BUSINESS ETHICS AND REGULATION OF THE SPORTS BETTING INDUSTRY IN KENYA

BY

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UNITED STATES INTERNATIONAL UNIVERSITY -AFRICA

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A Research Project Report Submitted to the Chandaria School of Business in Partial Fulfilment of the Requirements for the Degree of Masters in Business Administration (MBA)

UNITED STATES INTERNATIONAL UNIVERSITY-AFRICA

SUMMER 2018
DECLARATION

I the undersigned, I declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit.

Signed: ___________________________ Date: ___________________________

Alex M. Muchira (ID: 651153)

This project has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: ___________________________

Dr. Jeremiah Koshal

Signed: ___________________________ Date: ___________________________

Dean, Chandaria School of Business
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DEDICATION

This work is dedicated to my loving and supportive family. They have shown their sincere and relentless contributions towards creating an ideal environment to enable me further my studies. I would also give thanks to Almighty God for having brought me this far.
ABSTRACT

The general objective of the study was to investigate business ethics in the regulation of the Sports Betting industry in Kenya. The specific objectives of the study were to establish the current business ethics principles in the regulation of the Sports Betting industry in Kenya; to establish whether the regulation of the Sports Betting industry in Kenya is in the interest of the public; and to establish the effect of business ethics and regulation on performance of Sports Betting industry in Kenya.

The study adopted descriptive research design. The target population was 150 employees from betting companies. Stratified sampling method was applied in selecting the respondents. The sample size was 109 employees. Primary data was gathered using a structured and unstructured questionnaire. The questionnaires were administered through the drop and pick later method by the researcher with the help of two trained research assistants. The respondents were given two to three days to fill in the questionnaires. Quantitative type of data gathered was analyzed using descriptive statistics by applying SPSS (version 21) and its presentation was by use of percentages, means, standard deviations and frequencies.

First, the study revealed a significant relationship between current business ethics principles and regulation of Sports Betting industry. The study established that a unit increase in current business ethics principles would lead to an increase in regulation of Sports Betting industry. Second, the study found a significant relationship between public interest and regulation of Sports Betting industry. The study established that a unit increase in public interest would lead to an increase in regulation of Sports Betting industry. Third, the study revealed a significant relationship between business ethics and regulation and regulation performance of Sports Industry. The study established that a unit increase in business ethics and regulation would lead to an increase in performance of Sports Betting industry.

The study concluded that current business ethics principles would lead to an increase in regulation of Sports Betting industry. The study also concluded that public interest would lead to an increase in regulation of Sports Betting industry. The study further concluded that
business ethics and regulation would lead to an increase in performance of Sports Betting industry.

The study recommends that Betting Control and Licensing Board should enforce measures that should be implemented by betting companies to ensure that minors do not take part in betting activities. There is need for BCLB to implement up-to-date policies that are in tandem with development of technology. Bodies regulating betting companies need to be strict on law breakers by revoking their licenses; this will ensure that the betting companies comply with the laws which results to consumer protection. The study recommends that BCLB and other regulating bodies should ensure that all betting companies adhere to the set rules; this will ensure consumers are protected and also avoid any illegal activities from being carried out within the industry.
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<tr>
<td>BLCB</td>
<td>Betting, Licensing and Controls Board</td>
</tr>
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<td>CGPs</td>
<td>Commercial gambling providers</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate social responsibility</td>
</tr>
<tr>
<td>EEOC</td>
<td>Equal Employment Opportunity Commission</td>
</tr>
<tr>
<td>ICSS</td>
<td>International Centre for Sport Security</td>
</tr>
<tr>
<td>KRA</td>
<td>Kenya Revenue Authority</td>
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<td>NBA</td>
<td>National Basketball Association'</td>
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<td>OSHA</td>
<td>Occupational Safety and Health Administration</td>
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<td>SMS</td>
<td>Short Message Services</td>
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<td>SPSS</td>
<td>Statistical Package for the Social Sciences</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Business ethics can be viewed as a set of moral rules relating to how a business is governed and how the business interacts with its stakeholders. Business ethics can further be viewed as the critical, structured examination of how individuals and business organizations ought to behave in the world of business. This definition involves the reviewing of constraints faced by businesses and individuals in the business setup when their actions affect others (McMullan, 2011). Townsend and Gebhardt (2007) state that how an organizations carry out their business, particularly in relation to ethics, is progressively becoming of importance to their clientele. This is because the clientele are becoming more enlightened and are becoming more averse to those institutions that don’t meet the what the client expect to be the accepted practices and principles.

Sports betting, also referred to as Games wagering, is a term used to cover an extensive variety of bets on the results of occasions, or occasions that happen inside bigger occasions. For instance, wagering on who will win a match of soccer, or will win the primary set inside a match of tennis or a race or on the other hand who will win a boxing match. What these events have in common is the uncertainty of the outcome of the events (Victorian Responsible Gambling Association, 2013).

Sports wagering as an industry has been growing exponentially globally over the years. With the culture emanating from the developed worlds and spreading rapidly to the developing and undeveloped worlds behavior has been seen, once viewed as a social vice, being embraced at different social levels in the community. Authorities estimate that illegal gambling rakes approximately $500 million per annum with legal global gambling being estimated to be at least worth $430 billion as at 2012 (Global Betting & Gaming Consultants, 2013). In the course of the recent couple of years, sports wagering has developed consistently in numerous parts of Africa, with passionate sports fans, wagering mainly in European football leagues. Most participants get involved through Sports Betting Companies and place wagers on sports games and competitions. Africa has over the recent period emerged as very promising and
lucrative Sports Betting market for both local and international betting firms, this may be due to the lax and/or undeveloped laws and regulations laws in the sector. Major economies in Africa including South Africa, Nigeria and Kenya have seen a major emergence of betting companies aimed at tapping into their unchartered potential (PwC, 2014). According to a report by (PwC, 2014), with a growth rate of approximately 6.9% per a four-year average, betting in these three countries will be worth an estimate of $37 billion by the year 2020.

Humphreys (2017) did a study on the betting regulation on sports in the US. The researcher gave an argument that the US do employ an *ad hoc*, unconventional technique in regulating betting in sports, issuing a ban in almost every region and allowing monopoly to the firms in a single state, Nevada. These approaches they have applied encourage a rise in illegal markets for sports betting, and leads to losses of welfare among the large population of those recreational gamblers who are responsible. The researcher established that a lot of individuals love to bet on sports. Betting on sports began a long time ago with the ancient Greeks and Romans who were betting on events such as Olympic Games and horse racing in the Circus Maximus.

Palai (2016) studied the issues and prospects of gambling industry in India under globalization regime. The study did argue that an individual is able to trace back various forms of gambling. Various gamed gambled on have varying backgrounds. Currently, India stands at 9th position in betting and gaming activities, by gross profits. Gambling propensity of an individual is greatly rooted in the tradition and culture of their society. In the recent past, majority of states in Indian have established the significance of gambling sector. The gambling industry in India has a great potential, though a greater portion of the market is in illegal domain. This practice results to eroded moral values and also the social and economic being of a country. Scholars and policy makers have different views in regard to gambling (Palai, 2016).

Humphreys, Paul and Weinbach (2013) indicated that gamblers cannot be restricted any more to the domestic market since they have the ability of betting on any sport placed anywhere globally. The issue with global betting market is that gamblers are able to access
unregulated offshore bookmakers and these results to markets that aren’t regulated being used in facilitating criminal related activities, which in return have a negative effect on the integrity of sport in Australia.

Eaton (2016), executive director of sports integrity at the International Centre for Sport Security (ICSS) noted that China’s gambling black market could be a massive anchor on all the hopes of economic lift-off. Eaton further noted that China remain to be the single largest sport betting nation in the world, a greater percentage is illegal and thus unregulated. The estimate of non-legal gambling platforms in China by ICSS is worth US$600 billion a year, or 3.9 trillion yuan – not far off the State Council’s 5 trillion yuan forecast for the country’s entire legal sports economy in 2025. Gambling in China is strictly illegal apart from sports lotteries, except in Special Administrative Regions Macau and Hong Kong.

In Africa, the legislation question remains vague, non-adaptive and stagnant. In neighboring Uganda, according to Ahaibwe, Lakuma, Katunze, and Maweije (2016), majority of the aspects of law which are related to lottery and gaming have become outdated and do not cover the new modes of gambling and the unmanned growth of the industry. Similarly, the National Lotteries Board has substantial capacity issue and its statutory power is limited and isn’t always capable to practice its mandate in an effective manner therefore limiting its capability to regulate the gambling industry in a comprehensive way.

Gambling, not inclusive of horse racing, has usually been criminalized in South Africa because of immorality (Gambling Review Commission, 2010). However, from 1994, gambling has transformed into an activity that is being accepted for recreation and leisure and the constitution recognizes it as an activity for regulation by national and provincial spheres of government (Carnelley, 2014). The economic effect of gambling is partly responsible for transformation of gambling from illegal to recreational activity. Aside from it creating jobs, it is a source of government revenue through taxes and licenses. Gambling is one of their most significant sources of revenue, with more than R16 billion gross gambling revenue in 2012 (Carnelley, 2014).
Data collected and released by PwC in 2014 revealed that Kenya had at least 43 licensed casinos with a gross annual revenue income of Kenya Shillings 1.8 Billion. While in countries like South Africa and Nigeria, gambling is majorly carried out in Casinos, in Kenya the culture seems to revolve around online and mobile phone gambling. This may be attributed to the growth of the mobile money banking applications such as M-Pesa which have largely done away with the need for hard cash. With about 28 licensed firms holding betting licenses in Kenya, most of whom operate Sports Betting shops, the Sports Betting culture seems to be spreading across the country like a wild fire. Sports’ betting in Kenya is currently regulated by the Betting, Lotteries and Gaming Act, Chapter 131 of the Laws of Kenya which creates the Betting, Licensing and Controls Board (BLCB). The Board is under the Ministry of Interior and Coordination of National Government and its responsibility is to regulate betting, lotteries and any gaming activity by formulating and issuing guidelines on policies (Ministry of Interior and Coordination of National Government, 2015).

