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Challenges of corona virus disease on the gambling sector: A case study of KwaZulu-Natal Gaming and Betting Board route operators

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DECLARATION

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ABSTRACT

The gambling industry in South Africa (SA) faces a number of challenges over and above the recent challenges presented by the COVID-19 pandemic. These challenges include legislative and regulatory hurdles, poor administration, uncontrollable illegal gambling, and slow implementation of processes and technological innovations amongst the list. This has necessitated a flexible and proactive legislative and regulatory response; swift adoption of new business models and agility in operations to effectively respond to the challenges and changes in the gambling industry in light of the COVID-19 pandemic, new developments, and other unexpected catastrophic events (humanitarian or environmental related).

The recent COVID-19 pandemic devastation and national lockdown had a significant impact on gambling activity and business operations for route operators in KwaZulu- Natal (KZN). Additionally, it disrupted supply chains, decreased foot traffic and gambling expenditure, and threatened many people's employment, livelihoods, and lives. These negatively affected gambling revenue, tax contribution, Corporate Social Investments (CSIs), the provincial budget, and the economy especially for the 2019/20 and 2020/21 financial years. The tourism sector which includes the site operators that route operators depend on was severely affected as the virus discouraged physical interaction and demanded social distancing, mask use, and regular hand washing or sanitizing, among other prophylactic measures and immunity requirements. All of these challenges presented new possibilities for the Fourth Industrial Revolution (4IR) - led digital revolution and significantly raised the demand for online gambling, which saw a sharp rise in the 2020/21 financial year together with illegal gambling. These challenged legislative adjustments, ethical conduct, and technological innovation.

This study aims to examine some of the impact and consequences of the COVID-19 pandemic and lockdown in order to highlight some of the main challenges route operators in KZN face. Its focuses on a case study of the KwaZulu-Natal Gaming and Betting Board's (KZNGBB) route operators; namely, KZN Slots and Kingdomslots under Sun International as well as V-Slots and Luck@It under Tsogo Sun. Because the KZNGBB is the central licensed gambling operator authorised to license and oversee route operators and gambling activity in KZN, the study targets its managers and employees. These individuals are directly involved with in the business dealings and operations of all four route operators. The study uses qualitative research

to assess the impact of the COVID-19 pandemic and lockdown; discusses some of the KZNGBB's attempts to address gambling-related concerns; and explore possible measures, solutions and opportunities available in the sector using interviews, observations and literature analysis. Thematic analysis conducted from the information gathered is presented in this paper as identified common and differentiated themes. Finally, the study provides key conclusions and research recommendations, including the demand for greater industry research and development as well as a more hands-on approach from national down to provincial stakeholders to help route operators flourish amid significant events like unexpected catastrophes and pandemics.

KEYWORDS: COVID-19 Challenges, Limited Pay-out Machines (LPMs), Route Operators

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LIST OF ACRONYMS

AI	Artificial Intelligence
AR	Augmented Reality
BBBEE	Broad-Based Black Economic Empowerment
BIP	Black Industrialized Programme
CSI	Corporate Social Investments
DA	Democratic Alliance
DTIC	Department of Trade, Industries, and Competition
EDTEA	Department of Economic Development, Tourism, and Environmental Affairs
FICA	Financial Intelligence Centre Act
4IR	Fourth Industrial Revolution
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
IS	Information Systems
ICT	Information, Communications, and Technology
IT	Information and Technology
KZN	KwaZulu-Natal
KZNGBB	KwaZulu-Natal Gaming and Betting Board
LPM	Limited Pay-out Machines
LPMASA	Limited Pay-out Machine Association of South Africa
NCCC	National Coronavirus Command Council
NCEMS	National Central Electronic Monitoring System
NGB	National Gambling Board

NRF	National Research Foundation
NRGP	National Responsible Gaming Programme
NGO	Non-Profit Organisations
PESTEL	Political, Economic, Social, Technological, Environmental, and Legal
PLA	Provincial Licensing Authorities
POCA	Prevention of Organized Crime Act
POPIA	Protection of Personal Information Act
R&D	Research and Development
RFA	Request for Application
RM	Route Monitoring
SA	South Africa
SABS	South African Bureau of Standards
SAPS	South African Police Service
SARS	South African Revenue Service
SARGF	South African Responsible Gaming Foundation
SMME	Small, Medium, and Micro Enterprises
SWOT	Strengths, Weaknesses, Opportunities, and Threats
TAM	Technological Acceptance Model
TRA	Theory of Reason and Action
UIF	Unemployment Insurance Fund
UKZN	University of KwaZulu-Natal
VR	Virtual Reality
WTO	World Health Organization

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CHAPTER 1: INTRODUCTION

1.1 Introduction

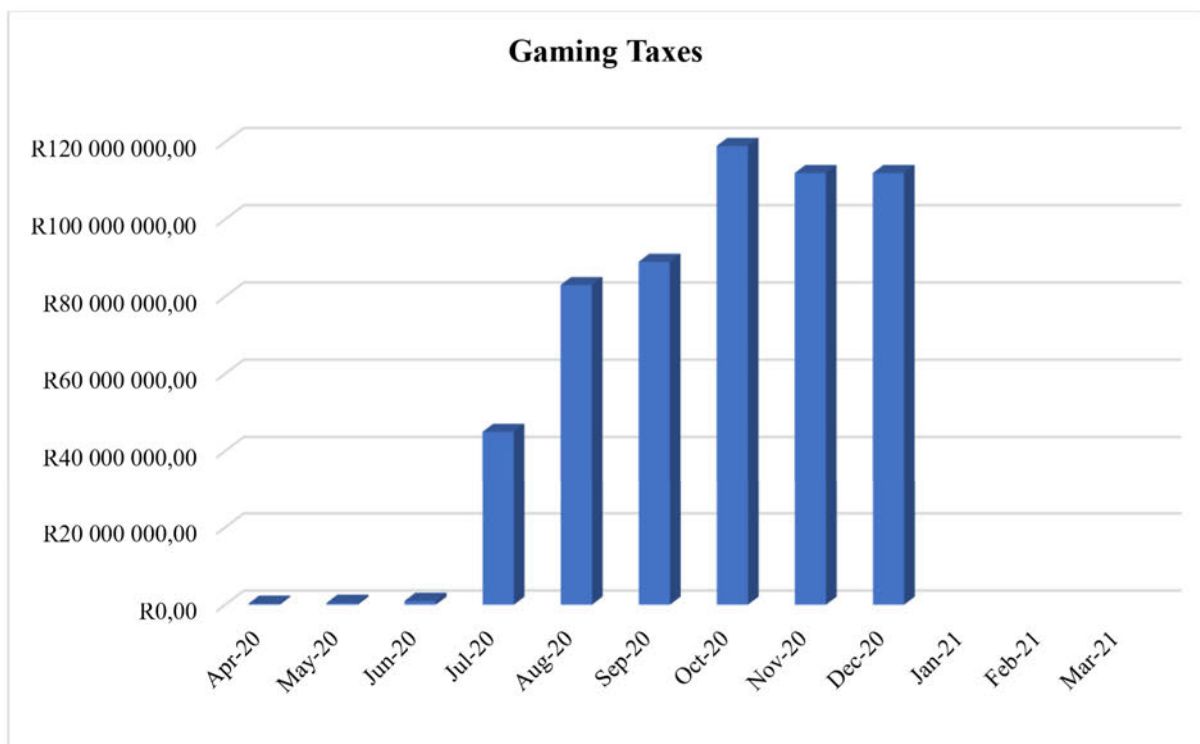
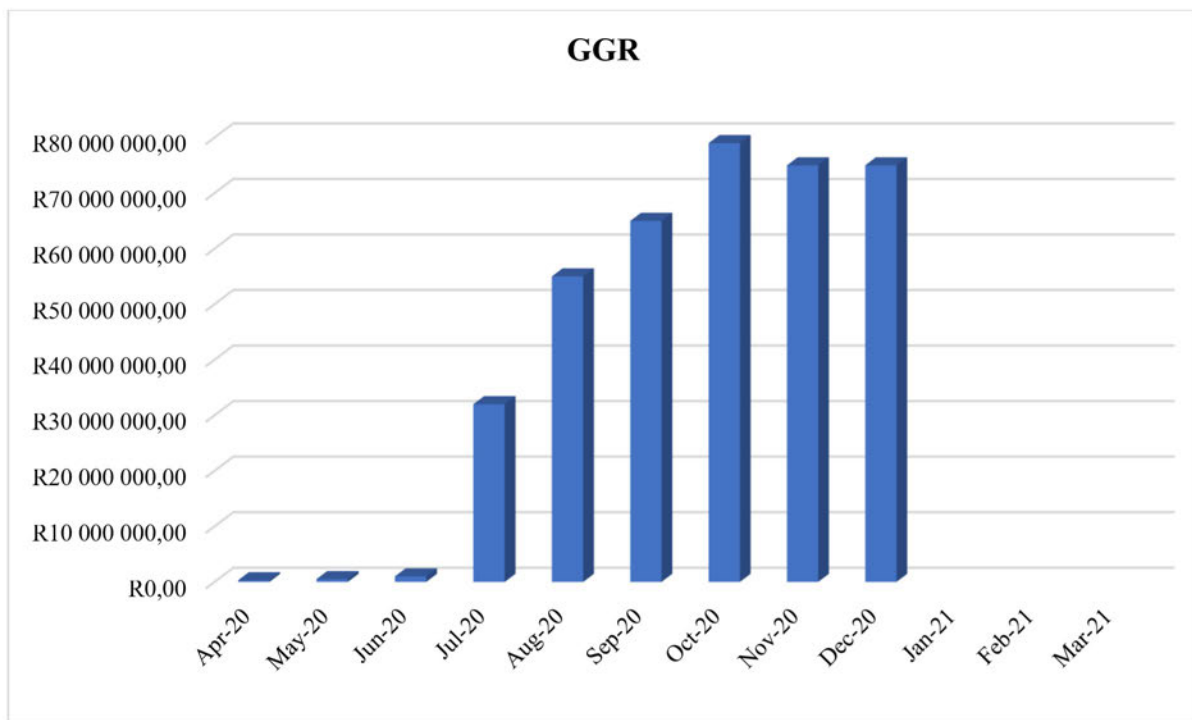
The KwaZulu-Natal Gaming and Betting Board (KZNGBB) was established when gambling activities were legalized in South Africa (SA). Since then, the gambling industry in KwaZulu-Natal (KZN) has grown significantly and encountered several challenges, particularly now that the world has been hit severely by the COVID-19 epidemic. Gambling activity decreased as a result of the lockdown restrictions, while online and illegal gambling increased, forcing route operators to advance technologically. This paper uses qualitative research methods to examine the challenges of COVID-19 in the KZN gambling industry by looking at a case study of the KZNGBB route operators. This chapter presents a research proposal that will offer an overview of the study, focusing on the study background, research problem, research gap, the significance of the study, research aims, research questions, and research objectives. It will further evaluate the preliminary literature review, research methodology, ethical considerations, limitations of the study, and the layout of the study.

1.2 Study Background

The KZNGBB is a public entity under the provincial Department of Economic Development, Tourism, and Environmental Affairs (EDTEA) that regulates gambling operations in KZN (KwaZulu-Natal Gaming and Betting Board, 2021). It aims to promote lawful gambling that is economically sustainable while safeguarding the interest of all stakeholders (Department of Economic Development, Tourism and Environmental Affairs, 2021). Gambling operators in KZN consist of approved licensees mainly: casinos, bookmakers, bingo's, the racecourse, route operators, and other suppliers (KwaZulu-Natal Gaming and Betting Board, 2021). This study focuses on the gambling activity of KZN route operators, a sector that uses Limited Pay-out Machines (LPMs) in different commercial venues such as restaurants, pubs, and taverns. LPMs are gambling machines with limited bets and prizes, well known as slot machines (National Gambling Board of South Africa, 2020). There are three route operator companies operating in KwaZulu-Natal mainly: Sun International, Tsogo Sun, and Gold Rush (KwaZulu-Natal Gaming and Betting Board, 2021). This study focuses on the four route operators under the two long-running rivals: KZN Slots and Kingdomslots from Sun International and V-Slots and Luck@It from Tsogo Sun.

