

**GAMBLING MITIGATION STRATEGIES ADOPTED BY THE  
BETTING CONTROL AND LICENSING BOARD OF KENYA**

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## DECLARATION

This research project is my original work that has not been submitted to any other University or Institution of higher learning for academic award.



23/11/2022

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



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## **DEDICATION**

This project is dedicated to my family, friends and colleagues for their unwavering support.

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## **LIST OF ABBREVIATIONS**

<b>BCLB</b>	Betting Control and Licensing Board
<b>UIGEA</b>	Unlawful Internet Gambling Enforcement Act
<b>GDP</b>	Gross Domestic Product
<b>RBV</b>	Resource Based View
<b>KRA</b>	Kenya Revenue Authority

## **ABSTRACT**

The purpose of this study was to establish gambling mitigation strategies adopted by Betting Control and Licensing Board (BCLB) of Kenya to enhance performance. This study was intended to provide valuable information to the organisation for decision making and to the government for policymaking and practice. Similarly, the research was informed by three main theories including; contingency theory, Resource Based Theory and Porters theory of competitive advantage. On methodology, the study employed a case study design that focused on BCLB. The study targeted six respondents drawn from senior management level. Data was collected using an interview guide and content analysis was employed for analysis. The findings were that various gambling mitigation strategies have so far been adopted by the Betting Control and Licensing Board such as self-exclusion policies, new gaming bill of 2019, sectionalizing the board, licensing strategy, regular crackdown on illegal gambling activities, training members and employees, stringent control of operating hours and enactment of advertising guidelines. Amongst the notable challenges facing BCLB include inadequate funding, corruption and bribery and political interference. The study established that technology has redefined the gambling activities in the country with ease through online platforms. Proper policies should be implemented to sanitise the sector. Betting Control and Licensing Board of Kenya should equally be given financial autonomy to work without interference. Gambling should also be regulated to disallow the vulnerable and underage from participating in gambling and participants should be vetted in order to protect families. The gaming law should be subject to review to address emerging issues in the industry since this will make it competitive. The study recommends the need for further studies in this field to bridge the existing gaps and lapses affecting the industry and to ensure continuity.



# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background of the Study**

The gambling or gaming sector has experienced tremendous growth this century than ever before. This growth has been associated with high growth in macro-economic factors such as technology, social needs, political and economic needs (Mwadime, 2018). Technology for instance has been the most sought platform for gambling. Increased need by the youth to gain social status and creation of wealth and luxury are some of the factors pushing increased number of young people to engage in gambling activities. On the aspect of economic needs, gambling is a significant source of employment, income and social support. The industry consists of both legal and illegal gambling. The global gambling yield in the year 2018 was \$ 480 billion with a forecasted raise to \$ 495 in the year 2019. Increase in fraudulent activities in gambling industry has resulted to loss of over \$ 200 Billion. Due to this reason among other reasons such as increased criminal activities, reduced productivity among the youth has resulted to adoption of various mitigation strategies such as heavy taxation, gambling restrictions, regulations and oversight, prevention and public education (Statista, 2019).

In relation to arguments by studies (Mwadime, 2018; Elever, 2018) technology and social behaviour are some of the common contributors to increased gambling behaviour. The study was anchored on contingency model, Resource Based View and Porters Theory of Competitive Advantage. Contingency approach links management with a strategic approach which explains the need for organisations to consider effective management methods that promises competitive edge. Resource based theory explains that in strategic management, fundamental drivers to organisational competitive advantage and credible performance are associated with valuable, non-substitutable and imitable resources and capabilities (Barney, 1991). Porter's approach aims at helping organisations to achieve competitive edge over rival organisations in the market (Porter, 1985).

Gambling Industry in the USA and UK is one of the lucrative industries in the world. USA and UK combined contribute to a total of 45% of the total global revenue generated

from the gambling industry in the world. Implementation of the gambling or rather gaming Act by the UK government early in 2005 was mainly applied to England, Wales and Scotland. The Act was meant to control the gambling industry through protecting exploitation, preventing gambling from proceeds of crime, protecting underage from gambling, while ensuring that it's carried out in a free and fair environment and finally ensuring any offshore gambling companies contribute at least 15% of point of consumption tax on gross revenue (Dewar, 2017). In Kenyan environment, the gambling industry is growing rapidly and at least 40% of the industry remains unregulated. It's desirable that gambling sector be regulated to instil sanity while ensuring that players are people above the age of majority.

Such effort will help mitigate negative effects it has on youthful population. Besides, these strategies will safeguard families from economic turmoil while also reducing the suicide cases in the country. Again, it is expected that regulating the industry may compel all betting firms to remit taxes to authority for provision of services. Therefore, in view of the challenges faced in this sector, it is a research interest area.

### **1.1.1 Concept of Gambling**

Gaming and gambling are used synonymously in the gaming and betting industry. Gaming means playing of a game of chance for winnings in money or money's worth. Gambling on the other hand involve risk taking with money value or an event in which the outcome is uncertain. Gambling is among the common activities affecting economic growth in a global perspective. The argument that gambling is a source of income and results to creation of employment has received a lot of critics because of increased internet fraud associated with gambling, gambling addiction and money laundering (Haller, 2009).

Collins (2003) defines gambling as an activity where two or more parties place at risk something of value in the hope of winning something of greater value, whereby who wins or who loses depends on the outcome of events that are unknown to the participants at the time of the bet. This definition, therefore covers activities such as purchasing lottery tickets, participating in prize draws and taking part in newspaper competitions. Schwartz

(2006) postulates that the concept of gambling is invested in at least three elements namely consideration, risk and prize. The consideration element addresses the first phase of gambling in which the promise is given by the offeror to offeree in exchange of staking a certain amount of resources. However, this promise is affected by risk or uncertainty of such promise to happen. A higher risk indicates that the chances of the gambler to win are quite low while the prize is high, while in situations where the risk is low, the chances of winning are high with low price. In this case, gambling is based on the concept of high stake and risk taking for high winnings and vice versa.

According to Richard (2010), the concept of gambling is based on the idea of winning with respect to odds available, probability of odds being favourable, randomness of selection of events, hit frequency and chances based on skills of the gambler. Odds are the chances of something to happen such as win or lose. Probability determines the rate at which odds will happen. A high probability is a clear indication that chances of winning are high while low probability denotes chances of winning are low. Randomness is unpredictable and in this case, winning or losing has equal chances. High frequency addresses how often a slot machine has high chances of selecting an even while chances based on skills is determined by how well the gambler understands the game.

### **1.1.2 Mitigation Strategies**

According to Chandler (1962), strategy means “the determination of basic long-term goals and objectives of an organization and the adoption of courses of action and the allocation of resources for executing the said goals.” Some of the critical success factors for organisations entail resources, competencies and abilities that enhance efficiency required to achieve competitive edge. According to Porter (1986), competitive edge means “a broad formula which addresses an organization’s competitiveness, its goals, and the requisite policies needed to implement the goals.” A company should tailor unique and superior products to the rivals to achieve competitiveness. This they can achieve through product differentiation, pricing and strategic market positioning. In other words, business strategy mainly focuses on achieving specific goals with high degree of consistency, integration and cohesiveness in harmonising an organisation’s core functions (Porter, 1996). In this respect, strategies under consideration may include registration or

licensing, commercialization, taxation, regulation, prohibition, limitations in advertising in various media, legislation and gaming laws.