The Sports Betting industry in Kenya has grown rapidly since the licensing of the first Sports Betting firm in Kenya back in 2013. Currently, there are approximately eighteen licensed sports betting companies in Kenya with SportPesa, Elite Bet, M-cheza, Kenya Sports Bet and Betin taking the forefront as leading sports betting companies in Kenya (Mwadime, 2017). According to the Standard Media report, conservative figures estimate over 300,000 users play for the multi-shilling jackpot every week (PWC, 2014). As at September 2017, data from the BCLB had estimated the number of registered and licensed casino operators at 50 and bookmakers at 25 countrywide. According to Kenya Revenue Authority (KRA), eight major players in the betting sector had cumulatively remitted Kenya Shillings 4.71 billion in taxes since June 2014. The tax authority estimated that the tax collection in the 2016/2017 financial year would more than double from Sh1.2 billion in 2015/16 to Sh 3.8 billion (Alushula, 2017).

The biggest winners from the Sports Betting industry in Kenya are the sports betting firms, mobile network operators, media houses and the government. It is estimated that betting firms rake in billions of shillings every year from Sports Betting revenues, while a 2016 Bloomberg article claimed that, Safaricom had processed approximately Kenya Shillings 5
billion worth of SportPesa transactions each day and has as many as 21 million users affiliated to the betting company. This has boosted Safaricom Short Message Services (SMS) revenue as well as revenues related to its mobile money banking application M-pesa which in turn saw the Company grow its transaction volumes by 48% in the year 2016 (Bloomberg, 2016).

On the other hand, it can be argued that the biggest losers are the gamblers themselves. Driven by poor remuneration, lack of employment and the search for quick riches, male youths between the ages of 18 to 40 years have the highest affinity to sports betting. According to a survey carried out in March 2017 on 3,879 respondents in the Sub-Saharan Africa region by GeoPoll, Kenya has the highest percentage of youths engaging in betting with 76% of the youths aged 17 to 35 years old admitting to having engaged in betting at least once in their life. Due to financial hardships, many of the gamblers may view betting as a reliable source of income, however, analysts have highlighted that betting is giving young people hope for something better regardless of their financial situation, but this can quickly become an addiction which most of the time will destroy a person financially and socially.

1.2 Statement of the Problem
Since the enactment of the Betting, Lotteries and Gaming Act Chapter 131 Laws of Kenya in 1966 and Commencement of betting business in 1969, little effort has been put in place to review the legislation to effectively regulate the betting industry (Peter, 2013). Because of the rise in sport betting controversy has set in sports. Sports officials, players, and fans are usually thrown the blame for having an influence or manipulating the progress, results or even the organization of the different sporting activities in order to match with the influential characteristics of the industry (Borden, 2013). Because of sport betting there has been a ground created for corruption to breed and also it has changed how people view games. For instance, a referee can give a certain team imaginary penalties, one after a pre-set duration or controversial penalties in order to affect the results of the game for the purpose of favoring the bets made by their friends and associates.
For instance, the friendly match between Nigeria and Argentina and the case of Bosnian referee Novo Panic in the Liechtenstein-Finland 2010 World Cup Qualifier illustrates fraud in sports motivated by betting. Both the players and the referee played keeping in mind bets (Berman & Webb, 2013). In addition, coaches can also make changes in the team players to manipulate the outcome of the game in order to favor certain bets. A player might also chose to throw away a win match by failing to score a winning goal intentionally. European soccer is an example on how corruption can be used by fixers in order to influence the outcome of a game (Borden, 2013).

In the U.S, an NBA referee is being investigated because of betting on an MBA games he was refereeing. Pete Rose and Tom Donaghy are among the individuals who have been questioned for being destruction of fair and just sports (Lantolf & Thorne, 2007). These trends reveal that there is a need of having ethical regulations in sports industry. Betting on sports has boosted the interest in sports and on the other hand it has negatively affected sports. It’s imperative that Sports Betting get to be regulated as per the ethical standards in order to avoid crime that is related to sporting actions (Lantolf & Thorne, 2007).

The only way it can be ethical is if all the parties involved in sport are registered formally to allow monitoring as they take part in sports activity (Lamont, Hing & Vitartas, 2016). It will lead to infusion of fairness, justice, and safeguard against manipulation and absence of integrity in the sporting industry. It is therefore necessary to enforce ethical values and for them to be applied for the purpose of ensuring that the betting sector is flourishing in reference to the norms implemented. It is ethical that the individuals taking part in a particular sport shouldn’t be allowed to bet on any sport they are part of or their team is. This is beneficial because it reduces the opportunity that a game will be manipulated by the participating individuals with the intention of matching the bet (Tyawa, 2012).

The introduction and enforcement of ethics in sport betting has been delayed for so long. There is great need for the ethical principles which give guidance to betting to be implemented in order to have control over integrity and also encourage fair and just games and provide guidance to the industry at large. The ethical principles also help to curb fraud
and corruption which could be beneficial to the reach and those who are influential in the industry at the expense of sports integrity. This study aimed to evaluate business ethics and regulation of the Sports Betting industry in Kenya.

1.3 General Objective of the Study
The general objective of the study was to investigate business ethics in the regulation of the Sports Betting industry in Kenya.

1.4 Specific Objectives
The study was guided by the following specific objectives:

1.4.1 To establish the current business ethics principles in the regulation of the Sports Betting industry in Kenya

1.4.2 To establish whether the regulation of the Sports Betting industry in Kenya is in the interest of the public

1.4.3 To establish the effect of business ethics and regulation on performance of Sports Betting industry in Kenya

1.5 Significance of the Study

1.5.1 Sports Betting Industry
The study is significant to the industry players as it might help to identify the effects of Sports Betting to the public and help the stakeholders understand what role the industry actions or miss-actions have on the society.

1.5.2 Betting Control and Licensing Board (BCLB)
The study might be important to the regulator as it might give them an insight on how better they can regulate the Sports Betting industry in order to protect the general public better.

1.5.3 The Academia
The study might contribute to the knowledge relating to Sports Betting industry. This is ideally a very new phenomenon in Kenya with minimal studies having being been undertaken and the study aimed at adding to the information resource available.
1.6 Scope of the Study
The study was restricted to Nairobi, Kenya. The population was male and female individuals who own a Mobile handset and are enrolled into any of the Sports Betting platforms, both heavy and light users of the product. The study was carried out between May 2018 and August 2018.

1.7 Definition of Terms

1.7.1 Sports betting
Paine (2012) defined Sports betting, as the act of placing a financial wager on the results of a sporting match, and also on the events that happen within a larger fixture.

1.7.2 Ethics
Refers to codes that establish what behavior is right and wrong for a society (Carroll, 2013).

1.7.3 Regulation
It is the procedure of making sure that a certain business activity adheres to the rules and regulations set (Redmond, 2016).

1.7.4 Betting
It is the act of gambling funds on the results of a sport or any other event that cannot be predicted (Carroll, 2013).

1.7.5 Business Ethics
According to Paswan (2015), business ethics is the study on the appropriate policies and practices of business in regard to topics that are controversial, like corporate governance, insider trading, bribery, discrimination, corporate social responsibility and fiduciary responsibilities.

1.7.6 Betting Industry
It is the architecture on which betting opportunities are built, and the DNA code of any online betting site, especially sportsbook websites (Redmond, 2016).
1.8 Chapter Summary

Chapter one provided a backdrop of the study that provided a disquisition on business ethics and regulation of the Sports Betting industry in Kenya. The problem was stated along with the general and specific objectives of the study. The chapter also discussed the scope and significance of the study. A definition of terms as used within the context of the study has also been listed. The following chapter is a Literature review concerning this topic of study. The literature was reviewed on the basis of specific objectives in previous chapter.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature available revolving around the business ethics practices and regulation of the Sports Betting industry in Kenya. The basis of the literature review was the research objectives which are to establish the current business ethics and regulation of the Sports Betting industry in Kenya; to establish whether business ethics and regulation of the Sports Betting industry in Kenya are in the interest of the public, and to establish the effect of business ethics and regulation on performance of Sports Betting industry in Kenya.

2.2 Current Business Ethics and Regulation of the Sports Betting Industry

Currently, businesses are being operated in an environment that is full of regulations. The requirements by the regulations pose a very great challenge to the organizations. For instance, the requirement of the regulations might be that the organization needs to freshly evaluate the resources needed, skills and also establish the general effect of the legislation on the organization (Paswan, 2015). Business ethics is applicable in business conduct and also in the conduct of the people in the organization. The sources of the ethics are individuals, statements in the organization and the legal system. The business id guided by the norms, values, ethical, and unethical practices. In order to assist those businesses to continue connecting with their stakeholders (Ferrell & Ferrell, 2008).

Business regulations are guided by the business law which is a branch law dealing with all the things that are involved in a business like contracts, sales and management of workers. Mostly, business law is created in order to avoid unethical behaviour in the organization (Mullerat, 2013). For instance, in California, law that requires foreclosure consultants to be registered with the state experienced foreclosure scams (Benson, Norman & Griffiths, 2012). Ethics and law guide organizations on how they should treat their workers. Both ethical and legal laws guide organizations in their hiring and firing processes (Salehi, Saeidinia & Aghaei, 2012). In the US, there are some organizations such as OSHA which were created in order to deal with workers’ ethical issues though the law (Mbasi, 2013). Law and ethics also govern organizations on how they should be treating their clients. University of Tennessee-
Martin Philosophy professor Jim Fieser noted that the secret behind a successful business is ethical principles. It deals greatly with relationship with clients (customer relations) (Salehi, Saeidinia & Aghaei, 2012).

The role of law in regulating any industry and business cannot be understated. The law acts as guidance to operators in an industry so as to protect consumers, maintain sanity, fair competition and also act as a guide and play a role in governance. Law has to keep up with all the dynamic facets of an industry so as to remain relevant and a point of reference (Auer, Littler & Griffiths, 2015). The quality and quantity of gambling supply is being regulated by the national policies. Therefore, other ways of gambling could be banned or the opportunities of gambling may be restricted. In regions where they are allowed to gamble, there is use of 2 techniques to make sure that the services of gambling are of quality; the application of 18 state-owned body which has a monopoly position, or the use of a licensing regime which applies the mechanism of supervisory and enforcement (Auer, Littler & Griffiths, 2015).