The route operators in KZN have been growing their network and expanding to new locations before the COVID-19 pandemic hit the country. The KZNGBB registered 561 active route operator sites in KZN in the 2020/21 financial year, with almost 4500 licensed LPMs and 3011 operating LPMs (KwaZulu-Natal Gaming and Betting Board, 2021). These gambling sites which are also called site operators were negatively affected by the pandemic and lockdown as a result of the commercial limitations it imposed, especially because their primary businesses depended on the sale of fast food, beverages (mostly alcohol), and cigarettes to thrive. The KZNGBB license conditions require route operators to operate LPMs in registered, licensed, and fully operational commercial venues (The National Gambling Board of South Africa, 2020). When the country was hit with the COVID-19 pandemic, the government imposed stringent rules and regulations on people and businesses including prohibitions on alcohol and cigarette sale, curfews as well as restrictions on trading, travelling, and dining at public places in order to reduce mobility and contain the spread of the virus (Potgieter *et al.*, 2021). These restrictions negatively affected Gross Gambling Revenue (GGR), and the gambling tax contribution as shown in figure 1.1 below. The gambling industry shut down from March 26 to June 25, 2020, following the government lockdown directives had a major influence on the statistics.

Figure 1.1 Gross Gambling Revenue and Gaming Tax



Source: KwaZulu-Natal Gaming and Betting Board, 2021

1.3 Research Problem

The gambling sector in KZN had shown continuous growth in terms of Gross Domestic Product (GDP), tax collection, Corporate Social Investments (CSIs), and employment (KwaZulu-Natal Gaming and Betting Board, 2021). Irrespective of these, the pandemic, nationwide lockdown, and extension of the National State of Disaster had severely affected the gambling sector and route operators' economic operations. Due to the fear of COVID-19, the nationwide lockdown came into effect on March 27, 2020, and restricted physical gambling activity on route operator venues (South African Government, 2021). As lockdown periods and the national state of the disaster had to be lengthened, financial strains increased for site operators and gambling employees as punters become less willing to spend money on non-essential goods and services including activities like gambling (National Gambling Board of South Africa, 2020). As a result, route operators struggled to keep afloat, particularly given the unpredictability and instability of national lockdown adjustments, rules, and regulations (KwaZulu-Natal Gaming and Betting Board, 2021). This created greater opportunities for online and illegal gambling to thrive, as well as the need for route operators to advance technologically, particularly during the COVID-19 pandemic and lockdown.

Illegal gambling has remained a challenge and a major setback for the gambling industry. According to KwaZulu-Natal Socio-Economic Impact Analysis (2018), no one has been able to assess the impact of illegal gambling; however, unlicensed slot machines, internet cafes, and online gambling are amongst the most popular kinds of illegal gambling in KZN. The KZNGBB has done many interventions to combat illegal gambling activities, including collaborating with the South African Police Service (SAPS), to identify, raid, and shutter illicit businesses (KwaZulu-Natal Gaming and Betting Board, 2021). However, the COVID-19 pandemic and lockdown had disrupted these efforts fostering a volatile environment conducive to illegal gambling. This negatively affected the government's efforts to raise tax revenue, causing reduced income/ income losses and a decrease in physical gambling activity in route operator venues (The National Gambling Board of South Africa, 2020).

Route operators are presently unable to provide online gambling to their customers because it is unregulated in the country (KwaZulu-Natal Gaming and Betting Board, 2021). Online gambling is currently illegal in South Africa, although horse racing operators with a license from a provincial agency are allowed to provide online betting. Gamblers in South Africa have access to legal online bookmakers where they can bet on both horse racing and all the main sporting events (Bitanirwe *et al.*, 2022). However, playing blackjack or slots on a computer or smartphone is illegal in the country. As a result, there is no legal framework for online gambling, and the government has been reluctant to legalize it. The economic implications and several significant difficulties that would accompany legalizing online gambling have made the authorities hesitant. Many advantages exist in online gambling that would allow route operators to thrive in the event of a pandemic or lockdown restrictions. Online gambling allows for digitalization and business automation which enables real-time operational efficiency, cost savings, enhanced administrative control, visibility and transparency, and better compliance and monitoring of business operations (The National Gambling Board of South Africa, 2020). These benefits highlight the greater need for the South African gambling industry to review online gambling broadly, increase its investment in Research and Development (R&D), and potentially legalize it to survive potential future disruptions or crises like the pandemic and lockdown.

1.4 Research Gap

Many independent and government organizations, including the National Research Foundation (NRF), National Gambling Board (NGB), PwC, EDTEA, and provincial gambling and betting boards, have been reporting on gambling operations in South Africa, with a particular focus on measuring the financial and socio-economic impact of gambling (Department of Economic Development, Tourism and Environmental Affairs, 2021). However, little research has focused on the underlying challenges of the COVID-19 pandemic that continued to restrict the sector's growth, notably in the KZN province. This study intends to identify and assess some of the challenges to highlight the need for greater research and development for the industry as well as a more hands-on approach from the national down to the provincial stakeholders to help the route operators flourish during critical events such as unforeseen disasters and pandemics.

1.5 The Significance of the Study

The pandemic, nationwide lockdown, and the extension of the National State of Disaster have had a significant impact on the gambling industry's operations. This had caused challenges for route operators to keep afloat with unprecedented lockdown adjustments, rules, and regulations. As a result, online and illegal gambling has been growing and creating a demand for route operators to improve their technological capabilities, especially during events like the COVID-19 pandemic and lockdown (KwaZulu-Natal Gaming and Betting Board, 2021). All these challenges are a major concern for the route operators and the KZNGBB has made efforts and resolutions, however, research is needed to address these challenges and establish corrective approaches and strategies in handling and managing crises such as the pandemic while addressing the challenges affecting route operators.

1.6 Research Aims

The purpose of the study is to assess the impact of the COVID-19 pandemic and lockdown on route operators by identifying and examining the main challenges, what the KZNGBB did or is doing to manage and resolve those challenges, and what possible measures and opportunities are available to mitigate the impact and challenges in the future.

1.7 Research Questions

- What were the impact and consequences of the COVID-19 pandemic and lockdown restrictions on the route operators in the KZN gambling sector?
- What were the main challenges affecting the route operators in KZN during the pandemic and lockdown?
- What did the KZNGBB do or is doing to assist the route operators to overcome the challenges?
- What can the KZNGBB do to manage the challenges affecting the route operators in the KZN gambling sector?

1.8 Research Objectives

- To determine the impact and consequences of the COVID-19 pandemic and lockdown restrictions on the route operators in the KZN gambling sector
- To examine the main challenges that affected the route operators in KZN during the pandemic and lockdown
- To understand the role of the KZNGBB in providing assistance and curbing the challenges
- To explore supplementary factors that can be done to manage the challenges affecting the route operators in the KZN gambling sector

1.9 Preliminary Literature Review

Gambling can be defined as placing a bet on an unknown future outcome (The National Gambling Board of South Africa, 2020). Gambling in South Africa was once considered immoral and largely forbidden. However, due to the massive growth in illegal gambling across the country in the late 1980s, the 1996 democratic government approved the National Gambling Act, which allowed provincial governments to license and control a few casinos and LPMs sites (with a maximum jackpot of R500) in places like pubs (Collins *et al.*, 2011). When gambling was legalized in South Africa, several gambling institutions, including the KZNGBB and route operators emerged.

The country's gambling sector is widely renowned for being very cost-effective, well-regulated, and offering relatively harmless entertainment in a way that is acceptable to society (Bitanihirwe *et al.*, 2022). The current four route operators that this study assesses in KZN mainly V-Slots, Luck@It, Kingdomslots, and KZN Slots have been effectively competing, generating revenue, and growing their provincial contribution before the pandemic. As shown in figure 1.2, Gross Gambling Revenue (GGR) reached over 385 million with a gambling tax contribution of over 57 million in the financial year 2020/21, regardless of the COVID-19 pandemic and lockdown disruptions (KwaZulu-Natal Gaming and Betting Board, 2021). GGR is the sum of all bets less all winnings returned to players; the gambling tax and levy is the amount that provincial licensing bodies charge and collect from legal gambling (PwC, 2017). These figures below exclude contributions to CSIs and employment. As such, GGR in South Africa had been estimated to reach R35 billion in 2021, with gambling taxes and levies

increasing at 5.2% in the compound annual rate to R3.5 billion (PwC, 2017). All these expenditures are thoroughly reviewed and published in historical financial reports that are made available to the public (Collins *et al.*, 2011).

Figure 1.2 Gross Gambling Revenue and Gambling Tax Contribution

Month	Handle	GGR	Running Totals		Taxes	Tax Cum Totals
			Handle	GGR		
Apr-20	R0,00	R0,00	R21 935 989 142,14	R1 097 040 960,11	R0,00	R772 512 217,22
May-20	R0,00	R0,00	R21 935 989 142,14	R1 097 040 960,11	R0,00	R772 512 217,22
Jun-20	R16 773 048,19	R1 272 888,72	R21 952 762 190,33	R1 098 313 848,83	R190 933,31	R772 703 150,53
Jul-20	R434 150 403,08	R32 856 010,27	R22 386 912 593,41	R1 131 169 859,10	R4 928 401,54	R777 631 552,07
Aug-20	R736 631 873,59	R56 232 592,23	R23 123 544 467,00	R1 187 402 451,33	R8 434 888,83	R786 066 440,90
Sep-20	R886 153 517,92	R66 397 453,07	R24 009 697 984,92	R1 253 799 904,40	R9 959 617,96	R796 026 058,86
Oct-20	R1 050 729 996,57	R79 160 655,34	R25 060 427 981,49	R1 332 960 559,74	R11 874 098,30	R807 900 157,16
Nov-20	R982 310 268,89	R74 813 230,88	R26 042 738 250,38	R1 407 773 790,62	R11 221 984,63	R819 122 141,80
Dec-20	R988 910 137,91	R74 844 744,90	R27 031 648 388,29	R1 482 618 535,52	R11 226 711,74	R830 348 853,53
Jan-21						
Feb-21						
Mar-21						
	R5 095 659 246,15	R385 577 575,41			R57 836 636,31	

Source: KwaZulu-Natal Gaming and Betting Board, 2021

Despite the above-highlighted positives, route operators had to deal with stringent lockdown rules and restrictions on liquor consumption in their gambling venues as well as limits on alcohol and cigarette sales. For instance, their site operators were not permitted to sell cigarettes and alcohol on the weekends, sometimes on Fridays or public holidays; cigarette smoking and alcohol consumption were also often prohibited in their gambling venues and public places (South African Government, 2021). Additionally, businesses including restaurants, pubs, and taverns were required to close by 10:00 p.m. since the curfew began at 11:00 p.m. and ended at 4:00 in the morning. The Disaster Management Act mandated the adoption of curfews and other restrictions at alert levels one to five, with level one imposing modest restrictions and level five imposing severe limitations (Lochner *et al.*, 2022). Route operators were mostly allowed to operate in regulated levels one to three during the national lockdown. This continued

to complicate and disrupt business operations and income generation, threatening employment and enabling illegal and online gambling to proliferate in KZN.

Illegal gambling, in all its aspects, is widespread and poses significant threats to the gambling sector. Illegal gambling is classified into two types mainly; unlicensed online gambling and land-based, casino-style gaming that is conducted without a license and is sometimes referred to as internet cafés or entertainment lounges (Carnelley, 2019). Unlicensed slot machines are among these illegal establishments that have not been examined in terms of their potential implications in KwaZulu-Natal (KwaZulu-Natal Socio-Economic Impact Analysis, 2018). The scope of online gambling in South Africa is also unknown and is dependent on its availability as it is still illegal. But around 75% of young, technologically competent persons who use their mobile devices such as smartphones to gamble online are presently reported in the country (The National Gambling Board of South Africa, 2020). The continued availability and accessibility of online platforms and illegal gambling establishments posed serious threats to the sector when the country was on prolonged lockdown. This research seeks to unpack these kinds of challenges experienced by route operators in KZN by examining the COVID-19 pandemic and the lockdown's impacts and implications.