Therefore, mitigation strategies imply measures that are formulated by an organization to identify, monitor and evaluate uncertainties inherent to completing programs. Mitigation strategy is very important to the achievement of any project based on the fact that risks portend greater impact to program success. This explains why organisations are concerned about risk mitigation strategies in order to actualize results in the long run. Similarly, mitigation strategies consist of mitigation goals and action and action plan for execution. These components provide framework that are used to identify, prioritise and execute actions to lower possible risks. Mitigation goals are guidelines which explain what an organisation intends to achieve with the plan. They are long term policy statements which represent vision for avoiding potential hazards. On the other hand, mitigation actions are specified activities which assist a company to achieve its objectives. While action plans explain how the mitigation actions can be prioritised, administered and incorporated into the organisation plans (Marlatt, 1998).

Mitigation strategies in gambling and gaming sector may include but not limited to licensing, limitations in advertising in various media, taxation, creation of awareness, regulation, prohibition and legislation and enforcement of gaming laws. These strategies may be employed to reduce the general business malpractices and to promote a favourable environment for investors to undertake their activities and compete fairly. It is important to reiterate that strategies are not intended to victimise players but rather to instil sanity and create a level playing field for potential investors. These mitigation strategies are expected to protect investors and help governments to regulate industries. These gambling mitigation strategies may be employed to regulate firms for example taxation may be implemented to mobilise resources that government seek to implement plans and provide essential services to the public. Similarly, laws and regulations are developed so that companies may comply with legal requirements. In other words, these are strategies developed by the company to move towards the right trajectory in realising the set objectives (Marlatt, 1998).

### **1.1.3 Betting Control and Licensing Board**

Betting Control and Licensing Board was founded through Betting, Lotteries and Gaming Act Chapter 131, Laws of Kenya in 1966. The board currently operates under the ministry of interior and coordination of national government. The board's mandate is to control and license betting and gaming premises and their activities by imposing and recovering taxes; authorises lotteries and price competition and it eradicates illegal gaming in the country. The betting industry in Kenya witnessed influx early 2005 as a result of growth in technology and public awareness. Due to this effect, the Betting Control and Licensing Board had to revise various regulations in early 2019. This update came about with revocation of licenses for core betting companies such as SportPesa, Betin and Betway who had a market share of 85% in the industry (Wandera & Eshitemi, 2019).

The gaming industry in Kenya has seen an influx of betting firms, exposing millions of citizens to serious challenges including increased borrowing to fund gambling activities, addiction and suicide and drug abuse. Because of these challenges, increment of minimum betting stake of say, Sh. 50, limiting access to foreign firms to retain proceeds in Kenya, establishment of national gaming authority to oversight the industry and heavy taxation of gross revenue and imposition of withholding tax are some measures that can help to reduce gambling (Wangari, 2018). The Kenyan Betting, Lotteries and Gaming Act, Chapter 131 of 1966 - Revised Edition 2017 has been criticised due to lack critical measures towards regulating the gambling industry. These challenges have been associated with increased cases of exploitation, betting by underage, lack of legal compliance and easy entry into the market. The Gaming Bill 2019, however, has shown great powers with hefty regulations in taxation, commercialization, permits and licences, establishment of gaming authority and protection of underage from gambling events (Abuya, 2019).

Other than regulation and control of betting activities in Kenya, Betting Control and Licensing Board has other roles such as managing and repealing operations, provide competitive and regulative pricing system, works hand-in-hand with the Kenya Revenue

Authority (KRA) to impose reasonable tax to make sure that there are minimal entries into the gambling activities and mitigating the impacts of gambling to the society through provision of public education. Similarly, the board aims at enhancing transparency in the gambling activities and eliminating corruption activities through controlling and monitoring online gambling activities and ensuring that the required capacity such as age limit, financial capacity and legal capacity have been followed (GeoPoll, 2019).

## **1.2 Research Problem**

Globalization, technological growth and easy internet access among the youth in Africa have brought more challenges to governments than opportunities. Heavy reliance on the internet by the youth is raising serious alarm with high number of youths engaging in internet fraud and gambling (Richard, 2010). Mitigating these problems thus require responsive strategies to address effects of gambling in any country. Faull (2019) established that creation of awareness on the risk of self-involvement into gambling activities is one of the strategies the public sector and civil society have been using to mitigate the effects of gambling in the society. It's estimated that 70% of the youth who participate in gambling have limited awareness of the psychological, financial and social risks of gambling.

Gambling sector in Kenya has evolved over time thereby causing a significant impact to the country's economy. Through the Betting Control and Licensing Board, the sector has contributed immensely to the country's economic growth in terms of job creation and as a source of revenue. This is despite the fact that the industry has faced myriad challenges which have prompted the study. Key amongst the effects of gambling include; bankruptcy, financial instability, cases of suicide associated with game losses, fraud and crime, reduced work or study performance, mental health problems, gambling addiction, and social issues such as family disintegration resulting to divorce. It is against these rationales that the study was motivated to determine the gambling mitigation strategies adopted by the BCLB of Kenya to address the gambling effects by closely examining how the mitigation strategies have been executed to render solutions to common challenges facing the sector.

Although there is limited statistical evidence to prove effectiveness of awareness, activism, guidance and counselling, there's close relationship between awareness and gambling and withdrawal. Regulation creates opportunities for youth to engage in economic activities like entrepreneurship. A study conducted by Benjamin (2014) on the regulation of internet gambling in United States used descriptive data to determine whether implementation of the internet gaming law has resulted to diminishing the effects of gambling. The study established that in United States, illegal internet gambling is a federal crime. None of these studies examined gambling mitigation strategies as applied in its entirety leaving a gap that the researcher strives to fulfil. This study therefore provided useful recommendations for formulating appropriate gambling mitigation strategies.

Frank, Lester and Wexler (2011) conducted a study on suicidal behaviour among gamblers in the USA. The study, which focused on anonymous analysis of data through online survey, identified that over 65% of the participants had suicidal thoughts out of losing their hard-earned cash to gambling while 15% of the respondents had witnessed a close case of suicide associated with gambling. Other common behaviour identified were; rising level of poverty because of gambling addiction, high rate of crime, financial difficulties and social detachment. The study however did not address mitigation strategies adopted to address gambling activities. Similarly, a study conducted by Elever (2018) on effects of gambling on youth revealed that the defining force of increased promotion and proliferation of gambling opportunities had been the driving force behind increased demand of gambling opportunities in the world. These promotional activities have elusive and cunning menace, that distorts the youth from the reality and get them fully engaged on being rich within hours. This impact has been associated with other illegal activities such as drug abuse. The study however did not provide sufficient recommendations on mitigation strategies.

Locally, Abuya (2019) addressed effectiveness of Kenyan Betting, Lotteries and Gaming Act on mitigating effects of gambling activities identifying that despite regulating the industry with old-fashioned regulations, growth in technology and means of gambling has

left the industry partially regulated. The study, however, did not provide enough recommendations on how to tame gambling. A study conducted by Cinematic (2018) on impact of sport betting among youths in Kenya focused on descriptive analysis of sport betting companies. The research revealed that among the youth who participate in gambling, 70% have lost their wealth with only 30% gaining from the gambling activity. Similarly, this research established that gambling in developing economies where the industry is partially regulated has resulted to more negative effects than the benefits. As much as gambling firms have been among major employers in Kenya and other countries such as South Africa and Nigeria, gambling firms always end up making more money than they give hence creating doubts on whether gambling is a fair and free challenge. The study did not examine mitigation strategies adopted to address the effects of gambling.