2.2.1 The Role played by Laws and Regulations in a Society
Laws and regulations are important for a society as they serve as a norm of conduct for citizens. They give the appropriate guidelines and order in which the character for all citizens and ensure the sustenance of equity at the various levels of the society. Without laws and regulations, the world would probably spin into chaos and the society would be one of survival of the fittest and everyman for him (Reast, Maon, Lindgreen & Vanhamme, 2012). The law plays various roles in the society. The four primary roles are establishing standards, maintaining order, resolving disputes, and protecting liberties and rights. It establishes standards by acting as a beacon for the minimally acceptable conduct in the society. By enforcing the acceptable behaviours, order is maintained. Due to the difference in needs, wants and values of the society, disputes will always arise and consequently the guidelines set out by the laws of the society will be used to resolve these disputes (Markham & Young, 2014).
Historically, social principles of law took place just before they were adopted by political authorities and in line with natural law. Law arose as a spontaneous and was discovered rather than instilled on the society. It came as an evolution consequence of the systematic experience of a larger number of people (Yoon, 2011). Legal systems tend to share some common features: 1) a strong concern for the rights of the people; 2) reciprocity and victim backed enforceability; 3) standardized procedures; 4) economic restitution; 5) submissiveness of the guilty to prescribe to punishment so as to avoid social ostracism; and 6) legal transformation through the evolutionary process of coming up with customs and norms (Bartels & Pizarro, 2011). Therefore, six main functions of laws in a society: Laws maintain peace, improve the moral standards, boosting social justice, promote changes that are orderly, and assists in facilitating a plan.

2.2.2 Current Regulations of the Betting Industry

Gambling is a human activity that can be traced back through ancient days with various forms of gambling existing in different cultures. Social factors have determined how various governments address this issue, resulting in policies that either forbid or regulate the activity. Prohibition commonly arises where the activity is against the religious morals of the particular society. Alternatively, regulation is many times embraced due to the pragmatic viewpoint that gambling cannot be expunged and thus alternative parameters are set out to ensure control of the same (Derevensky, 2012).

In the UK, the regulation of the industry can be traced back to the eighteenth century where the applicable laws were initially used to suppress the popular habit. Subsequently, this gave way to the recognition that regulation offered an effective channel of controlling the activity. In recent years, there has been mounting pressure to modernize the regulations (Desmond, 2011). The need for this modernization arises from various factors including the progressive social acceptance of gambling; globalization which has allowed gambling across different jurisdictions; and a desire to enable players in the industry to respond to consumer needs and market forces (Jones, Hillier, & Comfort, 2014). Betting in the USA faces strong religious opposition and little support despite continued growth in popularity. Consequently, many states are yet to legalize gambling on sports activities and events. For example, only Nevada
and Oregon have legalized Sports Betting with Oregon only permitting it on a very limited basis. Due to the Government structure of the USA gambling activity and tax rates may vary across states (Pava, 2013).

In Africa, South Africa, Nigeria and Kenya are perceived as the most developed nations on matters relating to the betting industry. In South Africa, gambling is governed by The National Gambling Amendment Act of 2008 and regulated by the National Gaming Board. The current gambling laws had mutated over time with the first post-apartheid laws having been passed in 1996 and subsequent amendments made in 2004. Generally, the gambling and regulation laws in the continent range from some of the strictest in the world to some of the loosest, depending on the country (Strumpf, 2013). In Kenya BCLB regulates the betting industry in Kenya which draws its powers from the Betting, Lotteries and Gaming Act of 1966. The statute has been trying to get hold of the continuously changing industry fueled by the evolution of technology. Compared to statues from other countries, the Kenyan betting Laws have major loopholes and omissions and hence the challenge faced within and outside the industry (Peng, 2013).

2.2.3 Factors that may Influence Future Regulatory Change
The government and other industries that want to stop the adoption gambling activities that are risky and can be the cause of other issues applies Health-oriented policies (Williams & Wood, 2012). Policies restricting activities which promote gambling have their basis on the belief that the activities will be introduced to the vulnerable individuals, or may be used to oppose advertisements which encourages gambling responsibly and low-risk gambling (Williams, 2013). A lot of people support the notion. For instance, in a study on pathological punters almost half (46%) of the sample indicated that it was advertisements that encouraged them to be gamblers (Galbreath, 2014). The 2\textsuperscript{nd} thing that encouraged gambling was ‘boredom/free time’ as indicated by 24%, and the 3\textsuperscript{rd} was the imagination of being a winner (19%).

There are jurisdictions which have been implemented by CGPs and have an effect on sponsorship and there are many elements that may affect further changes in the policies.
More awareness on these will make it possible for other relevant researches to be done to provide information and impact the regulations that will be made in the future. On the other hand if sport and gambling sectors adopt socially responsible policies which have been well researched with proper theoretical frameworks and empirical evidence could lead to a reduced need for regulations that are widely spread (Grace & Cohen, 2013).

2.2.4 Betting Industry Adherence to Business Ethics and Regulation

Kant’s Theory of Ethics maintains that deontology is motivated by a duty principle that is not influenced by experiences (Christie, Groarke & Sweet, 2012). Whenever an organization faces an ethical dilemma the principle of business ethics provides them with guidelines they can apply in reaching a decision. Utilitarianism is an ethical theory which establishes what is right and what is wrong by referring to the results. The basis of the theory is the belief that majority of the ethical options will result to a greater good for a large number of individuals. It’s a very common approach that is applied in business for the reason that it gives account to the costs and benefits (McMullen, 2006).

Transcendental ethics relies on the idea of right and wrong and a sense of justice. This concept is applied across the society equally irrespective of social, cultural and geographical differences and it revolves around the view that society and organizations are moving towards a common understanding of what is right and wrong (Orme & Ashton, 2013). In tactical ethics, organizations must obey the rules and laws to avoid penalties that may arise from non-adherence. It is practiced not by what is wrong or right but based on how convenient and also based on self-interests (Orme & Ashton, 2013). A compliance-based firm is the one that comes up with rules of conduct and penalizes those who do not adhere to them. The consequences of not complying ensure that the workers are in line. Fear motivates individuals to follow the compliance-based ethics.

There are various factors that act as a hurdle to an institutions motivation towards upholding the principles of business ethics. These factors, although arguable, may be individualized to four main ideas individualism, proceduralism, genericism and prudentialism (Schumann, 2011). Individualism refers to emphasizing on the people who are being isolated rather than
to the people as part of a larger group. Procedural is the focus on the procedure and the rules as opposed to the adjudicative. Genericism, involves a focus on the abstract, universal and measurable rather than on the singular and the concrete. Prudentialism is focusing on the penurious and the actuarial and not on the ethical (Lozano, 2013). Once leaders have recognized and accepted the ethical standards they are being governed with they’ll have the ability to use the company’s aspect of service better, which is serving the requirements of stakeholders and clients.

2.3 The Regulation of the Sports Betting Industry in relation to the Kenyan Best Public Interest

According to Peng (2013) betting is legal in Kenya. The regulating body which regulates the multi-billion industry is BCLB under the Betting, Lotteries and Gaming Act of 1966. The law is however trying to catch up with technology since it was implemented long ago before mobile phones and internet had boomed. Glaring loopholes and omissions define the current law and hence the challenge faced within and outside the industry and its span of impact. In the UK gambling commission regulates all commercial gambling, apart from spread betting. Included in regulation are football and other sports betting. It also addresses channels used in betting including remote gambling i.e. via Mobile, Internet etc.

According to Altman (2012) evolution of legalized gambling comprises four phases in sequential order: emergence, regulation, liberalization and eventual normalization. “Emergence” refers to the first appearance of gambling as an enjoyable pastime, without much concern for the problems associated with the activities. When the problems are recognized tighter “regulation” follows. The process of “liberalization” is related more to a change in economic thinking promoting the view that regulation in general is harmful and marketing and regulatory schemes covering gambling are altered accordingly. The last stage (labeled “normalization”) is when gambling products are widely available, and there is widespread acceptance and high involvement in the activity (Australian Productivity Commission, 2010).
Arjoon (2012) outlined guidelines in pursuing the licensing targets they include; i) safeguarding gambling from being involved in criminal activities ii) making sure that gambling is carried out in an open and fairly manner, ensuring that the terms and conditions betting companies have with customers are being honored, and iii) safeguarding children and the vulnerable individuals from being exploited. There is clear need for the Government of Kenya to close this regulatory gap to go a long way to protecting the Kenyan public and also the consumers of these gambling products from exploitation.

2.3.1 Concept of Public Interest

Public interest may be viewed as a commonly held value which is either universally accepted or widely held. The values are distinguished by the large number of people who support them. A decision can be said to be in the best public interest if it serves the interest of the larger public and not just a section of them (Filho, 2012). Public interest has evolved from being a protection of consumer interest to the current view of being a social welfare action (Lindsay, et al. 2013). The foundation of Smith and Westerbeek (2014) thesis was that human beings are naturally drawn towards self-interest which leads to them prospering. Smith did argue further that when people are given the freedom to trade and the market is opened for both foreign and domestic competition, their natural self-interest would greatly boost prosperity than when they are under stringent government regulations. Smith and Westerbeek (2014) did belief that human beings promote public interest by their daily economic choices.

The role for government regulation is determining the scope and manifestation of gambling’s presence in society and thus its impact on the general public. In this sense, regulation can be broadly defined to include the political process by which the major decisions regarding legalized gambling are arrived at, the corresponding legislation and rules specifying the conditions of its operation, and the direction given to regulatory bodies. Through such means as specifying the number, location, and size of gambling facilities; the types of games that can be offered; the conditions under which licensed facilities may operate; and so forth, governments have considerable control over the benefits and costs legalized gambling can bring with it. These measures can be as simple and straightforward as attempting to prevent
underage gambling or as ambitious and contentious as promoting traditional social values (Hing & Nuske, 2011).

In Canada each legalized gambling format is linked to certain socially desirable public purposes. Legislative blessing for gambling is seemingly based on the premise that the social good of the activity outweighs the social damage. The problem with this assumption is that the benefits of gambling are tangible and easily quantifiable in economic terms, whereas the social costs of the activity are often hidden, indirect, not immediately noticeable, and impossible to measure precisely. Skepticism about the purported contributions of gambling to the community arise when legislators are hard-pressed to tell the public what the real social costs of gambling are and who is paying for them (Goodman, 2005).