1.10 Research Methodology

Research methodology refers to the tactics used to source, collect, process, and evaluate information on a certain topic (Patten and Newhart, 2018). It enables a thorough assessment of a study's general validity and reliability. This study will use a qualitative research method in a post-positivist worldview to identify and evaluate the main challenges that affected route operators in KZN, during the COVID-19 pandemic and lockdown. Qualitative research entails acquiring and interpreting non-numerical data such as text, video, and audio to grasp thoughts, ideas, or experiences (Leavy, 2014). The post-positivist worldview challenges the conventional concept of the absolute truth in knowledge (Creswell and Creswell, 2018). A combination of qualitative research and a postpositivist philosophical perspective will substantiate and support the findings of the study.

1.11 Sample

A research sample is a group of people or things chosen from a larger population for evaluation and measurement (Cassell, Cunliffe, and Grandy, 2018). In qualitative research, a variety of sampling techniques can be utilized, and each one serves a specific goal. This study will use purposive sampling to attain rich information from well-informed gambling managers and employees infused with simple random sampling to avoid bias. According to Patten and Newhart (2018), purposive sampling is a process of choosing participants who would provide useful data based on the understanding of the population; while simple random sampling occurs when participants in a population are likely to be randomly sampled. The scope of the sampling study will be determined by saturation, which according to Charmaz (2006), is a qualitative research methodological term that indicates when enough data has been collected to conduct a comprehensive analysis. The study will purposefully select the sample as follows:

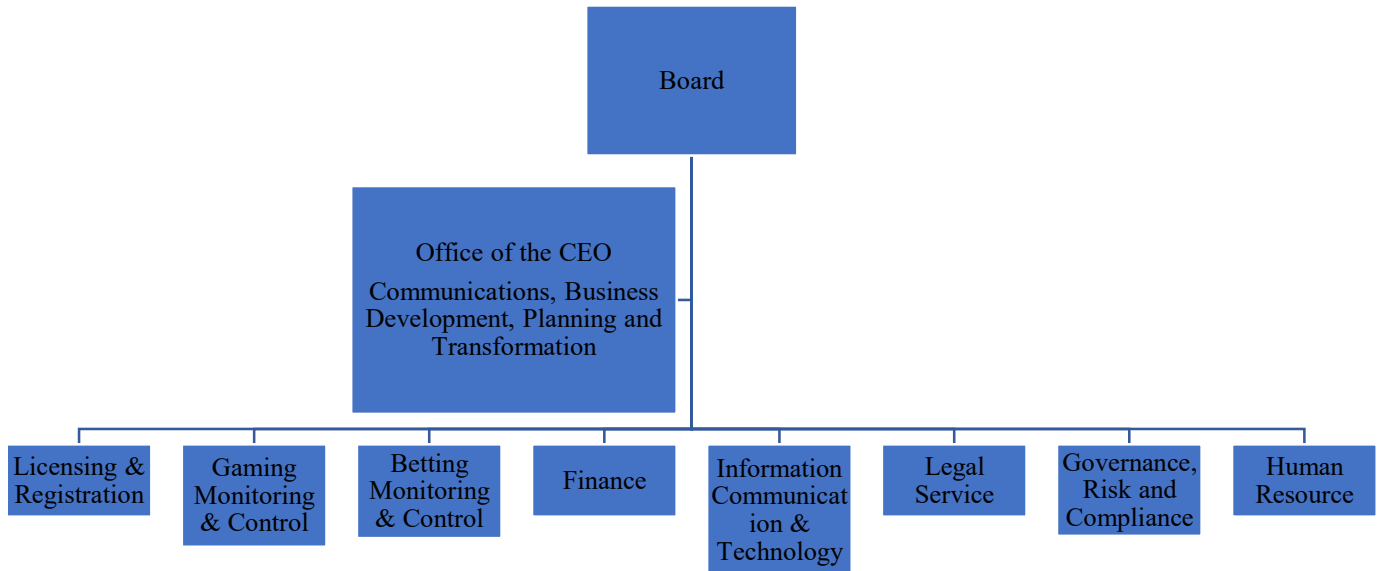
1.11.1 Sample Location

A sample location is a site where a study is conducted, tracked, or where results are obtained (Leavy, 2014). The sample location of the study is the KZNGBB. The KZNGBB is the central public authority that works closely with all the other stakeholders, including the national and KZN provincial government, route operators, gambling companies, and suppliers (KwaZulu-Natal Gaming and Betting Board, 2021). The KZNGBB is the officially recognized gambling regulator in KZN, and it performs a wide range of functions concerning gambling, including licensing gambling establishments, monitoring compliance, and ensuring that gambling laws are being followed.

1.11.2 Sample Population

A sample population is a group of individuals or things from which the study's findings should be extrapolated (Patten and Newhart, 2018). The sample population for the study is KZNGBB managers and employees as per the organizational structure in figure 1.3. The sample size of the population will be determined by saturation as indicated in the sample above.

Figure 1.3 KwaZulu-Natal Gaming and Betting Board Organizational Structure



Source: KwaZulu-Natal Gaming and Betting Board, 2021

1.11.3 Sampling Methods

The sampling method is a deliberate technique that enables a researcher to gather information from a portion of the population on a certain subject (Leavy, 2014). The sampling methods selected for the study are interviews, observations, and documents. They will be used to gather the information that will be sorted into common themes. The common themes will be compared across the sampling methods to ensure accuracy and be presented as study findings and/or results.

a) Interviews

An interview is a one-on-one question-and-answer session between an interviewer (the researcher) and interviewee (the respondent) that can provide an in-depth analysis of the study (Leavy, 2014). There are different kinds of interviews that each serves a particular purpose and adhere to a different method or procedure for gathering data. This study will use in-depth semi-

structured interviews to gather insightful information, opinions, and views from KZNGBB management and employees about the challenges of the COVID-19 pandemic and lockdown for route operators in the KZN gambling sector. According to Cassell, Cunliffe, and Grandy (2018), semi-structured interviews do not require the interviewer to precisely follow a series of questions that has been prepared. They allow for open-ended questions to be used to get the respondent's point of view and feedback in their own words rather than canned responses. The interviews will be conducted one-on-one virtually on Microsoft Teams; a communication technology platform used for interacting live in real-time with one or many participants. All interviews will be conducted in either English or isiZulu to prevent language barriers, depending on the interviewee's preference.

b) Observations

Observation is a form of data collection that is done in a methodical manner whereby a researcher analyze people in a natural setting or condition by applying all human senses (Leavy, 2014). An observational study is key to understanding behavioural and non-verbal influences as it attempts to determine a variable or a group of variables in a study (Creswell and Creswell, 2018). For this study, observations will be done while conducting the interviews, and they will validate interview findings through a comparison of data. The researcher will conduct observations to improve the validity and reliability of the respondents' input.

c) Documents

Books, journals, institutional reports, newspapers, and other official publications are examples of documentary evidence that may be utilized as scientific data to validate information collected from a qualitative study (Grant, 2019). Documentary evidence can be used to verify information gathered through interviews and observations. For the study, documents such as integrated reporting, statistics, gambling journals, books, news articles, KZNGBB and route operator reports, etc will be used. These documents form part of secondary data that can provide valuable information (Cassell, Cunliffe, and Grandy, 2018). They will be sourced from the internet and also requested from the KZNGBB for use in the study.

1.12 Data Analysis

Data analysis is the act of transforming raw data obtained from respondents' written and verbal contributions into visual or written representations of the study (Leavy, 2014). To analyze data, the information gathered will be split into themes using a coding procedure. Thematic coding is a method of compressing the text by finding similar patterns; the text is broken down into codes in order to organize them into relevant themes (Grant, 2019). As such, the common theme will be interpreted to detect the challenges of the COVID-19 pandemic and lockdown for route operators in KZN. The common themes will be presented in the study findings together with differing themes (if available).

1.13 Ethical Considerations

There are several ethical issues to consider when conducting research such as voluntary participation, informed consent, confidentiality and anonymity, the risk of harm, sharing of the results, and so on (Leavy, 2014). These are crucial ethical issues that can negatively affect the entire study if not well handled, managed, and/ or addressed. Therefore, the privacy of study participants will be protected, and their dignity will be respected. Prior to the study, the participants' full consent will be requested. To avoid any potential harm to the participants or the organization, the research will be conducted in private and the data obtained will be kept confidential. Every communication related to the research will be done with honesty and transparency to prevent misleading information and prejudice.

There is a need to apply for ethical clearance at the University of KwaZulu-Natal (UKZN) and get permission from the KZNGBB in the form of a gatekeeper letter to conduct the study, carry out interviews and access KZNGBB documents such as gambling journals, statistics, articles, reports and so on. Furthermore, the one-on-one virtual interviews conducted via Microsoft Teams will be recorded for transcription, observation analysis, and reference purposes. Therefore, all participants will be notified prior and requested to give permission to be recorded.

1.14 The Limitations of the Study

There are several limitations that can adversely affect a study's success. The researcher has noted the following possible limitations for this study:

- a) Time constraints are a possible limitation for the study as there is a need to thoroughly assess every process and section. To manage adequate time, the study's scope will be focused on one area: the KZNGBB as the main public entity closely working with all the other stakeholders. Furthermore, the study will only focus on the four route operators in KZN, mainly V-Slots, Luck@It, Kingdomslots, and KZN Slots.
- b) The study location is based at the KZNGBB and therefore delays in attaining the gatekeeper letter, as well as delays of ethical application and approval from the UKZN in order to carry out the study, access documents, databases, and information can hinder the study's quality and results. The aim is to get permission to conduct the study as early as possible; acquire the gatekeeper letter, ethical clearance, access documents, databases, and information.
- c) Additionally, delays in interview scheduling and participants who postpone interviews might also extend the time frame anticipated for data collection, thus delaying the study. Although the researcher will be flexible, the objective is to conduct the available interviews for those who will be available as soon as feasible since saturation will determine the study sample size.
- d) When gathering sampling information, some participants may not be comfortable sharing information or available to participate in the study; therefore, creating limited information for the study. Therefore, incomplete sampling will be disqualified from the study to improve accuracy and validity.

1.15 The Layout of the Study

The study will have five chapters which will focus on specific sections as follows:

Chapter One: will carry the introduction of the study focusing on the study background, research problems, a research gap, the significance of the study, research aims, research questions, research objectives, the preliminary literature review, research methodology, ethical considerations, study limitations, and study layout.

Chapter Two: will focus on the literature review of the study; by clearly unpacking the impact and implications of the COVID-19 pandemic and lockdown in the gambling sector in KZN drawing from the available literature on route operators to bring a broader context. It will also examine KZN's gambling contribution and case studies from other regions. Additionally, it will assess a theoretical analysis of the challenges encountered by route operators, as well as global gambling trends and market opportunities.

Chapter Three: will cover the theoretical underpinnings of the study's contextual applicability. It will focus on the research perspective, research techniques, samples, and measures that will be used in the study's data gathering and analysis process.

Chapter Four: will be presenting the analysis of the study and discuss the findings and results, drawing from the sample. This qualitative information will be presented as research common themes together with different themes (if available).

Chapter Five: will review the study objectives; provide a summary of each chapter and an overview of the findings. The chapter will end with concluding thoughts and recommendations for the research.

1.16 Conclusion

The gambling sector has been significantly impacted by the COVID-19 pandemic and lockdown as a result of the commercial limitations it imposed on operations and mobility. The industrial shutdown between March and June 2020 had a direct impact on route operators since they were unable to generate income and contribute taxes and levies. Route operators and their gambling venues were regarded as non-essential services, therefore subjected to further trading restrictions, curfews, alcohol and cigarette prohibitions, etc. This is because they are primarily reliant on the selling of fast food, drinks (especially liquor), and cigarettes to prosper. Furthermore, the virus spread created anxiety among the public, which decreased physical gambling demand and increased online and illegal gambling. This created a need for the industry to adopt technological innovation in order to advance and avoid future disruptions.