Research conducted by Richard (2019) on the impacts of sport betting and corruption; a reflection of Kenya and Uganda match fixing. The study, which focused on secondary data established that despite betting firms earning over 200 billion Kenya shillings per annum, only 2 gamblers out of 10 have a chance of winning with 8 of them having a straight lose as a result of match fixing. These effects have been associated with high level of corruption in the betting industry globally hence resulting to loss of credibility of betting activities. As a result, the number of young people engaging in suicide, criminal activities, homicides, and increase in unemployment, fraud and forgery, alcohol and drug abuse has increased. The study however did not provide legislative measures to mitigate corruption in the gambling industry. Despite implementation of hefty measures by the Board to mitigate impact of gambling in the country, the challenges identified by previous studies remain prominent. This study aimed at providing recommendations to this problem by addressing the question, what are the gambling mitigation strategies adopted by the BCLB of Kenya?

### **1.3 Research Objective**

The objective of the study was to determine gambling mitigation strategies adopted by Betting Control and Licensing Board of Kenya.



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

The gaming sector has not attracted serious scholarly attention. Few studies have been done in Kenya to analyse gambling mitigation strategies adopted by the Betting Control and Licensing Board of Kenya; reason being that mitigation strategies are quite new to the gambling market. This study contributed new knowledge by providing sufficient literature on gambling mitigation strategies in the Kenyan gaming industry. Gambling has become a common challenge affecting many people. Future scholars may as well consider this study as a basis for further research.

Similarly, the study remain useful to operators in gaming industry by providing useful insights on the impact of gambling on individuals, families and society hence enable them to better understand what role they can play to enhance government efforts regarding gambling mitigation strategies. Government policy makers shall be able to get information on areas that require greater attention in terms of successful gambling mitigation strategies. This will enhance delivery of service to the players in the sector.

Through regulations, the government shall instil sanity in the sector by controlling the relationship between gambling and addiction. The current policies have proven to be insufficient towards mitigating gambling in Kenya and the world at large due to increased number of gamblers and unethical behaviour from time to time. This study helped in developing better policies to help deal with contemporary challenges in relation to modern technology towards mitigating the effects of gambling on the Kenyan population.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter examines theoretical foundation of the study, empirical literature review, summary of literature and finally knowledge gap.

#### **2.2 Theoretical Foundation**

This section discusses theories informing research, clearly articulating their relationships to the subject and how they provide a basis for research. Among the theories under consideration include; contingency model, resource based view and Porters theory of competitive advantage.

##### **2.2.1 Contingency Theory**

This theory of strategic management was greatly advanced by Fielder in 1970s. Contingency theory rebuked the aspects of classical theories which provided specific methods in which organisations should be led. According to Fielder, contemporary changes in the business environment have limited guarantee towards the enhancement of market share by focusing on specific strategies (Pratono, 2016). According to this theory, increased market share is achievable by adopting strategy that fits the internal need of the organisation in consideration of the environmental situation. Contingency theory links management with a strategic approach and this explains the need for firms to consider effective management techniques to attain competitive edge. Such success is attributed to the traits possessed by a manager in executing management responsibilities. In other words, the action of a manager is important especially with decision making which lowers risks prone to influence organisations competitive advantage.

This theory is however criticised on the premise that causation is assumed but not explained. This theory assumes that environmental conditions and organisation design features are correlated that this is the best fit meaning that companies that possesses inferior fits may be selected and identified through the process of survival of the fittest. Contrary to this ascertain, certain firms can survive with poor fits for a reasonable period of time since their market is profitable enough to support their activities while others survive on subsidies that they receive from government or their holding company. This

assumption has its limitation because it does not recognise that risk averting managers may resort to replicate actions executed by other firms so long as the strategy proves successful regardless of alternative solutions that may exist to advance company's agenda better. This scenario may limit a manager from stabling new and potential opportunities which may bolster the organisation success and excellence (Perrow, 2017).

Therefore, in relation to this study, contingency theory expresses the need for effective managers to adopt robust strategies that would significantly improve the welfare of the company. Strategies which would relatively mitigate risks to enable the organization operate both efficiently and effectively. This theory would enable managers to adopt strategies that will address uncertainties facing them in the market as a result addressing stakeholders' needs as well. Under this theory, managers would be risk averse and therefore would make informed decisions that will enable them increase market share and maintain competitiveness. Contingency theory suggests that managers should have desirable character that establishes strong relations and by scanning the environment address entity needs based on resources available and capabilities in responses to uncertainties. And being that the gambling sector is faced with myriad risks, it would be appropriate for the BCLB of Kenya to develop responsive mitigation strategies that would eliminate the side effects.

### **2.2.2 Resource Based Theory**

This approach was advanced by Barney in 1991. Resource based view suggests the need to have strategic resources in a company which would be crucial towards achieving competitive advantage. RBV explains that in strategic management, fundamental drivers to firm's competitive edge and performance associated with resources which are valuable, non-substitutable and imitable (Barney, 1991). The scholar established that strategic resources are imperfectly unique. A firm need skilful workforce and innovative ideas which if implemented may render the uniqueness which demystify market competitiveness. In other words, resources can be termed as valuable when they have ability to directly influence organizational performance. Valuable resources would also limit capable threats and effects resulting from external environment including competition thus resulting to competitiveness. Resource based theory established an

example of Southwest Airline which had been profitable despite the fact that the business environment was rigorously competitive. But because of well-grounded organizational culture, Southwest Airline overcame all odds to secure competitive advantage over rivals (Selznick, 2007).

Resource based view theory also suggests that rare resources are held by an organisation but are rarely available to any other company. Quite often, rare resources are common but many organisations have failed to acknowledge their impact on performance. Focusing on Southwest Airline culture, the theory established that its culture provided workers with an environment where they could perform tasks on the basis of established employee relations particularly in an industry experiencing employee layoffs, low morale and increased industrial disputes that hinder organizational performance (Chi, 1994). The concept of difficult to imitate and non-substitutable have enable the company to execute its plans effectively towards achieving excellence. The study revealed that Southwest Airline culture doesn't only focus on delivery of services but it's concerned about improving customers experience by ensuring that customers are handled with respect and this would attract potential clients resulting to competitive advantage (Hooley *et al.*, 2001).

Similarly, resource-based view has been criticized for exhibiting circular reasoning that value can only be assessed in terms of a particular context (Fahy, 2000). As such, firms should understand the link between resources and competitiveness as a longitudinal process (Porter, 1991). According to Priem & Butler (2001), resource-based view is paradoxically infused with contradictions and ambiguities. This proposition suggests that the ability to measure resources means that such resource are unlikely to contribute to competitive edge. Therefore, this theory is relevant to the study in that organisations should utilize resources to improve competitiveness and reduce uncertainties by ensuring uniqueness of the product package to enhance performance. Further, this theory implies that the Board should be resourced in order to address challenges that it face in executing its mandate. The agency should be granted financial autonomy to effectively implement its strategies. This concept encourages betting firms to develop responsive approaches which enhances performance.