2.3.2 The Relationship between Laws and Regulations to Public Interest
Regulation has been viewed in terms of government regulation of the private sector. Regulation may further be viewed as an effort to correct distortions which prevent markets from operating in line with public interest. In this case legislators and regulators are seen as being chivalrous by designing and operating regulatory systems to correct these distortions and bringing about improvements to the well-being of the society (McWilliams & Siegel, 2014). Regulatory efforts may include endeavors such as the control of prices, checks on monopolistic actions, restrictions on externalist behavior, and requirements to make information available to consumers (Nichols & Mallon, 2016).

A consistent policy is viewed as being more than just collecting revenue or reacting to external pressure. It’s very important to consider the effect of international policy on national policies on gambling. In many instances, official information available to the public lacks. In other countries newspapers are the only source of information and how neutral they are is questionable (Covey, 2014).

It’s not easy to give a proper evaluation basing on the information that is available to the public on the association between a certain selected gambling framework and the effects caused by legal gambling. The national measures that was introduced to deal with the
problem of gambling and the effects that are associated to gambling is of interest because they give a foundation in which it can be evaluated if a certain selected framework that is intended tackle the negative effects of gambling. Another thing that is being questioned is the way a framework selected is a contributor to addiction (Cohen, Pant & Sharp, 2011).

Government decisions regarding the introduction and regulation of legalized gambling would best be made according to a well-defined public policy, one formulated with specific goals and limits in mind. While governments have established a variety of regulatory structures, it is not at all clear that these have been guided by a coherent gambling policy or even that those making the decisions have had a clear idea of the larger public purpose they wish to promote. Generally, what is missing in the area of gambling regulation is a well thought-out scheme of how gambling can best be utilized to advance the larger public purpose and a corresponding role for regulation. Instead, much of what exists is far more the product of incremental and disconnected decisions, often taken in reaction to pressing issues of the day, than one based on sober assessments of long-term needs, goals, and risks (Tyawa, 2012).

2.3.3 Corporate Social Responsibility and Business Ethics

Carroll (2012) created a CSR model which has four elements of corporate social responsibility: economic, legal, ethical and discretionary/philanthropic responsibilities, which have been listed from the highly important one to the least important. Carroll (2013) did argue that the four factors weren’t restrictive and help the managers to comprehend their roles which oppose. In giving an explanation in how he categorized, Christie, Groarke and Sweet (2012) stated that economic was the first social role of a business, that is providing goods and services that are needed by the customers at a reasonable profit. Legal duties are part of the social contract of businesses; this is because it’s the society that has to decide on the laws and the regulations that a business has to adhere to.

Further, Carroll (2012) noted that it’s the ethical behaviour that gives a reflection on what clients, workers, etc. view as being fair and just. The 4th, discretionary responsibilities, it entails the reactions of a corporate in responding to what the society expects that businesses will involve the citizens by bettering life’s quality. Discretionary responsibilities also
philanthropic activities like the programmes sponsored by corporations. The categories of corporate social responsibility by Carroll have been applied in the presentation of how social corporate perform (Smith & Westerbeek, 2014; Lozano, 2013).

Wood (2011) emphasized that business ethics and managerial discretion are very significant elements CSR for the reason that their operations are in organizations and society that is spoilt of choices. The procedures carried out in an organization and their policies don’t necessarily dictate their actions, managers can’t escape their duties for the way they practice their powers of substantial discretionary (Hing, 2011). If they escape their duties there might be conflicts in the moral codes or the standards of the community which will lead to backlash.

2.4 The Effect of Business Ethics and Regulation on Performance of Sports Betting Industry in Kenya

The sports betting industry is similar to other industries, in that it seeks to make profit, build customer loyalty and increase market share (Quinn, 2010). However, gambling companies are businesses that benefit financially from gamblers’ losses. The benefits are greater the more the gamblers play because the mathematical expectation is in favor of the gambling companies. Another negative impact of the gambling industry is individual and public health, as it becomes an externalizing machine (Berman & Webb, 2013). Boulstridge and Carrigan (2014) argues if a corporation had the legal right to externalize the social and environmental costs of its business activity with impunity, its responsibility to the larger community would be less clear. The externalities caused by the gambling industry, can be classified into two types: direct (positive and negative) and indirect externalities (moral behaviour). In the gambling industry, direct externalities can have positive and negative effects. The positive effects include an increase in companies ‘profit, taxes and employment benefits, while the negative effects include related social costs of gambling (Diets & Asheim, 2012).

In particular, the gambling industry attempts to highlight the positive externalities, rather than the negative ones; however, indirect externalities concern social responsibility reporting as a means of enhancing the moral “tone” of the community (Chambers, 2011). Delfabbro et
al. (2007) asserts that, gambling does not contribute to developing the ‘goodness’ or virtue of the individual rather gambling attacks the overall “moral” character of a society. Thus, corporations in the gambling industry may embrace CSR as one of the solutions to tackle the criticism arising from direct and indirect negative externalities. As a result of the negative externalities, gambling operators are often criticized for exploiting the general public. Stakeholders impose pressure upon many gambling operators to apply more ethical concerns in the gambling business so as to avoid or mitigate possible gambling problems and harmful impacts. This initiative is called “responsible gambling” (RG) (Blaszczynski et al., 2011).

According to Brooks, (2012), the Gambling Commission in Britain is capable establishing standards on manufacturing, supplying, installing and adoption of software and if the standards are breached then it’s a criminal act. In Great Britain before a company gets to be fully licensed it is required to acquire personal, remote and software licenses. In conclusion, Britain’s pursuance of a law that governed gambling was in essence, Hoppe (2010) considered if the safety measures suggested by the Government could meet the social problems created by the gambling released from restraints and left to free-market economic forces.

2.4.1 Enforcement of Gaming Regulation

If the government wants to achieve online betting that is regulated properly, its required to enact measures which will provide those operating incentives for them to be regulated and be legalized to operate and restrict customers from gaining access to operators who haven’t been legalized (European Commission, 2013). During the past 10 years online betting has grown tremendously, this can be attributed to the fast growing technology which made the government to ring-fence the development of revenues on gaming, (or in some cases, was implemented) at a very low rate compared to the rate of technology and this made it possible for the customers to gain access to games globally (European Commission, 2013).

The techniques that have been applied to restrict the gaming activities which haven’t been regulated are payment blocking, ISP blocking, or combination of both techniques. In the blocking of payments techniques, gaming regulation is supposed to make sure that financial
institutions, do not process payments for those operators who are not licensed (American Gaming Association, 2011). The other option gives ISPs the responsibility of blocking the websites that aren’t legal and holds them liable for any content present in the market that isn’t regulated. Despite the techniques being implemented in other the US and some countries in Europe, there’re legal doings and technical restrictions to the techniques that causes a great difference on how effective they are (American Gaming Association, 2011).

2.4.2 ‘Problem Gambling’ and Player Protection

The issue of gambling often known as "gambling addiction" or "compulsive gambling" is the push to continue gambling even after experiencing its negative effect or having the willingness to put an end to it (Suomi, 2013). Suomi continued to add that the issue of gambling affects roughly 1% of the world’s population. A research done in Germany revealed that approximately 0.9% of its population are pathological gamblers and are between the ages of 16 and 64 (Suomi, 2013).

A conclusion was made by the European Commission workshops on online gaming that “the regulatory system in place in a Member State, be it a licensing system or a monopoly, does not seem to have a significant impact on the degree of ‘problem gambling’ or gambling addiction” (Williams & Wood, 2012). Whilst revealed a correlation between changed regulations and the instances of ‘problem gambling’. This is because the rate of absorption and the size of the market that isn’t regulated (inclusive of unlicensed operators) is affected by online regulations. A high rate of ‘absorption’ in a small unregulated market has a lot of importance when it comes to controlling ‘problem gambling’ and also in protecting the customers. Through online gambling it is possible to keep an eye on the gambling behaviour of individuals and detect whenever the gambling issue starts to develop (Hosmer, 2017).

EU requires that the operators licensed under their jurisdiction should adhere to their laws (e.g. in France, Italy and the UK) which requires them to take some steps to make sure that the customer is protected and also deal with the issue of “problem gambling”, the first step is to ensure minors are not gaming. The second thing is, they are required to guarantee their customers that their money is safe and that their personal information is confidential in order
to safeguard against illegal and criminal related activities and also they are supposed to have features that enable the player to restrict the amount they can bet on or exit the gaming by themselves (Aaronson, 2013). The last requirement for the operators is to give advice on their gaming platform on “problem gambling” and direct their customers to other places where they can get help and more information. These requirements are what the local operators are subject to adhere to and failure to do so has consequences which in some cases revoking of the license.

2.4.3 Impact of Imposing Betting Restrictions

Betting restrictions like limiting stakes placed or banning live/’in-game’ betting, cannot be the effective ways of dealing with “problem gambling” or even bettering protection of players (Wiebe & Volberg, 2013). When such restrictions are enforced there is a high chance that the gaming activities will shift to the unregulated market where it’s very difficult to regulate the “problem gambling” and implementing of measures that protects players is even more difficult (Skolink, 2011).

The focus of betting restrictions is policy functions that vary in different communities. The highly significant is making sure that the gaming maintains its integrity, which is what proprietors of gambling see to be of value. Conmen usually hide in gambling and without the presence of regulators it would be much easier to manipulate the games in a deceiving manner. It’s thereby the duty of the government to protect its citizens from fraudulent activities, regulations are the most effective ways of making sure that the legal gambling that is in existence is fair and honest (Furler & Palmer, 2010).

Another area that draws concern is crime, mainly the organized type of crime. Betting industries transact large volumes of money and for the purpose of lowering any chance of money laundering; the betting industries are required to adhere to the requirement of reporting the transactions. Proofs given to the commission show that effective state regulation, coupled with the industry being taken over by public corporations and have done away with crimes that are organized from the direct ownership and running of betting industries (Skolink, 2011).
2.5 Chapter Summary.

The chapter explored reviews the literature by different authors on the objective of the research study. The purpose of the study was to establish business ethics and regulation of the Sports Betting industry in Kenya. Precisely literature review covered the current business ethics principles in the regulation of the Sports Betting industry in Kenya; whether the regulation of the Sports Betting industry in Kenya is in the interest of the public; the effect of business ethics and regulation on performance of Sports Betting industry in Kenya.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction
This chapter describes the research design and methodology that was utilized in carrying out the research study. It also delves into research design, population and sampling design, data collection methods, research procedures and data analysis methods.