This study uses qualitative research approaches to examine the challenges of the COVID-19 pandemic and lockdown in the KZN gambling industry through a case study of the KZNGBB route operators. The context of the study, research problems, a research gap, the significance of the study, research aims, research questions, and research objectives are all discussed in this chapter. In addition, the preliminary literature review, research methodology, ethical considerations, study limitations, and study layout were examined. The focus of the next chapter will be on the study's literature evaluation of the KZNGBB route operators. To provide a wider background, it will explicitly evaluate the impact and challenges of the COVID-19 pandemic and the lockdown on the gambling industry in KZN drawing from the available literature.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The gambling sector in South Africa (SA) is faced with a number of challenges, including poor administration, unmanageable illegal gambling, legislative and regulatory barriers, and the slow adoption of innovative and modern technology. All of these require a responsive legislative and regulatory framework that is adaptable and proactive, as well as rapid adoption of new business models, and operational agility to successfully respond to new developments and other unforeseen catastrophic occurrences (humanitarian or environmental related). The recent disruption caused by the COVID–19 pandemic and the nationwide lockdown significantly impacted gambling income and the overall tax contribution for the 2019/20 and 2020/21 financial years. The virus spread threatened jobs and significantly disrupted business operations since it restricted physical interaction and required social distancing, mask use, and routine hand washing or sanitizing, among other preventative and immunity measures.

This chapter attempts to assess some of the impact and implications of the COVID-19 pandemic and lockdown in order to shed light on some of the significant difficulties that route operators faced in KwaZulu-Natal (KZN). It will investigate the gambling industry's contribution and explore the role of gambling institutions and regulation. Furthermore, it will cover gambling and betting focusing on the United States (US) and Australian case studies. It will also unpack the challenges faced by KZN route operators by discussing some of the National Gambling Board (NGB) and KwaZulu-Natal Gaming and Betting Board's (KZNGBB) initiatives as well as gambling-related problems. Additionally, it will explore a theoretical analysis of the pandemic and lockdown, consider global trends, and examine market opportunities. Finally, it will address the need for more thorough industry research and development as well as a more direct and collaborative approach from national down to provincial stakeholders to help route operators flourish in the face of catastrophic events like unanticipated disasters and pandemics.

2.2 The Impact and Consequences of the COVID-19 Pandemic and Lockdown in the Gambling Sector

When the World Health Organization (WTO) declared COVID-19 a global pandemic, strong regulatory measures were taken to stop the virus's spread throughout the globe. On Thursday, March 26, 2020, at midnight, the National Coronavirus Command Council (NCCC) decided to implement a 21-day national lockdown in South Africa to safeguard and protect South Africans while reducing the risk of high infections (Potgieter *et al.*, 2021). In order to limit the virus from spreading, reduced mobility was essential; and as a result, it became the main factor that disrupted the economy and negatively affected many business operations, including those in the gambling sector. Some of the lockdown rules adopted by the government during the first initial 21-day lockdown are shown in figure 2.1.

Figure 2.1 South African Lockdown Regulations

All South Africans were required to stay indoors and only leave their homes to get food, necessities, or medical care.
Except for funerals, which were restricted to 50 persons, all gatherings were prohibited.
During the lockdown's 21-day duration, the sale of alcohol was forbidden completely.
Except for the transportation of food and necessities, all borders were closed, and it was also forbidden to move between provinces, metropolitan regions, and district areas.

Source: South African Corona Virus, 2020

The countrywide lockdown severely compromised gambling activities for most of 2020 since the Limited Payout Machine (LPM) sector is a destination business that depends on social gatherings and physical interaction. The gambling statistics indicate a massive drop in total gambling income compared to prior years because of the many restrictions that came with the lockdown including traveling bans (National Gambling Board, 2021). This is because patrons are expected to travel to gambling establishments and physically engage with gambling machines and staff; however, lockdown regulations restricted unnecessary movement of people, especially for non-essential activities. During this time, there was a drastic drop in footfall and physical gambling demand with a change in the market, betting outpacing casinos and Limited Pay-out Machines (LPMs) rapidly in growth (KwaZulu-Natal Gaming and Betting

Board, 2021). Many people experienced extreme anxiety as a result of the rising number of infections and fatalities that were publicly reported. This led to a spike in demand for specific goods and services like medicine, hand sanitizers, toilet paper, etc., and a sharp decline in demand for many other goods and services, including gambling and travel, amongst the list.

The extension of the lockdown together with the implementation of different levels thereafter mostly came with stringent limitations for route operators to continue operations, safeguard jobs and even sustain their businesses. When lockdown regulations were relaxed, the economy eventually resumed, and many businesses made effort to operate and open doors. However, gambling establishments thus functioned at a lower capacity as a result of the COVID-19 health and safety restrictions put in place by the government, which had a detrimental impact on the creation of income (Potgieter *et al.*, 2021). For instance, social distancing regulations mandated a reduction in the number of LPMs that may operate at site operators because of the constrained and occasionally very small space. The site operators had to lay off a considerable number of employees as a result of reduced operations, which directly affected employment (National Gambling Board, 2021). Additionally, the restrictions on the sale of cigarettes and alcohol, the extension of curfew hours, and the ban on dining at commercial places such as restaurants and pubs severely limited operations and harmed the gambling industry (Kongwa, 2021). As a result, the lockdown implications were devastating for site operators as they struggled to sustain their businesses, and this had a negative financial impact on route operators in KZN.

2.3 Lockdown Restrictions on Route Operators

Immediately following the president's declaration of a state of disaster, the country was placed on lockdown. This action came with different rules and regulations which mostly forced the closure of all land-based gambling, including those in the LPM sector in KZN (KwaZulu-Natal Gaming and Betting Board, 2021). The gambling sector was compelled to close from March 26, 2020, to June 25, 2020, as a result of the COVID-19 pandemic and national lockdown, which was implemented as a prophylactic measure to reduce the virus' spread and infection rate (National Gambling Board, 2021). Even after the shutdown, route operators experienced difficulties opening their businesses and resuming operations because of other preventative measures imposed on them. Due to major businesses being vulnerable to the prohibition on the sale of alcohol and cigarette as a prophylactic measure for the virus' spread, several site

operator venues had to be shut down still (Potgieter *et al.*, 2021). These were mostly liquor outlets such as taverns, bars, and other establishments that are reliant on the sale of alcohol in order to generate revenue. When it became apparent that the impact, extent, and length of the lockdown could not be established, the route operator's business activity significantly declined.

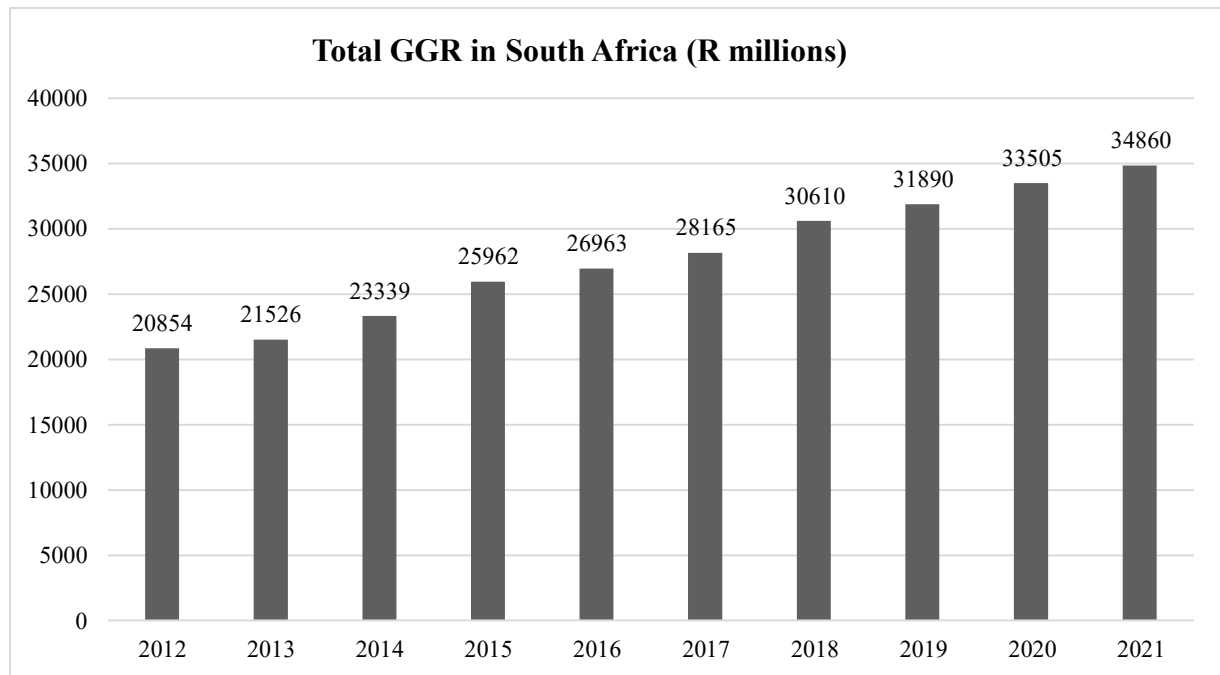
Furthermore, curfew implementation and changes, together with the restriction on dining in bars and restaurants, significantly constrained site operators' trading capacity (Kongwa, 2021). Other sites couldn't afford to operate at reduced capacity, especially when gambling demand was at its lowest. Following the COVID-19 crisis, the KZNGBB had to adapt to new strategies and prioritize the most vulnerable licensees and workers as they adapted to the "new normal" (KwaZulu-Natal Gaming and Betting Board, 2021). Route operators, like many other conventional businesses, were vulnerable to an unanticipated pandemic and suffered significant financial losses as a result. This resulted from restricted operational capacity, poor internal innovation, slow technological adoption, and prohibition of online gambling as an alternative solution to their customers (Lochner *et al.*, 2022).

2.4 Economic Performance and Contribution to Gross Domestic Product (GDP)

The gambling sector has developed to the point that it makes a sizeable economic contribution in South Africa. The gambling sector has been continuously showing consistent growth as shown in figure 2.2, but the disastrous implications of COVID-19 and draconian lockdown regulations had a negative impact on economic performance and the Gross Domestic Product (GDP) contribution of the sector in 2020. The national lockdown of March 2020 placed the South African economy in a vulnerable position, which was made worse by the horrifying economic and social repercussions of the forced shutdown of the economy, the crippling healthcare system, and the subsequent spike in fatalities (National Gambling Board, 2021). As gambling businesses struggled to return to pre-COVID-19 revenue generation levels, there was a noticeable drop in household income, gambling activity, gambling revenue, government tax revenues contributions, and probable job losses. The annual economic activity fell by 7% in 2020 compared to 2019 (Statistics SA, 2020). Due to the sharp decline in GDP per capita, economic growth struggled to keep pace with population expansion. This also affected investment prospects and employment as shown in figure 2.3. The LPM industry which had