### **2.2.3 Porters Theory of Competitive Advantage**

This theory was formulated by Michael Porter in early 1985. This theory aims at helping firms to achieve sustained competitive edge over rivals (Porter, 1985). Porter opined that an organisation would be a market leader at the present though this is dynamic and might change in the future thus exerting pressure to strategies in order to maintain future performance. The scholar also reiterated on the need for a company to establish clear objectives, strategies and operations towards enhancing sustainable competitive advantage (Amedeo, 2018). Porter suggested three main strategies required for achievement of competitive advantage namely; cost leadership, differentiation strategy and focus strategy. In relation to cost leadership strategy, an organization should produce product package at relatively lower cost than rival firms in order to increase sales and market share. However, firms would produce products at lowest cost provided that they source materials at cheapest cost with the existence of cheap labour to lower production costs so as to supply markets at affordable or reasonable prices. Similarly, Porter advanced the proposition suggesting that low costs result to increased sales which improve organizational performance. Therefore, cost leadership strategy would contribute to cost saving which directly influences organisation performance (Chacarbaghi, 1999).

Similarly, differentiation strategy occurs when an organisation produces unique product package distinct from the competitors. According to Porter, differentiation strategy is effective if a company invests in research and development, product development, design and packaging to improve product quality (Peteraf & Barney, 2003). Additionally, growing customer needs, tastes and preferences in competitive markets require firms to be unique in production, quality, packaging and distribution of goods to customers. In focus strategy, firms need to target few markets such as identifying specific category of clients by segmenting goods and services as per geographical location, demographics, income level, behaviours and attitudes (Alexander, 2013). Again, this theory suggests that stakeholder and company goals should be harmonised to provide opportunities and to enhance success. The entity should mobilise its resources to create competitive advantage. Workers should be motivated to acquire new skills and spend reasonable effort needed for the firm's success. In other words, the idea of employee motivation

focuses on sustaining commitment of capital and human resources to an organisation and industry as a whole to improve productivity and effectiveness.

Porter's theory of competitive advantage has taken centre stage in most organisations. Almost every company would consider adopting at least a single of the strategies at a time to improve activities and cultivate a competitive culture. The Betting Control and Licensing Board should consider either of the strategies to boost the way betting companies undertake business. By encouraging market competitiveness, betting and gaming companies would develop market friendly strategies that improves their agenda as well as advancing stakeholder interests. With focus strategy, gambling firms would ensure that the aged persons are permitted to participate in gambling and that underage and prohibited from the same to safeguard their well-being and society interest.

### **2.3 Gambling Mitigation Strategies**

According to Richard (2010), gambling is based on the idea of winning with respect to odds available, probability of odds being favourable, randomness of selection of events, hit frequency and chances based on skills of the gambler. Odds are the chances of something to happen such as win or lose. Gambling has presented both negative and positive effects to the population and economy at large. Financial problem is one of the common effects of gambling. A study conducted by GeoPoll (2019) on gambling in Kenya identified that an estimated 65% of gamblers have lost their money during the gambling period. Financial challenges results when gambler uses hard-earned money to gamble and this may extend to borrowing and taking bank loans for the sake of gambling. For instance, a high number of youths face blacklisting from accessing financial services due to increased debts from financial institutions with many youths spending a substantial sum of money monthly on gambling with little or no return accruing.

Therefore, mitigation strategies play a crucial role in overseeing activities in the gambling and gaming industry. Mitigation strategies are measures formulated by an organisation to identify, monitor and evaluate uncertainties inherent to completing activities. These strategies are important to the achievement of any project based on the fact that risks portend greater impact to program success. This explains why institutions are concerned about gambling mitigation strategies in order to actualize results in the

long run. Among the gambling mitigation strategies under consideration include; licensing, taxation, regulation, legalization, prohibition, commercialisation, legislation and enforcement of gaming laws.

According to Carson (2001), license and permits are legal documents issued to entities in compliance with the law to conduct business. The betting authority is mandated with registering and licensing all betting firms so that they comply with measures put in place to monitor industry activities. Licensing therefore is important because it prevents irresponsible gambling which supports crime. Furthermore, licensing ensures that gambling is conducted in a fair manner to protect public interest. Brenner & Brenner (1990) advocated for legalization of gambling as a strategy by government to avoid a situation where gambling continues underground thereby leading to its possible takeover by illegal organizations and criminals. Lastly, this strategy protects the underage and vulnerable groups from exploitative gambling. Additionally, regulation strategy is aimed at controlling activities that are conducted in the industry. Without regulation, markets will be marred by malpractices which may end up posing severe threats to the growth of the industry (Carelli, 1999). In other words, markets are regulated to give advantage to compliant players while doing away with bad cultures including customer exploitation. Generally, all sectors are regulated, betting and gaming industry being unexceptional.

Taxation is also a key strategy worth considering. Tax is a compulsory fee that individuals and entities are required by law to remit to the authority to enable them provide much needed services to the citizens. Governments rely on tax income as the main source of revenue to the state. There exist various types of tax systems such as income tax, corporation tax, value added tax, lottery tax etc. The lottery tax subjected to this particular industry is usually charged at 15% of the total lottery turnover. However, Betting, Lottery and Gaming Act Cap 131 Sec 68(b) further provide that late remission of taxes would attract a penalty of 5% on tax payable. This strategy is expected to only allow tax compliant companies to operate while banning unscrupulous firms from industry (Abuya, 2019). As a result, tax policy may encourage fair market competition. To help compulsive gamblers, Brenner & Brenner (1990) advocate for allotting of a fraction of tax revenues obtained from legal gambling to treat compulsive gamblers.

Faull (2019) observed that establishment of gaming authority will assist with monitoring gambling players so that they operate within the standard requirements. The authority is expected to oversee gambling activities that protects citizens from exploitation. Gaming authority may formulate policies that advance public interest and the plight of investors. This authority would be concerned with enforcement of policies. Hence, this strategy will promote commercialisation of gambling activities. Creation of awareness on the risk of self-involvement into gambling activities can also create avenue to inform the public so that they make decisive choices. Again, civil society can lobby for quick implementation of gambling policies to regulate such activities in order to lower harmful effects. This can be supported by public-private partnership to advance policy and awareness aimed at curtailing the widespread gambling activities among states (Lawler, 2018).

#### **2.4 Empirical Literature Review and Knowledge Gap**

Empirical review examines studies related to this research from global and local perspectives. A study conducted by Benjamin (2014) on the regulation of internet gambling in United States used descriptive data to determine whether implementation of the internet gaming law has resulted to diminishing the effects of gambling. The study identified that in United States, illegal internet gambling is a federal crime. The Unlawful Internet Gambling Enforcement Act 2006 (UIGEA) “prohibits gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of Internet and that is unlawful under any federal or state law.” The state recognises illegal gambling as any gambling activity, which is not captured under the gaming law or not recognised by the Gaming Control Board. However, gaming law is quite complicated in United States because of high level of variation in gambling activities in the country. Study findings however did not address additional effective strategies to curb future rise in illegal gambling in the country. This research scrutinised legal measures so far enacted in Kenya to contain gambling.