3.2 Research Design
A research design is the overall blueprint that details the way a research is going to be carried out (Laberge, 2011). The research design is the general strategy used to bring together the various parts of the study in a manner that can be understood so as to ensure the research problem is addressed and understood; it provides a guide for gathering, measuring, and analysing data. The study adopted a descriptive research design so as to identify, determine and describe the issues that were studied in the research. This type of research design involves the gathering of data with the purpose of describing trends, a phenomenon or case (Ngechu, 2004). The overall objective of this study was to describe the effects of business ethics and regulation of the Sports Betting industry in Kenya.

3.3 Population and Sampling Design

3.3.1 Population
A population is referred to as subjects or members of a certain group with similar characteristics (Kothari, 2004). The study targeted employees in the Sports Betting companies in Kenya. According to the Betting and Licensing Control Board, there are 30 Sports Betting companies in Kenya with bookmaker’s licenses (BLCB, 2016). The target population was 5 employees from each of the 30 betting companies. Thus, the target population was 150 employees from betting companies.

3.3.2 Sampling Design
This is a technique in statistical analysis used for the purpose of selection, analyzation, manipulation and representation of a representative group of the population being examined.
3.3.2.1 Sampling Frame
Cooper and Schindler (2006) indicated that a list of elements whereby a sample is selected and has close relationship with the population referred to as a sampling frame. In this study, the sampling frame was employees in Sports Betting companies in Kenya. This therefore involved employees in Sports Betting companies.

3.3.2.2 Sampling Technique
Statistical sampling techniques are the strategies applied by researchers during the statistical sampling process (Babbie, 2002). Stratified sampling method was applied to select respondents obtained from employees in Sports Betting companies. According to Cooper (2006) stratified random sampling is a modification of random sampling in which one divides the population into two or more relevant and significant groups based on one or more attributes. This sampling technique was used because it bars the introduction of biasness.

3.3.2.3 Sampling Size
This refers to the number of units which made up the sample to be used in a study (Ngechu, 2004). Yamane (1967) formula for calculating sample size was used to determine the sample size. The formula is \[ n= \frac{N}{1+N(e)^2} \]
Where \( n = \) sample size,
\( N = \) population size
\( e = \) error term (0.05)
Hence, \( n = \frac{150}{1 + 150 (.05)^2} = 109.09 \)
The study sample size was 109 employees from Sports Betting companies in Kenya.
Table 3.1: Sample Size

<table>
<thead>
<tr>
<th>Targeted organizations</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 1xbet</td>
<td>4</td>
</tr>
<tr>
<td>2. Betika</td>
<td>4</td>
</tr>
<tr>
<td>3. Betin</td>
<td>4</td>
</tr>
<tr>
<td>4. Betpawa</td>
<td>4</td>
</tr>
<tr>
<td>5. Betway</td>
<td>4</td>
</tr>
<tr>
<td>6. Betyetu</td>
<td>4</td>
</tr>
<tr>
<td>7. Bet365</td>
<td>4</td>
</tr>
<tr>
<td>8. Chezacash</td>
<td>4</td>
</tr>
<tr>
<td>9. Dafabet</td>
<td>4</td>
</tr>
<tr>
<td>10. Eazibet</td>
<td>4</td>
</tr>
<tr>
<td>11. Elitebet Kenya</td>
<td>4</td>
</tr>
<tr>
<td>12. Gaming International</td>
<td>4</td>
</tr>
<tr>
<td>13. Gold bet</td>
<td>4</td>
</tr>
<tr>
<td>14. Helabet</td>
<td>4</td>
</tr>
<tr>
<td>15. Hollywoodbets</td>
<td>4</td>
</tr>
<tr>
<td>16. Just Bet</td>
<td>4</td>
</tr>
<tr>
<td>17. Kenyasportsbet</td>
<td>4</td>
</tr>
<tr>
<td>18. Kwikbet</td>
<td>4</td>
</tr>
<tr>
<td>19. Lucky2u</td>
<td>4</td>
</tr>
<tr>
<td>20. M-cheza</td>
<td>4</td>
</tr>
<tr>
<td>21. Mozzartbet Kenya</td>
<td>4</td>
</tr>
<tr>
<td>22. Powerbets</td>
<td>4</td>
</tr>
<tr>
<td>23. Premierbet</td>
<td>4</td>
</tr>
<tr>
<td>24. Safaribets</td>
<td>4</td>
</tr>
<tr>
<td>25. Sahar games</td>
<td>4</td>
</tr>
<tr>
<td>26. Shabiki</td>
<td>2</td>
</tr>
<tr>
<td>27. Sportpesa</td>
<td>2</td>
</tr>
<tr>
<td>28. Sportybet</td>
<td>2</td>
</tr>
<tr>
<td>29. Supabet247</td>
<td>2</td>
</tr>
<tr>
<td>30. Uwezo Bet</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>109</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Data collection refers to the process of counting or computing and recording of data. It involves gathering of data collected and processed from the environment from which the study is being carried out (Mugenda & Mugenda, 2012). Primary data was gathered using
structured questionnaire as this enhanced the collection of quantitative data as well as ensures cost efficiency due to its cost effectiveness. The respondents were informed of the objectives of the research before they are furnished with the questionnaire.

3.5 Research Procedure
The researcher obtained an introduction letter requesting for permission to collect data form the university. There was a pilot test questionnaire to ensure efficiency in collecting data. At the pilot stage the questionnaire was issued to 10 individual who weren’t involved in the actual data collection process. The feedback received from the pilot test helped in the understanding and relevance of the inquests in the questionnaire. The researcher explained the purpose of the study to the respondents. The questionnaires were administered through the drop and pick later method by the researcher with the help of two trained research assistants. The respondents were given two to three days to fill in the questionnaires. The data was collected in a span of 2 weeks.

3.6 Data Analysis Methods
Quantitative type of data gathered was analyzed using descriptive statistics by applying SPSS (version 21) and its presentation was by use of percentages, means, standard deviations and frequencies. Displaying of the results was by use of bar charts, graphs and pie charts and in prose-form. This was possible by tallying up the responses, calculating percentages of variations in response and also by describing and interpreting the data in reference to the study’s objectives and assumptions by using SPSS (version 21) to communicate research findings.

Regression analysis was conducted to establish the relationship between the independent and dependent variable. The regression model is;

\[ Y = \beta_0 + \beta_1 X_1 + \varepsilon \] \hspace{1cm} \text{Equation 1}
\[ Y = \beta_0 + \beta_2 X_2 + \varepsilon \] \hspace{1cm} \text{Equation 2}
\[ Y = \beta_0 + \beta_3 X_3 + \varepsilon \] \hspace{1cm} \text{Equation 3}

\( Y = \) Regulation of Sports Betting Industry
\( X_1 = \) Current Business Ethics Principles  
\( X_2 = \) Public Interests  
\( X_3 = \) Business Ethics and Regulation  
\( \beta_1, \beta_2, \beta_3, \) are regression coefficients corresponding to \( X_1, X_2, X_3 \) respectively  
\( \varepsilon = \) Error term  
\( \beta = \) the beta coefficients of independent variables

**3.7 Chapter Summary**

The chapter described the research methodology employed in the research study. The chapter has delved into the research design, sampling design, data analysis and the research procedure.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter interprets and presents the data gathered from the field. The general information of the respondents, outcome of the analysis based on the objectives of the study are also presented in this chapter. Descriptive analysis and inferential statistics were applied in analyzing the findings of the study. The sample size of this study was 109 employees from Sports Betting companies in Kenya. 99 respondents filled in and returned the questionnaires making a response rate of 90.8 percent, as illustrated in Table 4.1 below. Mugenda (2008) indicated that a response rate of 80 percent and above is considered to be excellent; hence, the study’s response rate of 99 out of 109 is excellent.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>99</td>
<td>90.8</td>
</tr>
<tr>
<td>Unreturned</td>
<td>10</td>
<td>9.2</td>
</tr>
<tr>
<td>Total</td>
<td>109</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2 Demographic Information

4.2.1 Gender of the Respondents

Respondents were requested to indicate their gender. The findings were as shown in Figure 4.1. From the findings, majority of the respondents indicated by 59% were male while 41% were female. This indicates that the study involved both genders therefore the study did not suffer from gender biasness.

Figure 4.1: Gender of the Respondents
4.2.2 Age of the Respondents

The study sought to determine the age of the respondents by requesting them to indicate their age bracket. The findings were as shown in Table 4.2 below. From the findings, most of the employees as shown by 49.5% were aged 31-40 years, 33.3% were aged 21-30 years, 17.2% were above 41 years and no employee was aged below 20 years. This indicates that most of the employees of betting companies in Kenya are aged 31-40 years.

Table 4.2: Age of the Respondents

<table>
<thead>
<tr>
<th>Age bracket</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 - 30 years</td>
<td>33</td>
<td>33.3</td>
</tr>
<tr>
<td>31 – 40 years</td>
<td>49</td>
<td>49.5</td>
</tr>
<tr>
<td>Above 41 years</td>
<td>17</td>
<td>17.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>99</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.3 Respondents Source of Income

The study sought to determine the respondents’ source of income by requesting them to indicate their source of income. The results were as shown in Table 4.3 below. From the findings, most of the respondents indicated their source of income was temporary employment as shown by 46.5%, employed full time were 29.3% and entrepreneurs were 24.2%. This indicates that betting companies employ their employees on a temporary basis as indicated by most of the employees (46.5%).