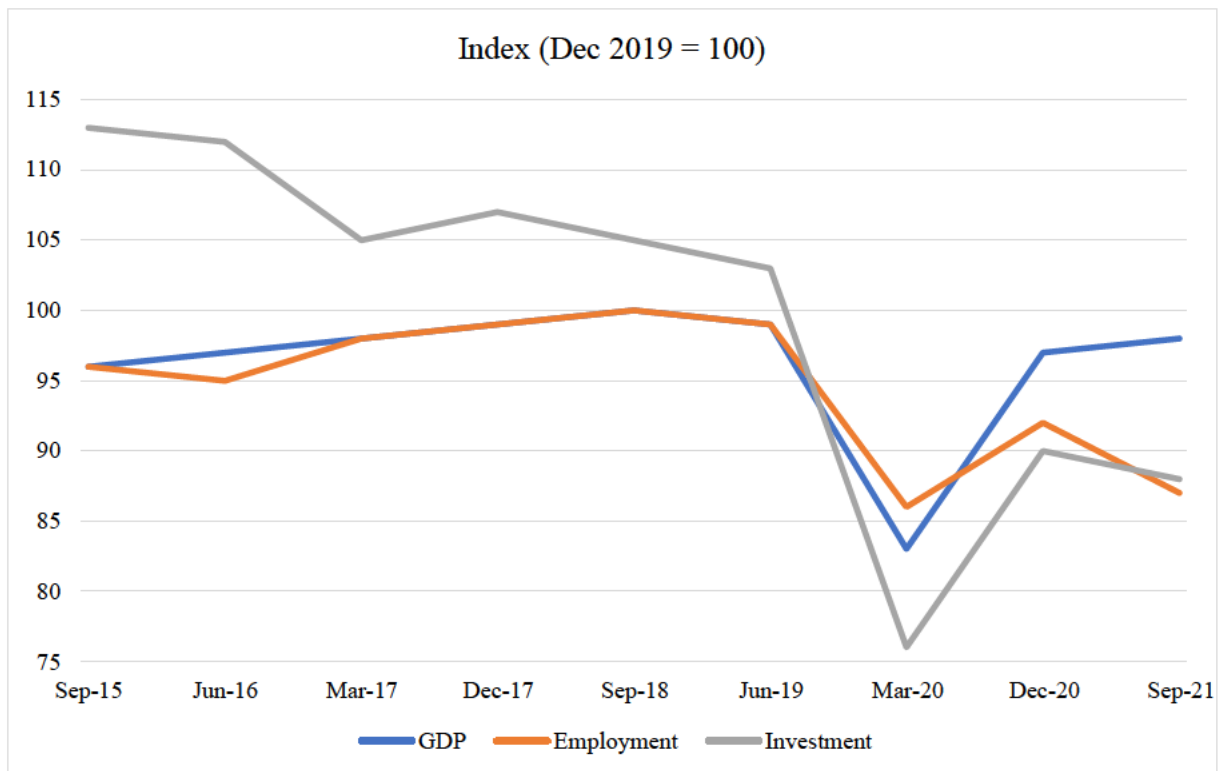
been also maintaining consistent growth over the years, significantly increasing Gross Gambling Revenue (GGR) year-on-year, also experienced a sharp decline in revenue as well.

Figure 2.2 Total GGR in South Africa



Source: PwC, 2017

Figure 2.3 GDP, Employment and Investment Index

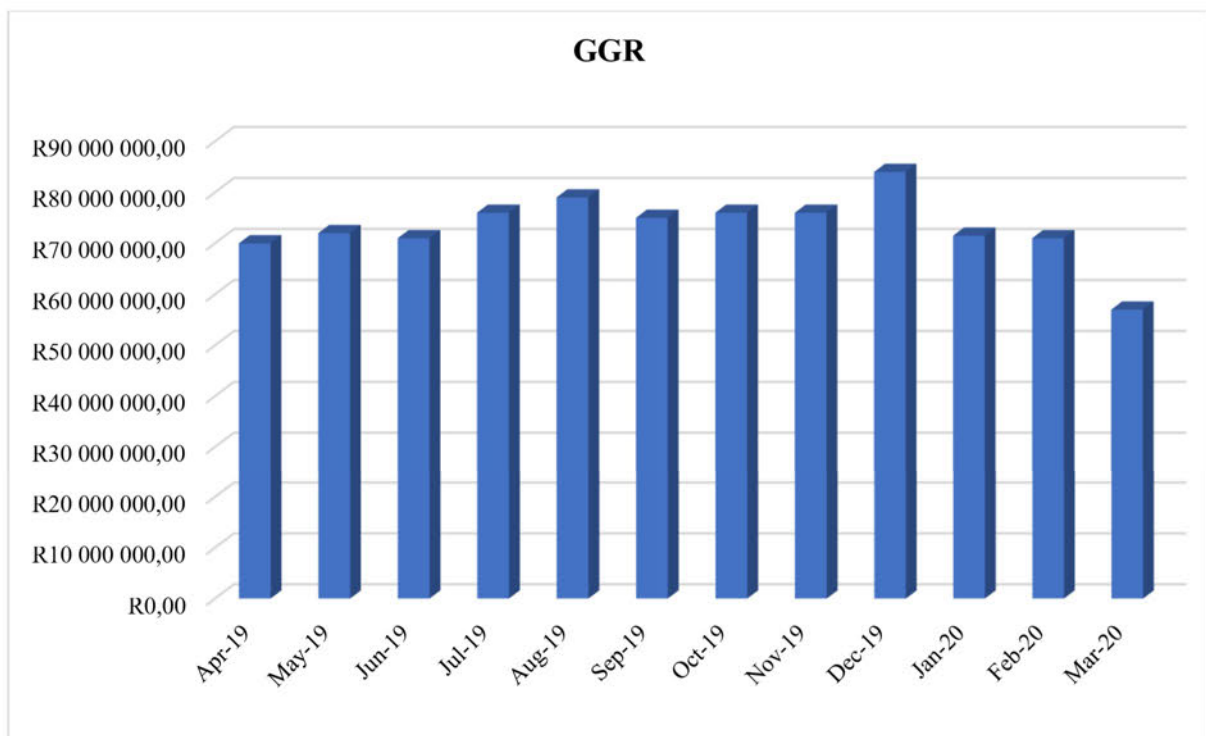
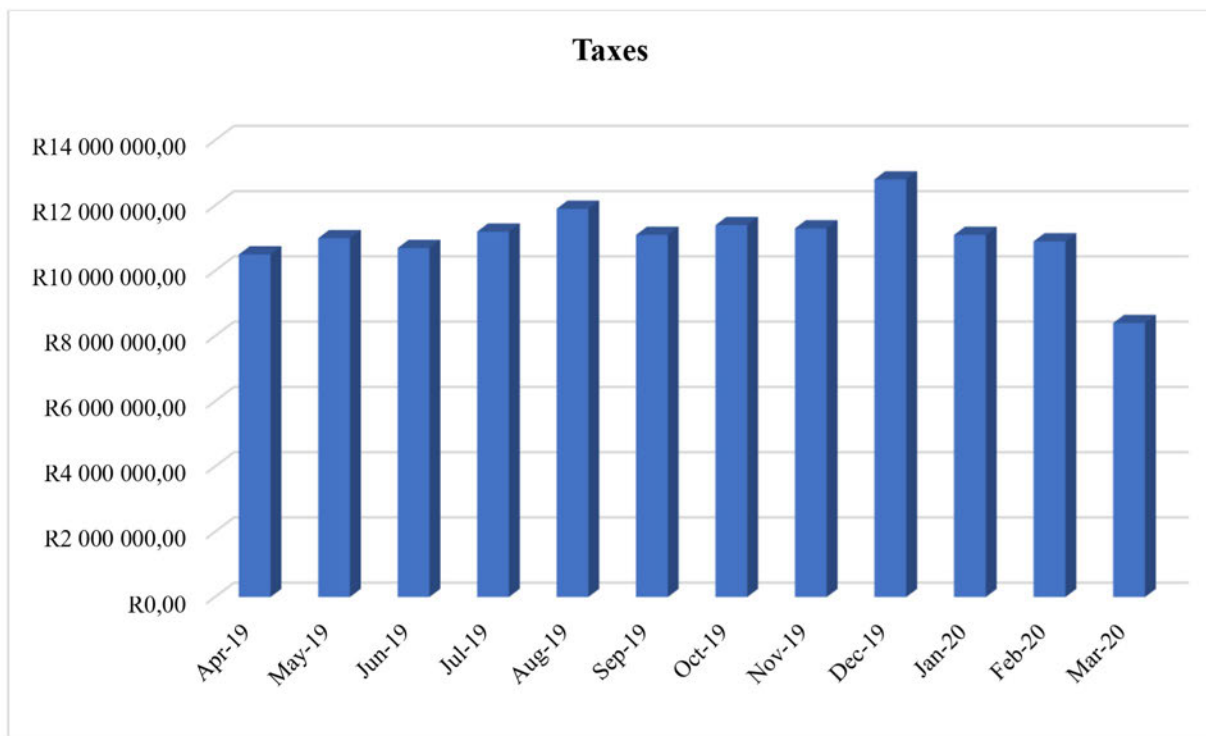


Source: Statistics South Africa, 2020

2.4.1 Revenue

The growth and expansion of the gambling sector have been evident by exceeding the budget year-on-year, but due to the national lockdown which was undertaken as a result of the COVID-19 pandemic, the industry experienced a decline in revenues. The COVID-19 pandemic and lockdown directly contributed to the decline in revenue collection for the 2020/21 financial year, which totalled R473 977 million (KwaZulu-Natal Gaming and Betting Board, 2021). This occurred as a result of the industrial shutdown caused by the lockdown between March 26, 2020, to June 25, 2020, at alert levels 5 and 4. Additionally, route operators experienced a decrease in GGR during the prolonged lockdown because of government regulations, as some of their gambling venues remained non-operational, and because there was a low demand for gambling, which had a direct impact on taxes as shown in figure 2.4. Gross Gambling Revenue (GGR) is the total amount of a gambling operator's gross income, calculated as turnover minus payments given to players (National Gambling Board, 2020). A gambling tax is a percentage amount from route operators' earnings that form part of their tax contribution (PwC, 2017). Therefore, provincial contributions were much lower than in the prior years, as a result of this.

Figure 2.4 Revenue: Taxes and GGR



Source: KwaZulu-Natal Gaming and Betting Board, 2021

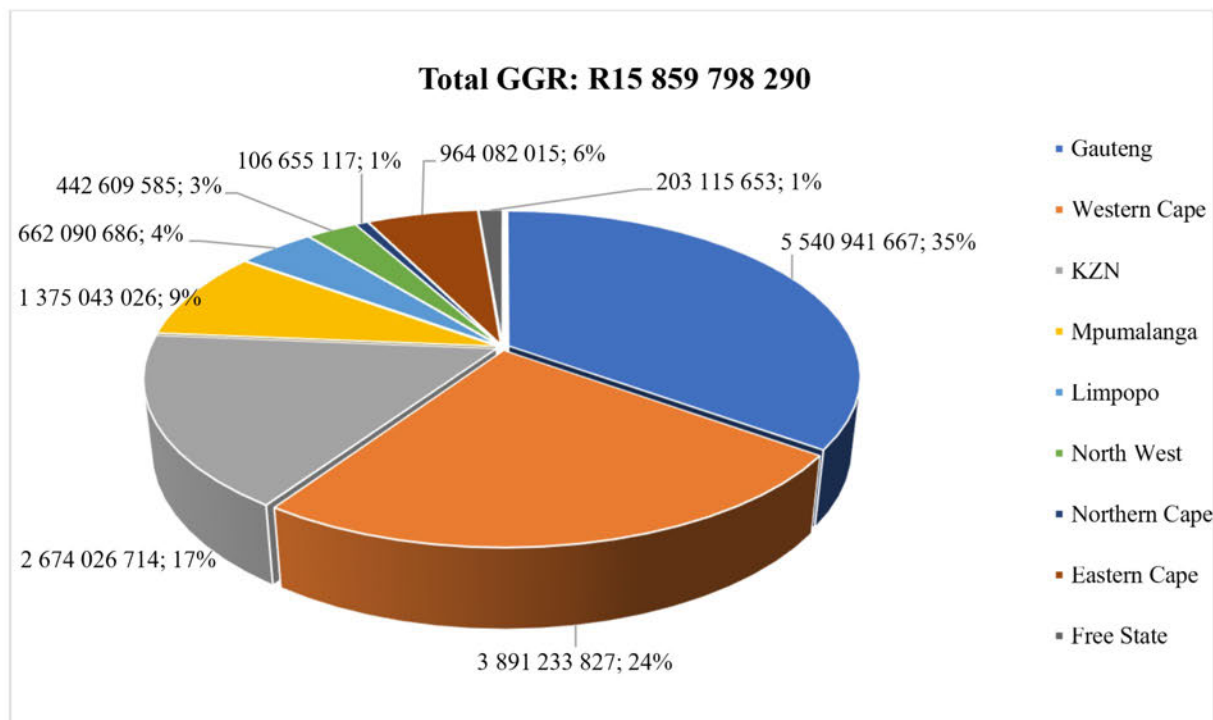
2.4.2 Gambling Activity

The COVID-19 pandemic and national lockdown had a detrimental impact on gambling activity, and route operators in KZN felt the financial pressure when they were forced to suspend operations before cautiously restarting at a later stage. At the end of March 2020, KwaZulu-Natal had 544 operating site operators with 2940 licensed operational LPMs, while Gauteng had 498 site operators with 2609 licensed operational LPMs, and also the Western Cape had 448 site operators with 2078 licensed operational LPMs (National Gambling Board, 2021). These numbers decreased drastically in the second quarter of 2020 due to the unpredictable and disruptive nationwide lockdown at alert level 5 in KZN. Gambling demand as a form of entertainment for many individuals substantially fell since the virus's characteristics made it a human danger and caused dread among people to physically engage, interact or connect. Punters avoided visiting gambling venues and sharing slot machines with others as gambling activity required physical contact with the machines and people in these venues and in cases of pay-outs (winnings). This had a significant impact on Gross Gambling Revenue (GGR), gambling taxes and levies, as well as the sector's overall contribution and performance not just in KZN but also nationwide.