Abbott *et al.* (2017) conducted a study on effectiveness of problem gambling intervention in a service setting; New Zealand. The study, which adopted experimental research design, identified that out of 300 participants who were involved in gambling, 68% were drug addicts with diverse mental disorder. Due to these challenges, government of New



Zealand through the ministry of health uses proceeds from gambling to create awareness, advocate for responsible gambling and psychological treatment such as Cognitive Behaviour Therapy and motivational interviewing. The findings concluded that although the strategies have not directly contributed to control of gambling, there's close relationship between strategies applied and reduced number of gamblers by 3%.

Siassios (2015) conducted a study on prohibition of gambling in the United Arab Emirates (UAE) and identified that gambling in United Arab Emirates according to the law is a criminal offense. Through the Cyber Crime laws, any one running a website associated to gambling, any advertisement intending to influence gambling or publishing any activity associated with gambling is entitled to a fine not exceeding \$5000 or imprisonment for a period not exceeding 2 years. The government has ensured that there is control of what every resident or visitor in United Arab Emirates accesses through having strong internet traffic control measures such as blocking any information related to gambling. Study results however established that social media and multi nationalism in relation to technology has created illegal and prohibited means of accessing gambling activities hence rendering Cyber Crime law less effective.

Locally, a study conducted by Mwita (2019) on Banning gambling in Africa; the consequences of sport betting on the continent. The study, which focused on descriptive research design, identified that lack of strict regulation in Africa has resulted to liberalization of gambling activities. Internet security remains a key concern in Africa. Most of the countries have limited capacity to regulate cyber gambling resulting to increased gambling activities. The study however failed to provide sufficient recommendations on strategies to be used to ensure full control of gambling activities in Africa considering that law is only for taxation with less focus on impacts to the society.

KPMG (2019) report on effects of hefty taxation on the gambling industry identified that for decades, Kenya has been having weak policies regulating the gambling industry. As a resulted of this, the country has witnessed tremendous growth in the gambling industry. However, the introduction of Gaming Act 2019 and specifically on the tax policy has

been one of the strong strategies executed by government to eliminate effects of gambling in Kenya. From a Kenyan perspective, there have been tales of young people gambling away their school fees and parents neglecting their financial duties after losing money through betting, increased suicidal activities and drug abuse in urban regions. However, the study established that existing tax measures have limited impact on punters winning hence having minimal impact on participants. In line with this, this study investigated the implications of tax policies commonly applied in regulating gambling activities in the country. The study helped determine whether it has had fruitful outcomes.

Studies from international and local perspectives established that gambling in the last two decades has been a major problem specifically among the youth in developing countries. Inadequate regulations in relation to internet usage and access of global markets are some of the factors influencing growth of gambling in developing countries. Studies identified that in developed states, gambling contributes to employment and GDP. However, the effects of gambling surpass the financial benefits realised (Goodman, 2014). In Kenya, high rate of tax evasion has resulted to low contribution of gambling to GDP. Gambling has been associated with other adverse effects such as suicide, addiction and crime and drug abuse (Abuya, 2019). There are very limited local studies, which have addressed strategies to mitigate gambling in Kenya. Most studies have only addressed the effects of gambling with limited recommendations on regulations and mitigation strategies. This study bridged this gap by establishing gambling mitigation strategies adopted by Betting Control and Licensing Board.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

Research methodology details procedures proposed by the researcher to address the research problem (Obwatho, 2014). This chapter focuses on research design, population of the study, data collection and lastly data analysis.

#### **3.2 Research Design**

According to Mugenda and Mugenda (2014), research design is a strategy, approach or a plan devised by the researcher to achieve stated research objective. This clearly means that research design comprises of sequential approach or logical approach implemented by the researcher to aid the study. In this study, the researcher applied case study research design towards determination of gambling mitigation strategies adopted by the BCLB to minimize the effects of gambling on the Kenyan population. Case study design enabled the researcher to gain an in-depth knowledge of the phenomenon. This approach is ideal because it confirms the effectiveness of scientific models in real life (Martin, 2008).

The research proposed case study research design because the scholar intends to get into details about the subject under study. Similarly, lack of statistical evidence and previous studies on the same matter leave the researcher with limited options other than to gather primary information from Betting Control and Licensing Board of Kenya (KPMG, 2019).

#### **3.3 Data Collection Procedure**

This is the process of collecting information on specific variables with the aim of providing solutions to the existing study problem. Data collection similarly captures tools or method, which the researcher used towards gathering the stated information (Mugenda and Mugenda, 2014). This study adopted primary data collection method, which entail use of interview guide with six participants in senior level, selected from BCLB of Kenya. Research outcome provided useful insights that informed policy recommendations.

Prior to administering interview guide, researcher sought approval from the university and betting control and licensing board as means of adhering to research ethics. This also entailed seeking respondents consent to take part in the study. Similarly, researcher conducted personal interviews to gather information. This method is reliable therefore it provided accurate information.

### **3.4 Data Analysis Method**

This is an exercise which evaluate information for decision-making purposes. Similarly, data analysis is aimed at simplifying collected information and making the information useful to the entire researcher team and body of knowledge in absence of the researcher (Saunders and Lewis, 2007). To enhance effectiveness of the study, the researcher focused on content analysis, which determines presence of words, themes or concepts within a given quantitative data.

This technique is quite effective because it does not limit participants to few responses but awards them with an opportunity to express themselves and have full participation. Content analysis further eases researcher's ability to analyse qualitative responses from participants. Additionally, this technique is beneficial since establishes participant's intentions and expressions through behavioural response to the stated questions.

## **CHAPTER FOUR**

### **DATA ANALYSIS, PRESENTATION AND DISCUSSION OF FINDINGS**

#### **4.0 Introduction**

This section analyses and discusses results on data collected from the field. This study aimed at determining gambling mitigation strategies adopted by Betting Control and Licensing Board of Kenya. The analysis of qualitative data was associated with questions as presented in the interview guide.

#### **4.1 Profile of Respondents**

The purpose of this study was to determine gambling mitigation strategies adopted by the BCLB of Kenya to enhance competitive advantage in gaming sector. To achieve this, interviews were conducted according to questions drawn from the literature and further guided by the interview modality. The interviewees for this study were senior managers of the entity who reportedly possess over ten years of work experience in their respective positions in the company. Study revealed that respondents were graduates who either started employment direct after university or worked their way to climb up the career ladder. Thus, participants exhibited a wealth of experience and know how about the topic.

All interviewees were senior managers of the organization, with over ten years working experience in their current positions in the organization. The study established that participants were graduates that either joined the organization direct from the university or worked their way to climb the career ladder. As such, they possess a wealth of knowledge and experience about the organization.

#### **4.2 Gambling Mitigation Strategies Adopted by the BCLB of Kenya**

Interviewees suggested various gambling mitigation strategies embraced by Betting Control and Licensing Board to enhance performance in the gaming industry and they include; the new gaming bill of 2019, sectionalizing the board, licensing strategy, regular crackdown on illegal gambling activities, training members and employees, stringent control of operating hours, self-exclusion policies, and enactment of advertising guidelines. Participants noted that enforcement of these strategies is pertinent to their success. That strategy executers have absolute knowledge about the industry and hence

have made tremendous progress in addressing the challenges bedevilling the gambling sector in Kenya.