Table 4.3: Respondents Source of Income

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneur</td>
<td>24</td>
<td>24.2</td>
</tr>
<tr>
<td>Employed full time</td>
<td>29</td>
<td>29.3</td>
</tr>
<tr>
<td>Temporary Employment</td>
<td>46</td>
<td>46.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>99</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

4.2.4 Respondents Betting Habit

The respondents were requested to indicate how often they bet. The findings were as shown in Table 4.4 below. From the findings majority of the respondents indicate that they bet daily as shown by 63.3%, 25.3% bet on a weekly basis, 7.1% bet on hourly and 4% bet on monthly basis. This indicates that majority of employees employed in betting companies in Kenya bet on a daily basis as indicated by majority of the respondents (63.3%).
Table 4.4: Respondents betting Habit

<table>
<thead>
<tr>
<th>Habit</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly</td>
<td>7</td>
<td>7.1</td>
</tr>
<tr>
<td>Daily</td>
<td>63</td>
<td>63.6</td>
</tr>
<tr>
<td>Weekly</td>
<td>25</td>
<td>25.3</td>
</tr>
<tr>
<td>Monthly</td>
<td>4</td>
<td>4.0</td>
</tr>
<tr>
<td>Total</td>
<td>99</td>
<td>100.0</td>
</tr>
</tbody>
</table>

4.2.5 Respondents Winning Rate

The respondents were requested to indicate whether they have ever won anything from their Sports Bets. The results were as shown in Table 4.5 below. From the findings, majority of the respondents (94.9%) indicated that they have ever won on their bets while only 5.1% have never won. This indicates that majority of those betting have ever won.

Table 4.5: Winning on Bets

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>94</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>99</td>
</tr>
</tbody>
</table>

The respondents were also asked how often they usually win. The results were as shown in Table 4.6 below. From the findings, most of the respondent (43.4%) indicated that they win sometimes, 39.4% indicated that they rarely win, 12.1% indicated they always win and 5.1% indicated they never win. This indicates that majority of the individuals who bet usually wins sometimes.

Table 4.6: Winning Extent

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always</td>
<td>12</td>
</tr>
<tr>
<td>Sometimes</td>
<td>43</td>
</tr>
<tr>
<td>Rarely</td>
<td>39</td>
</tr>
<tr>
<td>Never</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>99</td>
</tr>
</tbody>
</table>
4.2.6 Betting as a Source of Income

The respondents were requested to indicate whether they regarded betting as their source of income. The findings were as shown in Figure below 4.2 below. From the findings, majority of the respondents (65%) do not regard betting as their source of income while 35% regard betting as a source of income. This indicates most people do not regard betting as a source of income as indicated by 65% of the respondents.

![Figure 4.2: Betting as a Source of Income](image)

Respondents were asked to indicate the reason why they did or did not regard betting as their source of income. Some of the reasons from those respondents who regarded betting as their source of income were; they usually win from their bets, it’s not tiresome and they don’t have to sweat to gain money, they are able to control whatever they want to earn and they can bet/earn anytime and anywhere. Those respondents who did not consider betting as their source of income gave the following reasons; they have no guarantee of winning; it is addictive; and they have other sources of income that are reliable and that betting can cause anxiety.

4.3 Current Business Ethics Principles and Regulation of Sports Betting Industry

Respondents were asked to indicate their level of agreement on statements about the current business ethics principles in the regulation of the Sports Betting industry in Kenya. Using the scale 1 – strongly disagree, 2- disagree, 3 – neutral, 4- agree, and 5- strongly agree, the findings were as shown in Table 4.7 below. From the findings, respondents were in agreement that individuals who are above 18 years are the only ones who are allowed to bet as shown by a mean of 4.485, the betting industry aims at promoting common good as shown by a mean of 4.475, the legislations on betting are not strictly adhered to as shown by a mean
of 4.475, the betting organizations supports rationality of the people by allowing them to make their own choices as shown by a mean of 4.434, there are not much controls to prevent underage users as shown by a mean of 4.354, and ethics govern how betting industries should conduct their business as shown by a mean of 4.333.

Table 4.7: Current Business Ethics Principles in Regulation of Sports Betting Industry

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals who are above 18 years are the only ones who are allowed to bet</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>45</td>
<td>52</td>
<td>4.485</td>
<td>1.243</td>
</tr>
<tr>
<td>The betting organizations respects the freedom of the people by providing support to their choices and control</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>53</td>
<td>43</td>
<td>4.374</td>
<td>1.170</td>
</tr>
<tr>
<td>The betting organizations supports rationality of the people by allowing them to make their own choices</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>51</td>
<td>46</td>
<td>4.434</td>
<td>1.195</td>
</tr>
<tr>
<td>The betting industry aims at promoting common good</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>48</td>
<td>49</td>
<td>4.475</td>
<td>1.213</td>
</tr>
<tr>
<td>The legislations on betting are not strictly adhered to</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>45</td>
<td>52</td>
<td>4.475</td>
<td>1.245</td>
</tr>
<tr>
<td>There are not much controls to prevent underage users</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>51</td>
<td>43</td>
<td>4.354</td>
<td>1.138</td>
</tr>
<tr>
<td>Ethics govern how betting industries should conduct their business</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>58</td>
<td>38</td>
<td>4.333</td>
<td>1.164</td>
</tr>
</tbody>
</table>

4.3.1 Regression Analysis

Adjusted R shows the variation in the dependent variable due to changes in the independent variable. Table 4.8 shows that adjusted R squared was 0.781; this is an indication that at 95% confidence interval, there was variation of 78.1% on regulation of the Sports Betting industry due to current business ethics principles. This shows that 78.1% changes in regulation of the Sports Betting industry could be accounted for by current business ethics principles. R is the correlation coefficient which shows the relationship between the study variables. There was a strong positive relationship between the study variable as shown by 0.811.
From the analysis of variance (ANOVA), the study found out that the regression model was significant at 0.02 which is less than the value of significance (p-value) which is 0.05, thus indicating that the data was ideal for making a conclusion on the population parameters. The calculated value was greater than the critical value (7.470 > 3.938), an indication that current business ethics principles significantly influence regulation of the Sports Betting industry. The significance value was less than 0.05 indicating that the model was significant.

Table 4.10: Model Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.412</td>
<td>0.412</td>
<td></td>
<td>3.427</td>
</tr>
<tr>
<td>Current Business Ethics</td>
<td>0.319</td>
<td>0.106</td>
<td>0.105</td>
<td>3.009</td>
</tr>
</tbody>
</table>
4.4 Regulation of Sports Betting Industry and Public Interest

The respondents were asked to indicate their level of agreement on statements about the regulation of the Sports Betting industry in Kenya and whether it is in the interest of the public. Using the scale 1 – strongly disagree, 2- disagree, 3 – neutral, 4- agree, and 5- strongly agree, the results were as shown in Table 4.11. From the findings, the respondents agreed that the betting legislations ensures that the terms and conditions betting companies have with customers are being honored as shown by a mean of 4.303, the betting legislations ensures that betting is conducted in an open and fair way as shown by a mean of 4.293, the government ensures that the gamblers are protected as shown by a mean of 4.293, the legislation protects children and other vulnerable people from being harmed or exploited by betting as shown by a mean of 4.283, the legislations on betting mainly covers taxation of betting as shown by a mean of 4.263, and the betting industries at times break the set laws and no action is taken as shown by a mean of 4.253.

Table 4.11: Regulation of Sports Betting Industry and Public Interest

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The government ensures that the gamblers are protected</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>56</td>
<td>38</td>
<td>4.293</td>
<td>1.132</td>
</tr>
<tr>
<td>The legislations on betting mainly covers taxation of betting</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>58</td>
<td>35</td>
<td>4.263</td>
<td>1.118</td>
</tr>
<tr>
<td>The betting industries at times break the set laws and no action is taken</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>57</td>
<td>36</td>
<td>4.253</td>
<td>1.118</td>
</tr>
<tr>
<td>The legislation protects children and other vulnerable people from being harmed or exploited by betting</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>50</td>
<td>41</td>
<td>4.283</td>
<td>1.086</td>
</tr>
<tr>
<td>The betting legislations ensures that betting is conducted in an open and fair way</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>55</td>
<td>39</td>
<td>4.293</td>
<td>1.133</td>
</tr>
<tr>
<td>The betting legislations ensures that the terms and conditions betting companies have with customers are being honored</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>56</td>
<td>38</td>
<td>4.303</td>
<td>1.130</td>
</tr>
</tbody>
</table>

4.4.1 Regression Analysis

Adjusted R squared shows the variation in the dependent variable due to changes in the independent variable. From Table 4.12 adjusted R squared was 0.796; indicating that at 95%
confidence interval there was variation of 79.6% on regulation of the Sports Betting industry due to public interests. This shows that 79.6% changes in the regulation of the Sports Betting industry could be accounted for by public interests. R is the correlation coefficient which shows the relationship between the study variables. There was a strong positive relationship between the study variable as shown by 0.821.

Table 4.12: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.821a</td>
<td>0.803</td>
<td>0.796</td>
<td>1.468</td>
</tr>
</tbody>
</table>

From the ANOVA statistics, the regression model had a significance level of 0.033, which indicates that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 0.05. The calculated value was greater than the critical value (11.659>3.938) an indication that the public interests significantly influence regulation of the Sports Betting industry. The model was significant because the significance value was less than 0.05.

Table 4.13: Analysis of Variance

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1.258</td>
<td>1</td>
<td>1.258</td>
<td>11.659</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>10.574</td>
<td>98</td>
<td>0.108</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>11.832</td>
<td>99</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The established regression equation was:

\[ Y = 1.412 + 0.473X_2 \]

From the regression equation, it was established that was holding public interests to a constant zero, regulation of the Sports Betting industry would be 1.412. A unit increase in regulation of the Sports Betting industry would lead to increase in the public interests by a factor of 0.473.
Table 4.14: Model Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td>t</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.412</td>
<td>0.212</td>
<td></td>
<td>3.427</td>
</tr>
<tr>
<td>Public Interests</td>
<td>0.473</td>
<td>0.106</td>
<td>0.105</td>
<td>4.462</td>
</tr>
</tbody>
</table>

4.5 The Effect of Business Ethics and Regulation on Performance of Sports Betting Industry

The respondents were requested to indicate their level of agreement on statements about the effect of business ethics and regulation on performance of Sports Betting industry in Kenya. Using the scale 1 – strongly disagree, 2- disagree, 3 – neutral, 4- agree, and 5- strongly agree, the findings were as shown in Table 4.15. From the findings, the respondents agreed that ethics and regulations prevent minors from gaming as shown by a mean of 4.384, ethics and regulations guarantee the safety of player funds as shown by a mean of 4.374, ethics and regulations ensures that the betting industries provide guidance on how one should bet as shown by a mean of 4.374, ethics and regulations protects the vulnerable gamblers as shown by a mean of 4.364, and ethics ensures that personal information of gamblers is guarded against money laundering and corrupt practices as shown by a mean of 4.283.