2.4.3 Gross Gambling Revenue (GGR)

The National Gambling Boards' audit in the fiscal year 2020/21 revealed no irrational, irregular, or wasteful spending, and it indicated a favourable bank balance of R49.9 million (Kongwa, 2021). Despite having a good bank balance, GGR drastically decreased during the state of emergency since the pandemic badly affected business and gambling activity. In FY2019/20 in South Africa, GGR climbed by 6.1% to R32 651 969 283; however, GGR fell by 28.8% in FY2020/21 to R23 249 553 537 (National Gambling Board, 2021). Gauteng earned the biggest proportion of GGR at 35%, followed by Western Cape at 24%, and KwaZulu-Natal at 17%, as indicated below in figure 2.5. As a result of the global COVID-19 pandemic and lockdown, the LPM sectors lost roughly a third of their revenue compared to the financial year 2019/20.

Figure 2.5 2020/21 Total GGR

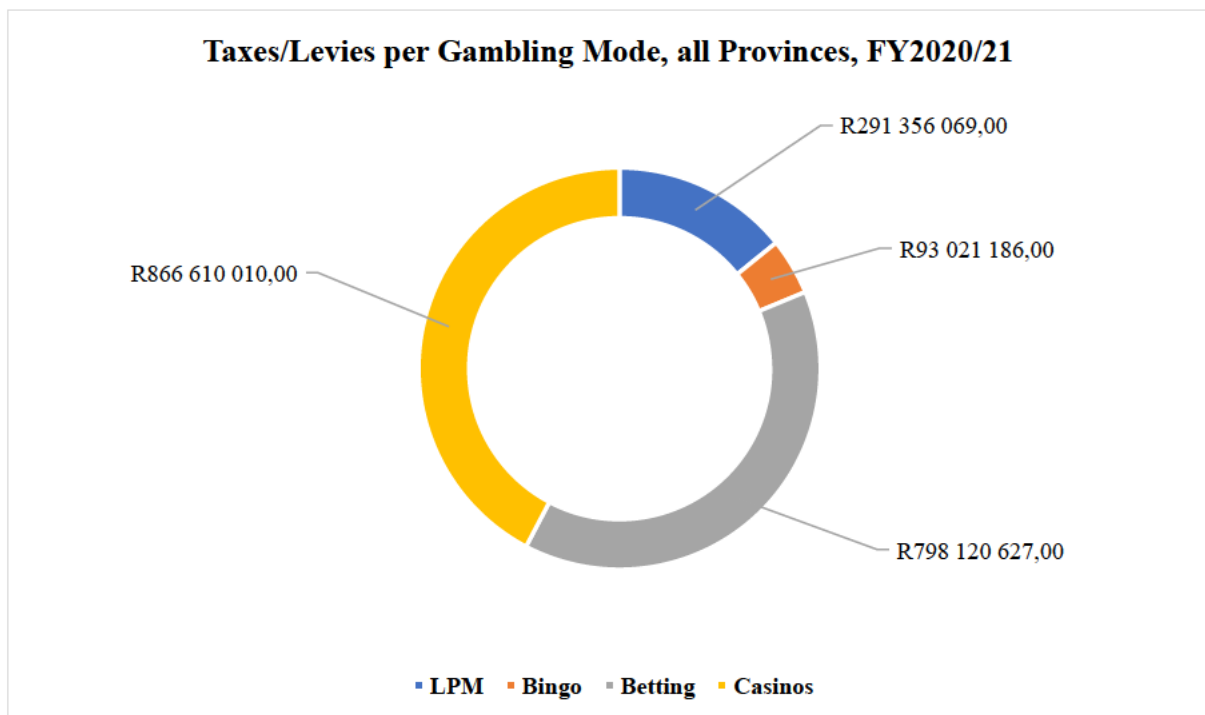
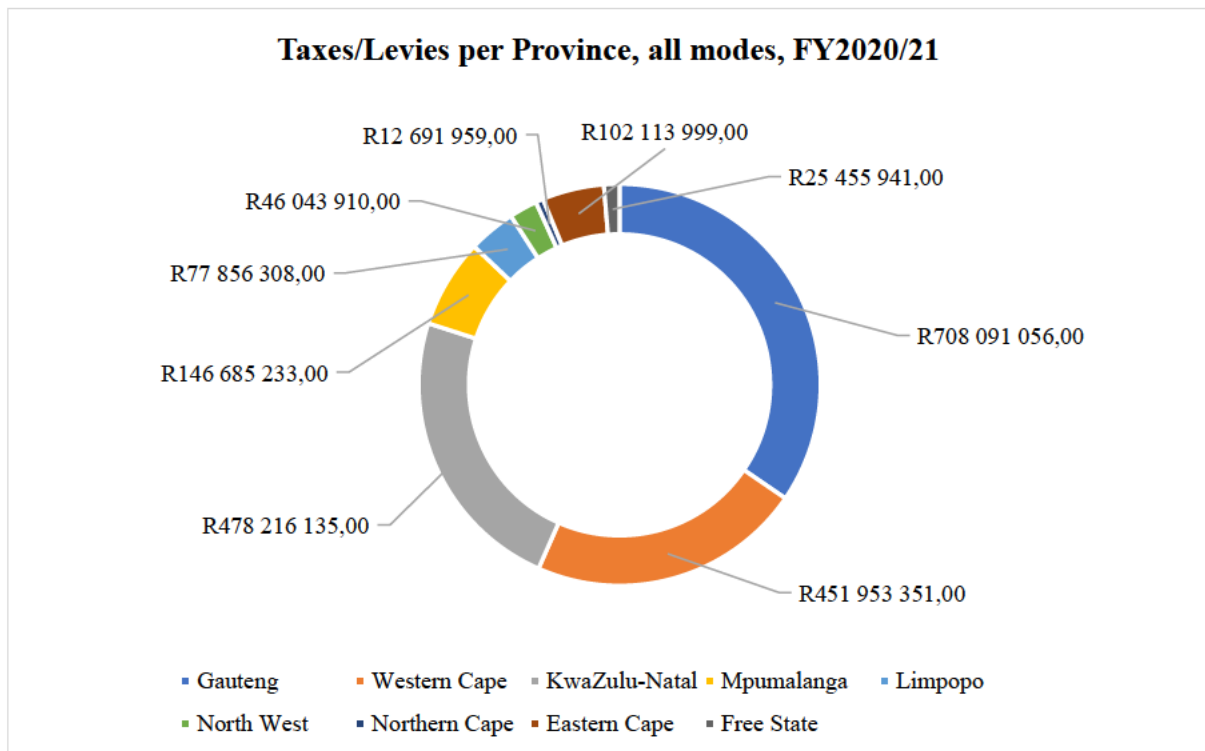


Source: Kongwa, 2021

2.4.4 Tax Collection

Gambling tax collection, which accounts for a sizable revenue, has allowed the government to raise billions in taxes and levies. Route operators pay taxes and levies to the PLAs, which also include the KZNGBB in KZN. Gambling taxes and levies are the monies that provincial licensing bodies levy and receive from legal gambling (PwC, 2017). As indicated in figure 2.6, KwaZulu-Natal contributed an overall R478 216 135, which is 23.2% in gambling taxes/levies; a total amount of R291 356 069, which is 14.2% from the LPM sector during the financial year 2020/21 (National Gambling Board, 2021). These figures are low when compared to other previous years.

Figure 2.6 Taxes/Levies per Province and per Gambling Mode for FY2020/21



Source: National Gambling Board, 2021

2.5 The Gambling Industry Contribution

The gaming and betting sector contributes significantly to both provincial and, to some extent, national economic growth as it aids in the creation of jobs, business support, the promotion of tourism, and the growth of the economy and society even in rural areas. This is because it serves as both a direct and indirect catalyst for fair economic development and growth through the collection of licensee taxes that go into provincial coffers; supports suppliers and even small businesses; creates increased employment opportunities, and largely promotes tourism, economic, and social development (KwaZulu-Natal Gaming and Betting Board, 2021). However, as explored below, the COVID-19 effects and lockdown implications impacted gambling activity, operations, and contribution to the sector's most flourishing aspects.

2.5.1 Tourism

The KZN gambling and betting sectors contribute significantly to the region's tourism footprint. The KZNGBB licenses enable the tourism industry to attract tourists to the region since certain licensees are required to be set up at hospitality establishments such as hotels, restaurants, taverns, pubs, betting shops, and other facilities as part of their license requirements (KwaZulu-Natal Gaming and Betting Board, 2021). These venues are part of the tourism that tourists and locals visit for entertainment. The gambling and sports betting calendar also have a number of events like the Durban July and Dundee July that draw tourists to the KZN province (KwaZulu-Natal Gaming and Betting Board, 2020). These are big events that bring visitors to the region and considerably boost the tourism industry. Gambling alone is a form of entertainment that other tourists enjoy tremendously (National Gambling Board, 2021). Gambling is an enjoyable activity that many people like for a variety of reasons, such as momentary benefits, pleasure, etc. These gambling initiatives enhance what the tourism sector has to offer in KZN. As a result, COVID-19 and the lockdown severely impacted both the tourism and gambling industries. The lockdown regulation prohibited tourists from entering the province and that had a significant impact on the whole tourism sector, including travel, lodging, restaurants, attractions, and recreational facilities. This in turn had a direct or indirect impact on the gambling industry.

2.5.2 Employment Growth and Business Support

The COVID-19 outbreak and lockdown had an impact on many organizations and the workforce. This is because it heavily threatened many businesses that were providing employment to many. It triggered a shock in the labour market, which raised the country's unemployment rates. As a result, in the first quarter of 2021, the unemployment rate rose to 32.6%, its highest level since 2008 (Trading Economics, 2022). The government responded by allocating R11 billion from the 2021 budget framework as funding to support public employment, which was intended to increase short-term employment (The National Treasury, 2022). This included the R350 COVID-19 social assistance grant, which was a short-term strategy to increase consumer expenditure.