#### **4.2.1 Taxation Strategy**

Taxation policy enable the organization to streamline the players in the sector and firms which do not comply with tax policies are abolished in the market. Tax policy ensures that the government collects revenue needed to provide services to the public. Besides, tax policy has been applied to instil discipline in the gambling sector in Kenya. Proactive compliance checks also help to establish legitimate companies that have been authorized to operate business thereby mitigating unscrupulous players that have messed the gambling sector in Kenya. Taxation policy is effective in ensuring mitigation of non-complainant firms therefore enabling compliant companies to undertake healthy business hence growth.

#### **4.2.2 Regulation Strategy**

Concerning regulation strategy, interviewees alluded to the need to control gambling activities that are conducted in the industry. Participants observed that without regulation, markets will be marred by malpractices which may end up posing severe threats to the growth of the sector. In other words, this market should be strictly regulated to give advantage to compliant players while doing away with malpractices such as customer exploitation. Like any other sectors of the economy, gambling is not an exception to regulation and policy legislation. Regulation strategy is important because it ascertains that all legal requirements are complied with in a bid to protect the betting firms and to promote public good. Rules regarding age are hereby enforced to ensure that the underage and vulnerable members of the society do not participate in the gambling activity. The premises should be safe enough to support gambling activities. Not merely allowing firms to operate as they wish.

#### **4.2.3 Self Exclusion Guidelines**

Self-exclusion guidelines should be made easily accessible to players. Self-exclusion is whereby an affected gambler decides on his own volition to write to Betting Control and Licensing Board requesting the office to circulate his name, identification number and

photograph to all casino operators not to admit him in their premises. The strategy can be effective if fully implemented in a way that do not discriminate players. It's a voluntary strategy whose aim is to help gambling addicts to reform probably to rebuild their lives and their families. This strategy is effective and has been speedily implemented to mitigate irresponsible gambling activities in the country therefore instilling order and sanity.

#### **4.2.4 Establishment of Gaming Act**

Nonetheless, respondents reiterated that the establishment of gaming act has assisted with monitoring gaming operators to ensure that they operate within the standard requirements. The board has been mandated with overseeing gambling activities in order to protect the public interest. Gaming board formulate policies that advances public and investor interest. This board is mandated with enforcement of policies to promote commercialization of gambling activities. All participants unanimously agreed that gambling mitigation strategies adopted by Betting Control and Licensing Board of Kenya contributed to remarkable performance and growth over time. Through the board, various Acts such as the Gaming Act 2019 has been implemented to monitor activities in the industry. Therefore, the strategy has helped to curtail gambling activities by setting standards, operational procedures and ensured players in the gaming industry are promptly vetted. The gaming board has overseen activities in the sector hence tremendous improvements.

Other mitigation strategies that were found to have been implemented by the Betting Control and Licensing Board of Kenya include; regular crackdown on illegal gambling activities, training members and employees, stringent control of operating hours, sectionalising the board and enactment of advertising guidelines. Participants noted that regular crackdown have been undertaken to eliminate unlicensed firms to sanitise the sector. Training initiatives and programs have been carried out to sensitize employees about their roles & responsibilities to behave professionally and to treat members of the public as reliable partners in possession of critical of information beneficial to containment of gambling activities. Additionally, participants observed that advertising guidelines have been issued to purposely allow informative advertising to go live stream

courtesy of public interest. This has ensured streaming of educative and informative information to the public to facilitate meaningful decision-making concerning gambling activities in the country.

#### **4.2.5 Implementation of Gambling Mitigation Strategies**

On the question as to what measures the Betting Control and Licensing Board has undertaken to ensure successful implementation of its gambling mitigation strategies. It was revealed that the body upholds the regulatory mode and active compliance and investigative audit. The Betting Control and Licensing Board of Kenya continues to widen compliance and enforcement approaches. The interviewees agreed that the board secures funding for their operations direct from ministry hence strengthening its activities countrywide. Equally, the body sensitizes employees on the strategies to ensure effective execution and it holds stakeholders' forums where sectorial matters are deliberated and critically evaluated.

In lieu of comparison with other approaches advanced in developed countries to mitigate gambling activities, the interviewees reiterated that Kenya is headed in the right direction unlike three years ago by conducting due diligence on operators, countrywide enforcement engagements to curb illegal gambling while introducing guidelines on advertising. Unlike before, the country has increased capacity signalling the government's commitment to strengthen this industry to curtail the ravaging effects on population and economy.

Additionally, the participants reiterated that without a strong and effective Gaming Act and funding, it would be hard to mitigate the effects but the board could introduce sensitization forums with the public, develop a hotline/toll free number to assist the public and produce responsible gaming advertisements to educate the citizens of gaming effects. The board has further limited the number of Casinos and online gambling. Target mass education to customers has been enforced and robust protection policies of individuals engaging in sport betting developed. Most importantly, the board has placed emphasis on establishing ethical gambling to reduce the side effects such as bankruptcy, suicides, separations and divorce.



### **4.3 Effectiveness of Gambling Mitigation Strategies**

Concerning effectiveness of gambling mitigation strategies, all interviewees concurred that gambling mitigation strategies have been quite effective and satisfactory in terms of their execution. The introduction of the new gaming laws has enhanced the punishment of illegal activities and non-compliance. The participants noted that all the strategies adopted so far are effective however the gambling harm has not been stemmed out completely due to challenges in the industry. However, employee performance has improved due to training and work exposure.

### **4.4 Gambling Effects Handled by the Betting Control & Licensing Board**

Regarding the effects of gambling that the board has been able to handle, interviewees reiterated various gambling effects that has been addressed by the Board such as cases of bankruptcy which have caused family disintegration and divorce, suicides and deaths. Self-exclusion approach has been useful in taming the imminent problems in the sector. Powers vested on the board enable them to accept self-exclusion letters from problem gamblers, which in turn enable BCLB to write to gaming operators to bar the concerned problem gamblers from accessing gaming premises, as a result reducing gambling addiction.

The BCLB of Kenya further do hold synergy meetings with county governments to educate the public on gambling effects. Other than that, enforcement of compliance on illegal operations have helped to protect the children, youth and the vulnerable by seeking orders from the authority to crackdown on some of the illegal operators across the country.

Streamlining of the licensing process through vetting and due diligence have all contributed to enhanced organisational performance. The huge social cost of gambling that has resulted to homelessness, bankruptcy and embarrassment are also key among the issues which the Betting Board handles in a bid to restore sanity in the society. It has achieved this through education, awareness and sensitization programs which educates people about gambling.

#### **4.5 Challenges of Gambling in the Country**

On the question of why gambling is becoming a major nightmare in the country, interviewees observed that gambling is a vice just like alcohol that should be taken as a pleasurable activity unfortunately the public has taken gambling to be an opportunity to make money. Again, gambling proves a real challenge in the country due to the dynamic nature of society and the growth of technology that has further exuberated the sector.

Technology has made gambling easy since it is done online. And the fact that betting limits are low encourages people to participate in gambling. Fast internet connectivity also enables android mobile users to undertake mobile gambling. Many people also don't understand the implications of gambling and circumstances under which it's treated illegal.