Table 4.15: Business Ethics and Regulation on Performance of Sports Betting Industry

<table>
<thead>
<tr>
<th>Ethics and regulations protects the vulnerable gamblers</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics and regulations prevent minors from gaming</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>6</td>
<td>47</td>
<td>4.384</td>
<td>1.147</td>
</tr>
<tr>
<td>Ethics and regulations guarantee the safety of player funds</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>45</td>
<td>48</td>
<td>4.374</td>
<td>1.158</td>
</tr>
<tr>
<td>Ethics ensures that personal information of gamblers is guarded against money laundering and corrupt practices</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>50</td>
<td>41</td>
<td>4.283</td>
<td>1.086</td>
</tr>
<tr>
<td>Ethics and regulations of the betting industry promotes the provision of facilities allowing players to regulate amount they are betting with</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>51</td>
<td>43</td>
<td>4.333</td>
<td>1.141</td>
</tr>
<tr>
<td>Ethics and regulations ensures that the betting industries provide guidance on how one should bet</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>49</td>
<td>45</td>
<td>4.374</td>
<td>1.148</td>
</tr>
</tbody>
</table>
4.5.1 Regression Analysis

Adjusted R squared shows the variation in the dependent variable due to changes in the independent variable. The results in Table 4.16, showed that adjusted R squared was 0.692, indicating that at 95% confidence interval there was 69.2% variation on performance of Sports Betting industry due to business ethics and regulation. This shows that 69.2% changes in the performance of Sports Betting industry could be accounted for by business ethics and regulation. R is the correlation coefficient which shows the relationship between the study variables. There was a strong positive relationship between the study variable as shown by 0.733.

**Table 4.16: Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.733a</td>
<td>0.692</td>
<td>0.643</td>
<td>2.121</td>
</tr>
</tbody>
</table>

From the ANOVA statistics, the study found that the regression model had a significance level of 0.023, which is an indication that the data was ideal for making a conclusion on the population parameters as the value of significance (p-value) was less than 0.05. The calculated value was greater than the critical value (10.476>3.938) an indication that the business ethics and regulation significantly influence performance of Sports Betting industry. The model was significant because the significance value was less than 0.05.

**Table 4.17: Analysis of Variance**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>1</td>
<td>1.032</td>
<td>10.476</td>
<td>.023b</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>98</td>
<td>0.099</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Total</td>
<td>99</td>
<td>10.686</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The established regression equation was:

\[ Y = 1.412 + 0.396X_3 \]

From the regression equation, it was established that holding business ethics and regulation to a constant zero, regulation of the Sports Betting industry would be 1.412. A unit increase in regulation of the Sports Betting industry would lead to increase in the business ethics and regulation by a factor of 0.369.
Table 4.18: Model Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td>1.412</td>
<td>0.412</td>
<td>3.427</td>
<td>0.013</td>
</tr>
<tr>
<td>Business Ethics and Regulation</td>
<td>0.396</td>
<td>0.106</td>
<td>0.285</td>
<td>3.736</td>
</tr>
</tbody>
</table>

4.6 Chapter Summary

Chapter four has mainly described the research findings on the survey to investigate business ethics in the regulation of the Sports Betting industry in Kenya. The study established the current business ethics principles in the regulation of the Sports Betting industry in Kenya, whether the regulation of the Sports Betting industry in Kenya is in the interest of the public, and the effect of business ethics and regulation on performance of Sports Betting industry in Kenya. The study revealed current business ethics principles; interest of the public and effect of business ethics and regulation to a constant zero were statistically significant to regulation of the Sports Betting industry in Kenya. The study also found that there was a positive relationship between regulation of the Sports Betting industry in Kenya and current business ethics principles; interest of the public and effect of business ethics and regulation. The next chapter will be the discussion, conclusion and recommendations.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presented the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made thereto. The researcher had intended to establish the current business ethics principles in the regulation of the Sports Betting industry in Kenya, to establish whether the regulation of the Sports Betting industry in Kenya is in the interest of the public, and to establish the effect of business ethics and regulation on performance of Sports Betting industry in Kenya.

5.2 Summary of the Study

The general objective of the study was to investigate business ethics in the regulation of the Sports Betting industry in Kenya. The study was guided by the following specific objectives; to establish the current business ethics principles in the regulation of the Sports Betting industry in Kenya; to establish whether the regulation of the Sports Betting industry in Kenya is in the interest of the public, and to establish the effect of business ethics and regulation on performance of Sports Setting industry in Kenya.

The study adopted descriptive research design. The target population was 150 employees from Betting companies. Stratified sampling method was applied to select the respondents. The sample size was 109 employees. Primary data was gathered using structured and unstructured questionnaire. The questionnaires were administered through the drop and pick later method by the researcher with the help of two trained research assistants. Quantitative type of data gathered was analyzed using descriptive statistics by applying SPSS (version 21) and its presentation was by use of percentages, means, standard deviations and frequencies. The study targeted 109 employees from Sports Betting companies, out of which 99 respondents filled in and returned the questionnaires making a response rate of 90.8 percent.

The first objective of the study was to establish the current business ethics principles in the regulation of the Sports Industry in Kenya. The study established that individuals who are above 18 years are the only ones who are allowed to bet, betting industry aims at promoting
common good, the legislations on betting are not strictly adhered to, the betting organizations respect the rationality all people and supports choices, there is no much controls to prevent underage users, and ethics govern how betting industries should conduct their business.

The second objective of the study was to establish whether the regulation of the Sports Betting industry in Kenya is in the interest of the public. The study revealed that betting legislations ensures that the terms and conditions betting companies have with customers are being honored, the betting legislations ensures that betting is conducted in an open and fair way, the government ensures that the gamblers are protected, the legislation protects children and other vulnerable people from being harmed or exploited by betting, the legislations on betting mainly covers taxation of betting, and the betting industries at times break the set laws and no action is taken.

The third objective of the study was to establish the effect of business ethics and regulation on performance of Sports Betting industry in Kenya. The study found that ethics and regulations prevent minors from gaming, ethics and regulations guarantee the safety of player funds, ethics and regulations ensures that the betting industries provide guidance on how one should bet, ethics and regulations protects the vulnerable gamblers, ethics and regulations of the betting industry promotes the provision of facilities allowing players to regulate their betting amounts, and ethics ensures that personal information of gamblers is guarded against money laundering and corrupt practices.

5.3 Discussion

5.3.1 Current Business Ethics Principles and Regulation of Sports Betting Industry
The study established that ethics govern how betting industries should conduct their business. One of the ethical principles is that only individuals who are above 18 years are allowed to bet. The finding concur with Littler (2015) who found out that two techniques are used to make sure that the services of gambling are of quality; the application of 18 state-owned body which has a monopoly position, or the use of a licensing regime which applies the mechanism of supervisory and enforcement. Despite the effort to govern the betting
industries, the legislations on betting are not strictly adhered to, and therefore, there is no much control to prevent underage users. The study further revealed that betting industry aims at promoting common good and for that reason they respect the rationality of all people and also supports control capacity and choices. The findings are in agreement with, Teacher (2013) who established that the laws in the society perform six main functions: Laws maintain peace, improve the moral standards, boosting social justice, promote changes that are orderly, and assist in facilitating a plan.

Regulations of betting companies are guided by the business law which is created in order to avoid unethical behaviour in the organization. Ethics and law are very important in any organization since they guide organizations on how they should treat their workers; this leads to workers’ satisfaction which improves the performance of the organization. Also, ethical and legal laws guide organizations in their hiring and firing processes and govern organizations on how they should be treating their clients. For any business to triumph, they must have ethical principles they adhere to. These findings concur with Littler (2015) who established that the law acts as guidance to operators in an industry so as to protect consumers, maintain sanity, fair competition and also act as a guide and play a role in governance. Also, the law has to keep up with all the dynamic facets of an industry so as to remain relevant and a point of reference.

Laws and regulations are important for a society as they serve as a norm of conduct for citizens, without them the world would be in chaos and unmanned; the principle of survival for the fittest would apply. There are different roles performed by the law including: establishing standards by acting beacon for minimally accepted conduct in the society, maintaining order by enforcing behaviour acceptable by the society, resolving disputes by having set guidelines to be applied in solving any arising dispute, and protecting liberties and rights. These findings concur with Teacher (2013) who established that the laws in the society perform six main functions: Laws maintain peace, improve the moral standards, boosting social justice, promote changes that are orderly, and assist in facilitating a plan. Any legal system have some common features such as being greatly concerned with the rights of the people, having standard procedures, reciprocity and victim backed enforceability and
economic restitution. Customs and norms are being created by the changes in the legal system through ensuring that sport and gambling sectors adopt socially responsible policies which have been well researched with proper theoretical frameworks and empirical evidence could lead to a reduced need for regulations that are widely spread.

Kenya is among the nations that are perceived as the most developed nations on matters relating to the betting industry. The Kenyan laws on betting are outdated and haven’t evolved with evolving technology; hence challenge faced within and outside the industry. It was established that advertisements and boredom/free time’ are some of the things that encouraged majority of the individuals to gamble. The government believes that activities such as advertisements that promote gambling will lead to introduction of gambling to vulnerable individuals or may be used to oppose advertisements that encourages responsible and low risk gambling and for that reason they are trying to restrict activities which promote gambling by applying health-oriented policies. The findings relate to Williams et al. (2017) who established that policies restricting activities which promote gambling have their basis on the belief that gambling activities will be introduced to the vulnerable individuals, or may be used to oppose advertisements that encourage gambling responsibly and low-risk gambling.

5.3.2 Regulation of Sports Betting Industry and Public Interest
The study revealed that betting legislations are very important in that they ensure that the betting companies adhere to the terms and conditions they have with their customers, they ensure that betting is conducted in an open and fair way, and also legislation protects children and other vulnerable people from being harmed or exploited by betting. The study further revealed that it’s the role of the government to protect gamblers. Additionally, the study found that legislations on betting mainly cover taxation of betting. Despite the government having legislations in place to govern betting industries, they sometimes break the set laws and no action is taken. The findings are in agreement with Menya (2016) who stated that there is clear need for the Government of Kenya to close the regulatory gap to go a long way to protecting the Kenyan public and also the consumers of gambling products and from exploitation.
According to Menya (2016), betting in Kenya is legal and is governed by regulations. The regulations/laws are, however, trying to catch up with technology because they were implemented long ago before mobile phones and internet had boomed. Included in the regulations are football and other sports betting. It also addresses channels used in betting including remote gambling i.e. via Mobile, Internet. The main intentions for licensing of betting industries are to safeguard gambling from being involved in criminal activities, to ensure that gambling is carried out in an open and fair manner, making sure that it adheres to terms and conditions of betting, and to safeguard children and the vulnerable individuals from being exploited, that’s according to GoK (2015). This regulatory gap will go a long way in protecting the Kenyan public and also the consumers of these gambling products from exploitation.