Route operators were heavily affected by the COVID-19 pandemic and lockdown, but they managed to sustain their human capital given the financial strain, thanks to the Unemployment Insurance Fund (UIF) and/ or COVID-19 TERS relief. Although it was a challenging period for route operators, the UIF and/ or COVID-19 TERS relief funds helped them retain their labour force as business began to pick up (KwaZulu-Natal Gaming and Betting Board, 2021). The NGB tracks the number of people employed directly in the gambling industry and as of March 31, 2021, the gambling business employed a total of 33 095 individuals (National Gambling Board, 2021). According to the table below, KwaZulu-Natal province had the largest employment rates, but with 95 workers in the LPM sector. Additionally, the KZNGBB's licensing of hospitality and entertainment establishments in both urban and rural regions also helped the primary establishment of some site operator businesses and, to some extent, affiliated suppliers and/or Small, Medium, and Micro Enterprises (SMMEs) access government funds (KwaZulu-Natal Gaming and Betting Board, 2021). This supported local business development and employment prospects, both of which are beneficial to the economic growth and development of the province. It must also be noted that gambling regulation has a strategic requirement for every new gambling company to promote job creation in accordance with the Provincial Growth and Development Plan (National Gambling Board, 2021). All these initiatives have helped the province's job creation efforts and assisted businesses and the economy.

Figure 2.7 Direct Employment per Province and Mode for FY2020/21

DIRECT EMPLOYMENT PER PROVINCE AND MODE, FY2020/21			
GAMBLING MODE	GP	WC	KZN
Casinos	3 485	1 765	4 202
Totalisators	205	388	1 049
Bookmakers	528	490	3 166
LPMs	2 476	61	95
Bingo	164	0	743
NGB	33	-	-
PLAs	112	69	77
Total	7 003	2 773	9 332

Source: National Gambling Board, 2021

2.5.3 Corporate Social Investments (CSIs)

The industry has also contributed significantly toward Corporate Social Investment (CSI), within the province. For CSI projects, including those addressing Gender Based Violence, infrastructure, water supply, food security, and community-based activities, R12 million was funded in the 2019/20 financial year, but due to the COVID-19 pandemic, funding to CSIs dropped to R 7.8 million the year after (KwaZulu-Natal Gaming and Betting Board, 2021). The KZNGBB has put a lot of effort into ensuring that the licenses granted and the regions in which they operate promote local businesses, foster workforce development, and education, as well as provide job opportunities for locals. Following the provincial directives identified as focus areas for CSIs, the KZNGBB is obligated to monitor and ensure its licensees invest and contribute to those priority areas (Kongwa, 2021). Furthermore, the KZNGBB encourages safer gambling practices and makes sure licensees invest in long-term projects that benefit the communities in which they operate and that improve the culture and the standard of living for the locals (KwaZulu-Natal Gaming and Betting Board, 2021). The board provided these recommendations to the route operators in order to improve CSIs in the province. As a result, many Non-Profit Organisations (NGOs,) schools, and other organizations have benefited in KZN.

2.6 Gaming and Betting Institutions

2.6.1 National Gambling Board (NGB)

The National Gambling Board (NGB) oversees legislation and regulations for the gambling sector in order to encourage responsible, safe, and legal gambling for all parties involved. It is in charge of monitoring the laws governing the gambling sector nationwide and protecting South Africa's reputation as a law-abiding member of the international community (National Gambling Board, 2021). The NGB supports the Department of Trade, Industry, and Competition's mission of fostering an environment that encourages industry growth and is responsible for ensuring that gambling is managed effectively and legally in South Africa. It provides policy advice to the Minister of Trade and Industry, assesses the effectiveness of provincial licensing authorities, and examines licenses issued by those authorities in accordance with regulatory rules and expectations as well as undertakes research to track economic developments and the socioeconomic impacts of gambling nationally (The Department of Trade, Industry, and Competition, 2020).

2.6.2 KwaZulu-Natal Gaming and Betting Board (KZNGBB)

The KwaZulu-Natal Gaming and Betting Board (KZNGBB) is the primary Provincial Licensing Authority (PLA) that issues gambling licenses and regulates the industry in KZN. It also makes sure that gambling operators abide by the law and other pertinent regulations, including the Financial Intelligence Center Act (FICA) and the Protection of Personal Information Act (POPIA). The KZNGBB's responsibilities include licensing, which involves soliciting and accepting applications for any gambling licenses, evaluating and processing all applications for gambling licenses, and regulating and managing gambling in the province (KwaZulu-Natal Gaming and Betting Board, 2021). Additionally, it oversees the accounting and auditing procedures used by route operators to, among other things, verify the taxes owed under the KwaZulu-Natal Gaming and Betting Tax Act, which controls gambling in the province (National Gambling Board, 2021). This mandate is outlined in section six of the act as the purpose of the KZNGBB, which is to regulate gaming and betting in the province by registering and licensing gambling machines and gambling operators; regulating them; and imposing taxes, fees, and penalties when there is a violation of the law (Department of Trade and Industry, 2015). They accomplish this by designating and deploying inspectors to maintain a close eye on industry and compliance.

2.6.3 The Limited Payout Machine (LPM) Industry Role Players

There are three key role players in the Limited Payout Machine (LPM) industry mainly route/independent operators, site operators, and the National Central Electronic Monitoring System (NCEMS) (National Gambling Board, 2022). Route/independent operators are businesses that are authorized to obtain, operate, and manage LPMs within the country and/or province (PwC, 2017). Currently, Sun International, Tsogo Sun, and Gold Rush are the three route operator groups in KwaZulu-Natal. This essay focuses on route operators under the two long competitors, particularly Tsogo Sun's V-Slots and Luck@It as well as Sun International's KZN Slots and Kingdomslots. Site operators on the other hand are commercial enterprises such as restaurants, hotels, pubs, taverns, and other gambling venues (KwaZulu-Natal Gaming and Betting Board, 2021). These are the sites that house LPMs (slot machines) on behalf of route operators for punters' use and easy access. The sites' operators are located in residential, commercial, and even previously underserved rural parts of the province thanks to the KZGGB's strategic intervention. Route Monitoring is a black-owned and ran South African company that was founded in October 2016 with the aim of contracting the National Central Electronic Monitoring System (NCEMS) operations, and in September 2017, it was granted the tender and named the NCEMS Operator (Route Monitoring, 2022). The NCEMS was created primarily to offer a monitoring solution for LPMs at a time when route operators lacked the financial means to set up their own electronic monitoring systems. Because the NCEMS is a web-based system, it may be accessed from anywhere using a smartphone, computer, laptop, or tablet (Route Monitoring, 2022). It is secure, frequently backs up all data to the cloud, and supports automated data recovery in the event that any device fails. The NCEMS is primarily used to track the payment of gambling levies and taxes (National Gambling Board, 2021).

2.7 Gambling Regulations

In South Africa, the gambling industry is governed by the National Gambling Board (NGB), whose principal duty is to uphold the integrity and uniformity of the industry. The National Gaming Act 7 of 2004 governs the gambling industry, and the NGB conducts studies to better understand the scope and makeup of the industry and ensure that gambling laws preserve a high standard of corporate integrity (Kongwa, 2017). The NGB is also responsible for the collection of taxes and levies, industrial restructuring, economic simulation, and streamlining of business processes. It recommends intervention strategies for the Department of Trade

Industry and Competition (DTIC) and parliament to take into account, such as ensuring the sector is lawful and equitable, and that consumer rights are protected (Adams and Gastrow, 2020). That is because it formulates national gambling policies and establishes the national laws and regulations that provinces must follow and then report to the DTIC and parliament. The gambling business is also governed by nine provincial licensing and regulatory agencies, including the KZNGBB in KwaZulu-Natal. Gambling without authority or a permit is illegal under the NGB and the gambling acts, and anybody found guilty may face fines, jail time, or both (Financial Intelligence Centre, 2022). Due to the lack of investigative authority held by South Africa's regulators, route operators and other gambling stakeholders depend on the South African Police Service (SAPS) which has a primary responsibility to enforce laws.

The KZN provincial regulator has been able to enforce regulation in its LPM licensing activities, as they require that licensed premises be widely distributed (i.e., 60% in urban regions and 40% outside the metropolitan areas) and not near schools, churches, or other places of worship (Limited Pay-out Machine Association of South Africa, 2003). Additionally, they are very cautious when licensing public spaces like restaurants since they must demonstrate their ability to prohibit gambling for those under the age of 18 years. In this instance, machines are usually located in separate, restricted-access areas, where children may be prohibited entry. There is no disputing that gambling in South Africa has to be strictly regulated and supervised. The Limited Pay-out Machine Association of South Africa (LPMASA) is committed to this cause and is working closely with the national and provincial gaming regulatory bodies as well as the National Responsible Gaming Programme (NRGP). The KZNGBB has made it quite clear that any violations of the gambling regulation requirements would be dealt with severely, in a form of high penalties and possibly license suspension or even termination (KwaZulu-Natal Gaming and Betting Board, 2021). The KZNGBB has also been successful with its SMME development program in the LPM sector which has ensured that participants, especially site operators, come from previously underprivileged communities and get access to training and personal development as well as a share in gross gambling revenue. This is because regulation supports fair and equitable licensing, including the equitable ownership distribution of assets used in legal gambling and the return on equity in such activities (Limited Pay-out Machine Association of South Africa, 2003).

2.8 Gambling and Betting

Gambling which encompasses gaming and betting refers to any action in which money or anything valuable is risked on the outcome of an unknown future event, with the possibility of losing all or part of the money or valuable thing pledged for the goal of gain (Adams and Gastrow, 2020). Gambling includes betting or a bet on something. A bet or betting refers to a contract involving two parties or more in which one risks money or something of value with the expectation that the outcome would decide the financial advantage (Financial Intelligence Centre, 2022). Gambling was formerly illegal in South Africa, but new legislation that allowed for the legalization of a variety of gambling activities was introduced in 1996, paving the way for the establishment of casinos, then LPMs, sportsbooks, and recently bingos (Roberts, 2011). Limited Payout Machines (LPMs) well known as slot machines were the first that could be played outside of casinos. Since then, the sector has significantly expanded and developed.

The gambling sector in South Africa has grown similarly to that of the United States and Australia, following the evolution of the industry from distant casino-based to now Limited Payout Machines (LPMs) located in easily accessible commercial and residential areas in public places such as shopping malls, towns, and places of entertainment such as restaurants, pubs, taverns, and even betting shops. This has targeted female and male middle, and high-income earners over the age of eighteen in all locations, such as rural, urban, and even townships (Roberts, 2011). In the United States and Australia, for instance, the LPM industry is largely regulated and serves as a comparatively lower leisure activity for patrons, producing significant taxes and levies for the states (Adams and Gastrow, 2020). Over the years, gambling in South Africa has continued to increase and now has a sizable economic impact.

2.8.1 US Gambling Case Study

In recent years, the gambling industry in the United States (US) has expanded substantially, with Las Vegas being one of the most well-known hotspots. Online gambling, however, has become popular in the US as a consequence of new economic opportunities and technological advancements. In contrast to the United Kingdom, which was pushing further with legislation that will openly allow and control online gambling, the United States was evidently in a prohibitionist mindset over the years (Eadington, 2004). Online gambling is currently

unregulated in the US due to differing attitudes across states but is an area of the gambling industry that is expanding the fastest. Studies reveal that online gambling in the US has already overtaken the dominant role played by traditional casinos and LPMs in many aspects since the majority of individuals nowadays prefer the ease of gambling from the privacy of their homes (Raspor *et al.*, 2019). Online gambling options include anything from casinos to lotteries to interactive games and more. Although the future of online gambling in the US is still unclear, the underlying factors that will affect how it develops both commercially and legally are becoming more apparent. However, the LPM sector is still thriving and provides customers with a very modest amount of leisure time and generates substantial revenue for the state.

2.8.2 Australian Gambling Case Study

Australia is the world's most diversified nation with gambling even more widespread. According to recent studies, the prevalence of yearly gambling engagement may reach up to 74% across various Australian regions (Churchill and Farrell, 2020). These statistics indicate that Australia has the world's largest prevalence of gambling. Online gambling is legal in Australia, but there are a number of restrictions and requirements that only apply to Australian companies that have been granted legal licenses. The laws prohibiting offshore internet gambling are in place, but controlling it and protecting consumers from it remains a difficult task. As a result, the societal effects of gambling have been documented, with one in fifth people reporting having a gambling issue, including compulsive gambling as well as alcohol and drug addiction (Hing and Breen, 2014). These are the consequences that many states have been sceptical about, and they provide a significant challenge that makes it different for each state. Nevertheless, the LPM industry is still booming, with a niche market that is mostly dominated by the elderly and brings in a sizable amount of revenue for the government.