#### **4.6 Challenges Facing the Betting Control and Licensing Board of Kenya**

When asked what challenges the Betting Control and Licensing Board do face in their effort to mitigate gambling, the interviewees agreed that funding is a major impediment to carrying out sensitization activities in the country. Approval of the Gambling Bill of January 2020 to enable the board have punitive measures on illegal activities or unauthorized operations and for effective regulation in the industry is yet to be actualized.

Similarly, infiltration of Kenyan cyber space with foreign operations not licensed in this jurisdiction should be given due attention. That notwithstanding, political interference in the board activities compromises its ability to perform. Noncompliance from gaming operators and robust growth of online gambling activities are additional predicaments.

When asked to detail employee perception towards the adoption of current gambling mitigation strategies to curtail gambling activities, the interviewees noted that employees are encouraged by the willingness of the board to endorse gaming as a regulated business. The vulnerable and underage should also be protected by dismantling illegal gaming operators. Interviewees concurred that the strategies have made a positive impact even though a lot needs to be done such as execution of a new gaming Act to improve the sector.

#### **4.7 The Future of Gambling in Kenya**

Looking at the current gambling mitigation strategies and their effects on gambling, the participants unanimously predict that the future of gambling in the country would be mainly online, therefore the need for target research into aspects of gambling. Very bright and vibrant businesses would emerge to seize the opportunity due to advent of technology.

The state through the board shall establish national lottery to cater for charities and aiding sporting activities in the country. Gambling measures and laws shall be continuously reviewed to keep regulating the industry. Lastly, implementation of gambling mitigation strategies shall instil sanity in the industry thereby guaranteeing growth and sustainability.

## **4.8 Discussion of Findings**

This section present results in comparison with the theory and with other empirical studies.

### **4.8.1 Comparison with the Theory**

According to Pratono (2016), contemporary changes in the business environment has limited guarantee towards enhancement of market share by focusing on specific strategies. Contingency theory emphasized that increased market share is achievable by adopting strategy that fits the internal need of the organization in consideration of the environmental situation. The theory links management with a strategic approach and this explains the need for firms to consider effective management techniques to achieve competitive edge. Such success is attributed to the traits possessed by a manager in executing management responsibilities. In other words, the action of a manager is important especially with decision making which lowers risks prone to influence company's competitive advantage.

This study established that the implementation of stringent strategies at the Betting Control and Licensing Board has been due to strategic approaches focused on reducing the risks and uncertainties in the sector. Measures have been consistently put in place to support workers and stakeholders to empower them in their work in a bid to mitigate the gambling effects in the country. The board has achieved this through training and stakeholder forums to sensitize members of the public. Other risky measures which the board has so far implemented include deregistering noncompliant firms and players in order to restore sanity in the industry. Tax policies have also been imposed by the board to support revenue collection and to combat unscrupulous players. Therefore, these measures have significantly improved the performance of BCLB of Kenya and entire industry activities.

Barney (1991) emphasized that an organization should have to have strategic resources that contribute to the achievement of competitive advantage. According to the scholar, Resource Based View explains that fundamental drivers to organisational performance are often associated to unique resources that cannot be imitated easily (Barney, 1991). The scholar reiterated that strategic resources should indeed be imperfectly unique to

advantage the company. An organization should possess skilled personnel, required capabilities and viable ideas that if implemented would render the uniqueness which demystify market competitiveness. In other words, resources are said to be valuable when they have ability to directly influence organizational performance. Valuable resources would also limit capable threats and effects resulting from external environment including competition thus resulting to competitive advantage.

The scholar's assertions concur with the research results that suggests funding contributes positively to the performance of the Betting Control and Licensing Board. Results indicated that both human and financial resources are key ingredients to the implementation of the gambling mitigation strategies. The organization has consistently made significant effort in employing staff to oversee enforcement of regulations and policies purposely to curtail the negative effects of gambling in the country. The study also revealed the board funding has risen over time thereby enabling it to conduct stakeholder forums and also organize training for employees to enhance their knowledge and ability to perform. The BCLB has improved its capacity by employing adequate personnel across the country to man all the casino outlets hence ensuring that the laid down procedures and laws are complied with.

Porter's Theory of Competitive Advantage help organisations to achieve sustained competitiveness over rivals (Porter, 1985). According to the scholar, an organization would be a market leader at the present though this is dynamic and might change in the future thus exerting pressure to strategies in order to maintain future performance. The scholar also reiterated on the need for a company to establish clear objectives, strategies and operations towards enhancing sustainable competitive advantage (Amedeo, 2018).

Porter suggested three main strategies required for achievement of competitive advantage namely; cost leadership, differentiation strategy and focus strategy. In relation to cost leadership strategy, a firm should produce product package at relatively lower cost than rival firms in order to increase sales and market share. However, firms would produce products at lowest cost provided that they source materials at cheapest cost with the existence of cheap labour to lower production costs so as to supply markets at affordable or reasonable prices. Similarly, Porter advanced the proposition suggesting that low costs

result to increased sales which improve organizational performance. Thus, cost leadership strategy would contribute to cost saving which directly influences company performance.

This study established that the sector is fairly regulated to provide equal platform where players exercise their business activities without coercion. The casinos and betting firms have been allowed to operate businesses in compliance with the BCLB policies. The board has not however limited gaming and betting firms from adopting different strategies to support their excellence. Some of the Casinos for example provide in-house hospitality services to players so that they do not have to go elsewhere for meals and refreshments thereby contributing to their performance unlike those outlets which haven't adopted the strategy. In other words, the Betting Control and Licensing Board supports creativity amongst stakeholders as a means of improving performance of the sector. Thus, the scholar's observations are consistent with Porter's theory that organisations should be unique in terms of their products and services in order to achieve competitive advantage.

#### **4.8.2 Comparison with other Empirical Studies**

Gaming and betting firms have continued to experience growth in terms of clientele and revenue base despite the challenges associated with the global economic crisis. Such results have been attributed to the gambling mitigation strategies which have enabled the Betting Control and Licensing Board of Kenya to effectively regulate the industry. A study conducted by Benjamin (2014) on regulation of internet gambling in United States established that illegal internet gambling is a federal crime. The Unlawful Internet Gambling Enforcement Act 2006 "prohibits gambling businesses from knowingly accepting payments in connection with the participation of another person in a bet or wager that involves the use of internet and that is unlawful under any federal or state law." The state recognizes illegal gambling as any gambling activity, which is not captured under the gaming law or not recognized by the Gaming Control Board.

KPMG (2019) report on effects of hefty taxation on the gambling industry identified that for decades, Kenya has been having weak policies regulating the gambling industry. As a result of this, the country has witnessed tremendous growth in the gambling industry. However, the introduction of Gaming Act 2019 and specifically on the tax policy has been one of the strong strategies executed by government to eliminate effects of

gambling in Kenya. This study agrees with the research finding which emphasized on tax measures to tame irresponsible gambling activities. Results shows that tax has been imposed on both the service provider and the player in this case the winner to generate adequate revenue. The strategy has also been implemented purposely to discourage gambling in particular among youths and bread winners.