A decision that is in the best public interest is the one that serves the interest of the larger public and not just a section of them. These public interests are no longer just protection of consumer interests but it’s a social welfare action. Smith's (2011) thesis was that human beings are naturally drawn towards self-interest which leads to them prospering. Smith further argued that when people are given the freedom to trade and the market is opened for both foreign and domestic competition, their natural self-interest would greatly boost prosperity than when they are under stringent government regulations. Smith believed that human beings promote public interest through their daily economic choices.

Regulation can also be said to be the effort to correct distortions which prevent markets from operating in line with public interest. The regulatory efforts include control of prices, checks on monopolistic actions, restrictions on externalist behavior, and requirements to make information available to consumers. Based on the information available to the public it’s not easy to evaluate the relationship between a certain selected gambling framework and the effects caused by legal gambling. Wood (2011) emphasized that business ethics and managerial discretion are very significant for CSR because of their operations in organizations and society spoilt of choices.
5.3.3 Business Ethics and Regulation on Performance of Sports Betting Industry

The study established that ethics and regulations play a very important role in guaranteeing the safety of player funds and also ensures that personal information of gamblers is guarded against money laundering and corrupt practices. This finding agrees with Frey (2009) who established that it’s the duty of the government to protect its citizens from fraudulent activities, regulations are the most effective ways of making sure that the legal gambling that is in existence is fair and honest.

The study also revealed that ethics and regulations are responsible for preventing minors from gaming, ensuring betting industries provide guidance on how one should bet, and also protecting vulnerable gamblers. The findings agree with Williams (2013) who indicated that gambling companies should advise on their gaming platform on “problem gambling” and direct their customers to other places where they can get help and more information; also their platform should restrict minors from getting access. The findings also relate to Menya (2016) who established that it’s the role of the Kenyan government to ensure that the terms and conditions betting companies have with customers are being honored, and safeguard children and the vulnerable individuals from being exploited.

The government provide incentives to betting companies to encourage them to regulated and legalized and to restrict customers from accessing those companies that do not comply; this will ensure that the government achieves properly regulated betting. The findings relate to study conducted in the European and US countries which found that there are some techniques that are being applied in order to restrict those companies that haven’t been regulated; one of the techniques is blocking of payments where the regulatory bodies in collaboration with financial institutions don’t process payments for those operators who haven’t been licenced. The second technique is blocking of ISP where websites for operators who haven’t been licensed are blocked (American Gaming Association, 2011).

Gambling addiction is a problem that affects people all over the world. In his study, Suomi (2013) established that pathological gamblers are aged between 16 and 64. Through the advancement in technology it has become possible to monitor gambling behaviour and detect
whenever the gambling problem has started. There are steps taken by some of the governments to protect its citizens from the gambling issues. The first thing they have done is to ensure that minors are not involved in gambling. They have also ensured that the customers are guaranteed safety of their funds and their personal information; this ensures that the customers are safeguarded against their information being used in any illegal activities. They have also ensured that all gambling companies give advice to their customers and direct them to where they can get more information and help. In Kenya, business ethics and regulations require gambling operators to adhere to the regulations and failure to do so leads to consequences which include revoking of their licenses.

5.4 Conclusion

5.4.1 Current Business Ethics Principles and Regulation of Sports Betting Industry

The study revealed a significant relationship between current business ethics principles and regulation of Sports Betting industry. The study also established that a unit increase in current business ethics principles would lead to an increase in regulation of Sports Betting industry. The study concluded that current business ethics principles would lead to an increase in regulation of Sports Betting industry.

5.4.2 Regulation of Sports Betting Industry and Public Interest

The study found a significant relationship between public interest and regulation of Sports Betting industry. The study also established that a unit increase in public interest would lead to an increase in regulation of Sports Betting industry. The study concluded that public interest would lead to an increase in regulation of Sports Betting industry.

5.4.3 Business Ethics and Regulation on Performance of Sports Betting Industry

The study revealed a significant relationship between business ethics and regulation on performance of Sports Betting industry. The study also established that a unit increase in business ethics and regulation would lead to an increase in performance of Sports Betting industry. The study concluded that business ethics and regulation would lead to an increase in performance of Sports Betting industry.
5.5 Recommendations

5.5.1 Recommendation for Policy

5.5.1.1 Current Business Ethics Principles and Regulation of Sports Betting Industry
The study found out that despite Betting Control and Licensing Board trying to govern the betting industries, the legislations on betting is not strictly adhered to which makes it possible for minors to take part in betting. The study, therefore, recommends that BCLB should enforce measures that should be implemented by betting companies to ensure that minors do not take part in betting activities. Additionally, there is need for BCLB to implement up-to-date policies that are in tandem with development of technology. This will help in regulating online betting.

5.5.1.2 Regulation of Sports Betting Industry and Public Interest
The study found that despite the government having legislations in place to govern betting industries, they sometimes break the set laws and no action is taken. The study, therefore, recommends that bodies regulating betting companies need to be strict on law breakers by revoking their licenses; this will ensure that the betting companies comply to the laws which results to consumer protection.

5.5.1.3 Business Ethics and Regulation on Performance of Sports Betting Industry
The study found that ethics and regulations play a very important role in improving the performance of betting of Sports Betting industry. The study, therefore, recommends that BCLB and other regulating bodies should ensure that all betting companies adhere to the set rules; this will ensure consumers are protected and also avoid any illegal activities from being carried out within the industry.

5.5.2 Recommendations for Further Research
The study sought to investigate business ethics in the regulation of the Sports Betting industry in Kenya. The study recommends further studies to be done on the extent in which gambling addiction is related to an individual’s class in society and wealth. Further, studies can also be done on how the Internet has changed the way in which individuals can gamble.
REFERENCES


### APPENDICES

Appendix I: Questionnaire

**Part A: Demographic Information**

1. Indicate your gender?
   - Male ( )
   - Female ( )

2. Please indicate your age?
   - Below 20 years ( )
   - 21 - 30 years ( )
   - 31 – 40 years ( )
   - Above 41 years ( )

3. What is your source of Income?
   - Entrepreneur ( )
   - Employed full time ( )
   - Temporary Employment ( )
   - Currently Unemployed ( )

4. How often do you bet?
   - Hourly ( )
   - Daily ( )
   - Weekly ( )
   - Monthly ( )

5. Have you ever won anything from your Sports Bets?
   - Yes ( )
   - No ( )
   - How often?
     - Always ( )
     - Sometimes ( )
     - Rarely ( )
     - Never ( )

6. Do you regard sports betting as a source of income?
   - Yes ( )
   - No ( )
Part B: Current Business Ethics Principles and Regulation of Sports Betting Industry

7. Indicate your level of agreement on the following statements about the current business ethics principles in the regulation of the Sports Betting industry in Kenya. Using the scale 1 – strongly disagree, 2 - disagree, 3 – neutral, 4- agree, 5- strongly agree

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<thead>
<tr>
<th>Statement</th>
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<th>2</th>
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<tbody>
<tr>
<td>Individuals who are above 18 years are the only ones who are allowed to bet</td>
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<td>The betting organizations shows support to their clients on their choices and control</td>
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<td>The betting organizations support the capacity of its players to make reasonable choices</td>
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<td>The betting industry aims at promoting common good</td>
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<td>The legislations on betting are not strictly adhered to</td>
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<td>There are not much controls to prevent underage users</td>
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<td>Ethics govern how betting industries should conduct their business</td>
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Part C: Regulation of Sports Betting Industry and Public Interest

8. Indicate your level of agreement on the following statements about the regulation of the Sports Betting industry in Kenya is in the interest of the public. Using the scale 1 – strongly disagree, 2 - disagree, 3 – neutral, 4- agree, 5- strongly agree

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<tr>
<td>The government ensures that the gamblers are protected</td>
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<td>The legislations on betting mainly covers taxation of betting</td>
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<td>The betting industries at times break the set laws and no action is taken</td>
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<td>The legislation protects children and other vulnerable people from being harmed or exploited by betting</td>
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The betting legislations ensures that betting is conducted in an open and fair way.

The betting legislations ensures that the terms and conditions betting companies have with customers are being honored.

**Part D: The Effect of Business Ethics and Regulation on Performance of Sports Betting Industry**

9. Indicate your level of agreement on the following statements about the effect of business ethics and regulation on performance of Sports Betting industry in Kenya. Using the scale 1 – strongly disagree, 2 - disagree, 3 – neutral, 4- agree, 5- strongly agree.

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<td>Ethics and regulations protects the vulnerable gamblers</td>
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<td>prevent minors from gaming</td>
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<td>Ethics and regulations ensures the money of the players are safe</td>
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<tr>
<td>Ethics ensures that personal details of gamblers is guarded against money laundering and corrupt practices</td>
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<td>Ethics and regulations of the betting industry promotes the provision of facilities allowing the player to regulate what they are betting on and the amount they are using to bet</td>
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<td>Ethics and regulations ensures that the betting industries provide guidance on how one should bet</td>
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**THANK YOU**
Appendix II: List of Sport Betting Industry in Kenya

31. 1xbet
32. Betika
33. Betin
34. Betpawa
35. Betway
36. Betyetu
37. Bet365
38. Chezacash
39. Dafabet
40. Eazibet
41. Elitebet Kenya
42. Gaming International
43. Gold bet
44. Helabet
45. Hollywoodbets
46. Just Bet
47. Kenyasportsbet
48. Kwikbet
49. Lucky2u
50. M-cheza
51. Mozzartbet Kenya
52. Powerbets
53. Premierbet
54. Safaribets
55. Sahar games
56. Shabiki
57. Sportpesa
58. Sportybet
59. Supabet247
60. Uwezo Bet