our organization feels that there is need for further consultations					
The regulation by the government has scaled back our revenues					
The regulation has affected the number of customers using our services					
We contemplate to reduce our sponsorships					

The organization will in the next one year reduce the number of employees					
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Section E: Growth of Gambling in Kenya

9. Indicate your level of agreement on the following statements?

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Has gambling in Kenya grown at a high rate?					
Have you increased the budget for advertising?					
Some people' lives have positively changed due to gambling					
Some people lives have negatively changed due to gambling					
There have been rise in people addicted to betting					

Section F: Consumers of Gambling

10. Indicate your level of agreement on the following statements?

Statement	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Gamblers are at risk of poverty					
Some gamblers have depleted their savings					
People in Kenya gamble to make a living					
Gambling has increased crime					
Most of the gamblers are not employed					

Appendix VI: Questionnaire for individuals involved in gambling

Kindly answer all the questions (Answer by ticking or commenting as appropriate)

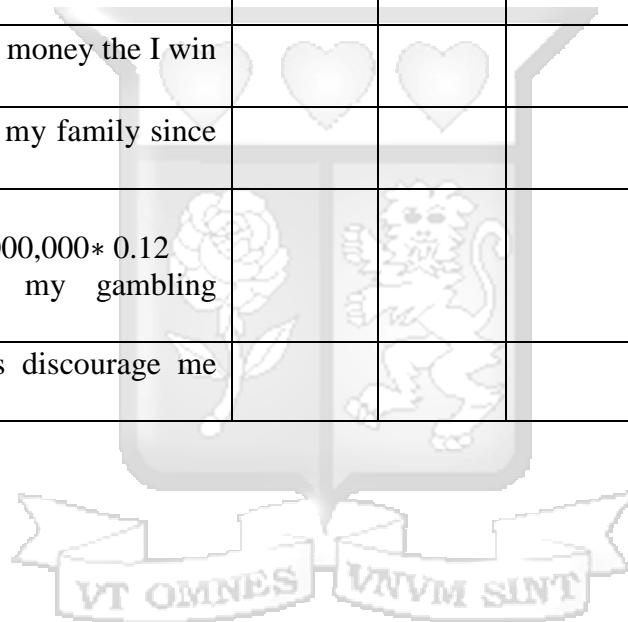
Part A: Personal Information

1. Please identify your gender:
Male
Female
2. What is your age?
.....
3. What is your marital status?
Never Married
Married with no children
Married with children
Divorced/Separated/Widowed
4. Kindly tick your highest education level
K.C.P.E
K.C.S.E
University Degree
MBA
Other: (Please specify)
5. What is your occupation?
.....
6. What is your average monthly income in Kenya Shillings?
.....

Section B: The Level of Participation of consumers in growth of gambling

11. Which of this gambling activities do you engage in? (Tick as appropriate)
Online/Mobile Sports betting
Lotteries
Horse Racing
Promotions
Online Casinos
Betting Shops
Other betting activities (Please Specify)
7. What made you start gambling?
Advertisement
In need of making money
It's fun
Friends/Family

crime					
I have made many friends as result of gambling					
My business has collapsed because of betting					
I have been able to start a business as result of betting					
My income has increased since I started betting					
My quality of life has greatly improved since I started betting					
I have been in good healthy since I started betting					
I save part of the money the I win from betting					
I invest part of the money the I win from betting					
I ably provide for my family since I started betting					
My family do $n=2,000,000(1+2,000,000 \cdot 0.12)^n$ do not approve my gambling behaviour					
Government taxes discourage me from betting					



Appendix VIII: Interview questions

1. What measures has your company created to ensure responsible gambling?
2. Has the government done enough to create and develop appropriate policies for the sports betting and lottery industries?
3. How is the Kenya society set to benefit from a thriving sports betting and lottery industries?
4. How is the Kenya society set to suffered from a thriving sports betting and lottery industries?
5. What is the future of sports betting and lottery industries considering the new regulations?