Research conducted by Richard (2019) on the impacts of sport betting and corruption; a reflection of Kenya and Uganda match fixing. The study established that despite betting firms earning over 200 billion Kenya shillings per annum, only 2 gamblers out of 10 have a chance of winning with 8 of them having a straight lose as a result of match fixing. These effects have been associated with high level of corruption in the betting industry globally hence resulting to loss of credibility of betting activities. As a result, the number of young people engaging in suicide, criminal activities, homicides, and increase in unemployment, fraud and forgery, alcohol and drug abuse has increased. The study concurs with findings which noted political interference to the functions of the BCLB. Betting firms have found their way into the industry without necessarily complying with full requirements due to corruption at registration and licensing.

A study conducted by Cinematic (2018) on impact of sport betting among youths in Kenya revealed that among the youth who participate in gambling, 70% have lost their wealth with only 30% gaining from the gambling activity. Similarly, this research established that gambling in developing economies where the industry is partially regulated has resulted to more negative effects than the benefits. This study agrees with the results which identified that death and suicide cases have increased and families have disintegrated in societies due to gambling addiction. Abuya (2019) addressed effectiveness of Kenyan Betting, Lotteries and Gaming Act on mitigating effects of gambling activities identified that despite regulating the industry with old-fashioned regulations, growth in technology and means of gambling has left the industry partially regulated. Research is consistent with the findings that revealed that technology has evolved thereby creating a huge online platform for mobile gambling. The new gaming Act 2020 was reported to have taken shape in restoring order in the industry and the results recommends its full execution.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This section addresses research findings, discussions and recommendations for policy making and practice, limitations to the study and areas for further studies. The study aimed at determining gambling mitigation strategies adopted by the BCLB of Kenya.

#### **5.2 Summary of Findings**

The study established various gambling mitigation strategies adopted by Betting Control and Licensing Board of Kenya such as; new gaming bill of 2019, sectionalizing the board, licensing strategy, regular crackdown on illegal gambling activities, training members and employees, stringent control of operating hours, self-exclusion policies and enactment of advertising guidelines. Participants reiterated that enforcement of these strategies are pertinent to their success. Concerning regulation strategy, participants observed that the market is strictly regulated to give advantage to compliant players while doing away with exploitative practices. Nonetheless, respondents reiterated that the establishment of gaming authority has assisted with monitoring gambling players to ensure that they operate within the legal requirements. This implies that the gaming authority will ensure thorough enforcement of these policies to full conclusion in order to streamline the industry.

Streamlining of the licensing process through vetting and due diligence have all contributed to improved performance in the sector. Interviewees reiterated that the self-exclusion guidelines have been useful in taming the challenges in the sector. Powers vested on the board enable them to write self-exclusion letters to operators barring problem gamblers from accessing gaming as a result bettering services due to addiction. The board also do hold synergy meetings with county government to educate public on gambling effects. Indeed, gambling remains a notable problem in the country due to the nature of technology. Technology has similarly made gambling easy since it is done online. Fast internet connectivity also enables android mobile users to undertake mobile



gambling. The findings supports that despite regulating the industry, growth in technology and means of gambling has left the industry partially regulated therefore this requires enforcement to streamline it.

Concerning the challenges facing Betting Control and Licensing Board, interviewees noted that funding is a major impediment to carrying out sensitization activities in the country. Approval of the gambling bill of January 2020 to enable the board have punitive measures on illegal activities or unauthorized operations and for effective regulation in the industry is yet to be actualized. Similarly, infiltration of the Kenyan cyber space with foreign operations not licensed in this jurisdiction requires necessary attention and swift redress.

Amongst the measures that the Betting Control and Licensing Board has undertaken to ensure successful implementation of the gambling mitigation strategies include upholding the regulatory mode and active compliance and investigative audit. The Board continues to widen compliance and enforcement approaches. Equally, the body sensitizes employees on the strategies to ensure effective execution and also holds stakeholder forums where sectorial matters are deliberated and critically evaluated. Therefore, gambling activities are expected to escalate as a result of the rapid growth of technology and internet connectivity.

### **5.3 Conclusion**

From the analysis, it can be concluded that regulation strategy has instilled sanity in the gambling industry. Policy has ensured that sector players comply with the set procedures to protect stakeholder interests. Taxation strategy has been intended to ensure participants pay taxes to the authority to further improve the activities in the industry. Concerning advertising, study conclude that advertising guidelines were introduced to guide operators on where they can market operations without compromising the underage or vulnerable.

Similarly, research concludes that self-exclusion guidelines were made easily accessible to players in order to restrain gamblers from the outlets. Further, study conclude that the Board, has been faced with financial constraint that has hindered its operations. Research also conclude that internet gambling hasn't been properly regulated to protect the underage and vulnerable people from participating in gambling. Furthermore, the study

concludes that licensing contributes to the identification of fully registered companies thereby making it easy to monitor activities in the industry. Otherwise, the study concludes that Kenya is headed the right direction given the steps that the state has taken to sanitize the sector.

#### **5.4 Recommendations**

It is important that the BCLB of Kenya adopts strategies that promise growth in the gambling industry. The study strongly recommends adoption of legislative framework to restore sanity in the sector. Concerning taxation policy, study recommends that tax rates should be based purely on the winnings. It is recommended that advertising guidelines be introduced to guide operators on where they can market their operations. In order to empower the Board, study recommends that it be given financial autonomy to strengthen its mandate. The study recommends regulation of internet gambling to protect the vulnerable. Stakeholder forums should be held to address issues facing the industry.

#### **5.5 Limitations of the Study**

This study was limited to Betting Control and Licensing Board, situated in Nairobi hence results cannot be used to make decisions about the whole sector. Similarly, some of the interviewees did not provide detailed responses due to limited time for interviews, therefore affecting the quality of responses and interviewer's ability to examine critical matters.

#### **5.6 Implications for Policy and Practice**

The study findings shall help policy makers with new insights about the industry to formulate effective policies that resonates with market dynamics to address industry needs. The study also offers the BCLB of Kenya with opportunity to re-evaluate its strategies to bolster activities in the sector. To the betting firms, this study findings provides information about gambling mitigation strategies to ensure that they comply to enhance their activities.

#### **5.7 Suggestion for Further Studies**

Further study should be conducted on results to enrich knowledge on the subject. Similarly, the study should be done in other contexts where the entity hasn't set

operations to assist with policy making and execution at Betting Control and Licensing Board. Lastly, the researcher recommends further study in the gaming Act 2020 before the adoption of the New 2022 Act. Future studies should also assess in detail each strategy to address important concerns that the study has not tackled due to short timeline within which it was done.

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## **APPENDIX: INTERVIEW GUIDE**

1. What are some of the gambling mitigation strategies adopted by the Betting Control and Licensing Board?
2. How can you rate the effectiveness of these strategies?
3. What are some of the notable effects of gambling the board has been able to handle?
4. Why is gambling becoming a major challenge in the country?
5. What challenges does the Betting Control and Licensing Board face towards mitigating gambling?
6. Detail employee perception towards the adoption of current gambling mitigation strategies to curtail gambling in the country?
7. What measures does the Betting Control and Licensing Board top management undertake to ensure successful implementation of its gambling mitigation strategies?
8. In comparison with the approaches used in developed countries to mitigate gambling, can we say Kenya is heading into the right direction?
9. What other strategies would you recommend towards mitigating the effects of gambling?
10. Looking at the current gambling mitigation strategies and their effects on gambling, what would you predict as the future of gambling in the country?