2.9 Route Operators' Challenges

Route operators have been faced with a number of challenges before the COVID-19 pandemic and national lockdown hit the country. These challenges include poor administration from both the NGB and PLAs, the uncontrollable growth of illegal gambling, legislative and regulatory constraints, and the slow adoption of innovative and modern technologies to enhance operations and service delivery amongst the list. However, the pandemic and lockdown exacerbated these challenges and restricted route operators' growth and advancement.

2.9.1 Poor Administration

One of the major obstacles for route operators in KZN has been the poor administration of the gambling boards. Route operators have been dealing with unsatisfactory service and slow implementation from the NGB and KZNGBB (Kongwa, 2017). For example, route operators have been dissatisfied with the long duration in which they have to wait for license approvals upon submission from PLAs and NGB has been very slow in attending to some of their requests and needs mostly concerning the legislative development of their administration (Roberts, 2011). These issues usually cause unnecessary delays for route operators which affects business. It has been noted that one of the difficulties for the Provincial Licensing Authorities (PLAs) and a significant factor in their poor administration is that the licensing process is drawn out and involves a lot of paperwork, compliance checks, and they also have to wait for other authorities and bodies to provide feedback and approvals, such as municipal authorities and liquor licensing authorities (Adams and Gastrow, 2020). Given this, the PLAs, including the KZNGBB, can do better to streamline the licensing and regulating process for route operators while also accelerating their operations and services. The NGB, however, has a role to play in streamlining the procedures because PLAs must abide by the law, but that has not been a priority. The NGB has been questioned for the excessive legislative red tape, the delayed reformulation of legislation, and the lack of sufficient Research & Development (R&D) to further the sector's administration and growth (Roberts, 2011).

2.9.2 Lack of Knowledge

Lack of information inhibits continuation, growth, and progression since knowledge is power. The lack of knowledge has been a notable barrier to the gambling industry's transformation. Gambling has a negative and bad reputation among the general public and is viewed as a sin industry (National Gambling Board Research Report, 2020). Because of the prejudices and unfavourable perceptions around gambling, some people are hesitant to become associated with or involved in the gambling sector. Other people are not even aware that it is a legitimate and regulated industry in South Africa (Roberts, 2011). The KZNGBB has been collaborating with the South African Responsible Gaming Foundation (SARGF) to conduct community and educational awareness programs to educate people about responsible gambling as a form of entertainment and also raise awareness about ethical and unlawful gambling (KwaZulu-Natal Gaming and Betting Board, 2021), but more interventions are still needed. Route operators find it challenging to convince other potential site operators to jointly collaborate with them in business because they don't want to be associated with gambling and some other people don't want to work in the gambling industry or be seen gambling because of the negative stereotype attached to gambling. In addition, several religions, like Islam, categorically condemn gambling since it can be addictive and possibly harmful if done excessively and therefore view it as a sinful activity (Adams and Gastrow, 2020). Religion has a significant influence on how people perceive the world and behave, and these unfavourable ideas have hampered the industry.

2.9.3 Lack of Transformation Strategies, Plans, and Poor Implementation

There has been a notable lack of reform strategies, plans, and execution by the Provincial Legislative Authorities (PLAs) including the KZNGBB. The majority of provincial licensing authorities lack comprehensive transformation strategies and plans because they rely on licensing requirements and the Request for Applications (RFAs) based on the Broad-Based Black Economic Empowerment (BBBEE) Act to enforce change (National Gambling Board Research Report, 2020). It is concerning that the structure designed for PLAs restricts their freedom to develop transformative strategies and plans; for major change to occur, it must either originate from the national authorities or be outlined in some policy or act document. Furthermore, the absence of particular data and reporting measures, as well as uniformity in terms of aims and reporting, are the most critical concerns. The lack of consistency across

gambling boards in different provinces especially in their operation side of things is one of the reasons for this, and a major hurdle for the National Gambling Board (Route Monitoring, 2022). The NGB together with other companies (independent or state-owned) monitors the scale and demographics of the South African gambling industry and measures trends and growth in the various gaming sectors using the information provided by gambling operators, and provinces. There are discrepancies and differences in the data because of this non-uniformity in data reporting and operations across PLAs and gambling operators (Financial Intelligence Centre, 2022). All these present challenges for route operators who depend on the PLAs and NGB for licensing, legislation, and regulation purposes.

2.9.4 Legislative and Regulatory Constraints

Legislative and regulatory constraints are other notable challenges impeding the industry's transformation. As a primary responsibility of the NGB to conduct research, there is a greater need for more legislative and regulatory research and development as well as the engagement of provincial stakeholders, including PLAs and route operators in order to understand, revise and update relevant laws and policies (Adams and Gastrow, 2020). They should be active in research and development since they are the ones conducting business in the sector and serving as knowledge carriers. There is a lot of concern about how long it takes to review and approve gambling laws and policies, which is understandable given how long and drawn-out the process is (National Gambling Board Research Report, 2020). Given this, however, the legislative and regulatory bodies can perform better by utilizing research and development to foresee changes in the industry and become agile, especially when necessary, such as when facing a fatal pandemic and a strict lockdown. Flexible legislation and regulations are required in the face of catastrophic occurrences like the unexpected pandemic to establish an environment where there is an opportunity for survival and adaptation, which may help gambling businesses be sustainable.

Furthermore, the industry's transformation has been limited by legal and regulatory restrictions (Chucks, Masuku, and Jili, 2021). There have been great concerns involving some archaic gambling laws, which have a lot of red tape for the gambling businesses. This is due to the fact that the sector is still constrained by 1996 and 2004-era legislation in 2022, which is more than 20 years later. The slow progress in technological advancements, and even the slow fight against illegal gambling, are alarming concerns that demand legislative and regulatory resolution. The 4IR is drawing near, illegal gambling is growing, and regulatory changes regarding the standards of moral behaviour and technological advancement for route operators are being challenged. It will be more difficult for route operators to withstand catastrophic events like COVID-19 and lockdown if they are denied such freedom by the law or if swift legislative and regulatory solutions are not adopted. Without strict control, gambling can cause a negative societal impact as it can be addictive, and patron's rights can be infringed. The NGB and PLAs have been working hard to ensure that the law addresses these matters and that they control and properly regulate such cases, however, there is still a need for more legislative and regulatory freedom.

2.9.5 Slow Adoption of Innovative and Modern Technology

Technology plays an important part in this modern era and has certainly transformed the world of business. Innovation has been the main driver of transformation and the key component of successful operations, exceptional service delivery, and lucrative businesses (National Gambling Board, 2021). A crucial requirement for technological innovation adoption, active practice, and overall commitment to improving operations, goods, and services has also been created by COVID-19 and the lockdown. The slow adoption from national to provincial stakeholders, particularly route operators, is a concern that needs to be addressed. Technological innovation can be costly and risky, but its benefits frequently surpass these drawbacks (Adams and Gastrow, 2020). Contemporary technologies nowadays are elevating player interaction, acquisition, and conversion rates, which enhance convenience. Technology has enabled digitalization and business automation which offer real-time operating efficiency, value, greater oversight, coverage, and accessibility, as well as enhanced compliance and business performance monitoring (The National Gambling Board of South Africa, 2020). Route operators and gambling stakeholders have been lagging when it comes to creating and/or adopting innovation and technology.

2.9.6 The Fourth Industrial Revolution (4IR)

The Fourth Industrial Revolution (4IR) is characterized by the advancement of technological innovation, which is the fusion of various technological systems in the electronic, biological spheres, and a trend towards transhumanism, with the notion that intelligence should be expanded to include digital and non-digital customizations (Adams and Gastrow, 2020). The main engines driving this revolution right now are artificial intelligence (AI), automation technologies, robotics, biotechnology, blockchain, and the internet. The 4IR has a significant influence on the gambling sector in South Africa and as a result, regulators, route operators, and other stakeholders will encounter a variety of unanticipated demands and difficulties. The fundamental insight for the KZNGBB and route operators, including lawmakers and other stakeholders, is that change may happen more rapidly, requiring more adaptive governance and legislation. Such a change involves an increase in demand for online gambling, the deployment of new technologies by regulators, the need to combat unlawful gambling, as well as agile management, and swift resolution strategies and measures to other gambling-related issues (Bitanhirwe *et al.*, 2022). One of the main forces behind industry rivalry and growth is the creation and application of new technologies to improve player experience. To further emphasize the need for technological advancements, one must first underline the importance of technology adoption using a well-known model called the Technological Acceptance Model (TAM). TAM, or the user acceptance of technology model, has drawn the interest of several scholars in the field of Information Systems (IS) and significantly emphasizes the necessity for route operators and the gambling industry in South Africa as a whole to embrace technology in order to improve and thrive.

a) Technology Acceptance Model (TAM)

In 1985, Fred Davis developed the Technological Acceptance Model (TAM), which states that it is possible to predict or explain how people will respond or react or utilize technology by looking at user motivation, which is in turn greatly influenced by the actual innovation capabilities and features (Chuttur, 2009). This is because the theory suggests that a user's views regarding technology play a significant role in determining whether they would actually utilize it or reject it. 'Perceived ease of use and perceived usefulness' are thought to be the two main beliefs that have the most effect on a user's views, with perceived ease of use on technological innovation having a significant impact on its perceived usefulness by the user (Chuttur, 2009).

As a result, the Theory of Reason and Action (TRA) emphasizes that perceived utility and simplicity of use are behavioural factors that influence people's intentions to act. People will thus utilize or not use technology depending on how much they think it will improve their performance of the activity or job (perceived usefulness) and how much they think it will cost them to use the system (perceived ease of use). These two elements are what have been holding back South Africa's gambling industry's technology acceptance and growth. Adams and Gastrow (2020) argue that although the NGB and PLAs are aware that a significant technological shift is necessary, they are still constrained by the associated costs and, more importantly, their differing perspectives on the extent to which this change will enhance performance and operations in the industry.

The NGB needs to embrace and advance industrial technological development while working together with PLAs to address technological challenges, such as new ethical issues that specialized technology platforms like artificial intelligence (AI), blockchain, augmented reality (AR) and virtual reality (VR) would bring. Additionally, these platforms will raise problems that will require legal resolution, such as the control of data processing and privacy protection; ethical and professional use of technology by players, regulators, and route operators; revenue collection; advertising, easy accessibility, and exposure of minors as well as the legal implementation of online gambling (Adams and Gastrow, 2020).

2.9.7 Illegal Gambling

Like many other countries, South Africa has been dealing with the challenges of illegal gambling. Although the economic impact of illegal gambling is unknown, however, it is estimated to be greater than R10 million annually (Financial Intelligence Centre, 2022). The NGB reported a healthy financial situation of R49.9 million for the fiscal year 2020/21, which included R5.6 million in illegal gambling winnings that were seized (Kongwa, 2021). This has been a challenge for all Provincial Licensing Authority (PLAs) including the KZNGBB. The KZNGBB came up with several strategies to combat illegal gambling which included proactive measures aimed at preventing unlawful gambling at internet cafes and unlicensed LPMs. It has been working on several projects to fight illegal gambling, such as working with the South African Police Service (SAPS) to locate, investigate, and close down illegal gambling establishments mostly internet cafes and unlicensed LPMs. (KwaZulu-Natal Gaming and

Betting Board, 2021). However, these interventions are not sufficient to be successful since they rely heavily on the greater efforts of the SAPS, who are criticized for being ineffective in most of their services. It has been difficult for the SAPS to carry out the board's proposal to guarantee that all charges of fraud and corruption within the industry, as well as any reports of unlawful gambling made through the whistle-blower hotline and tip-offs, be investigated (National Gambling Board, 2021).

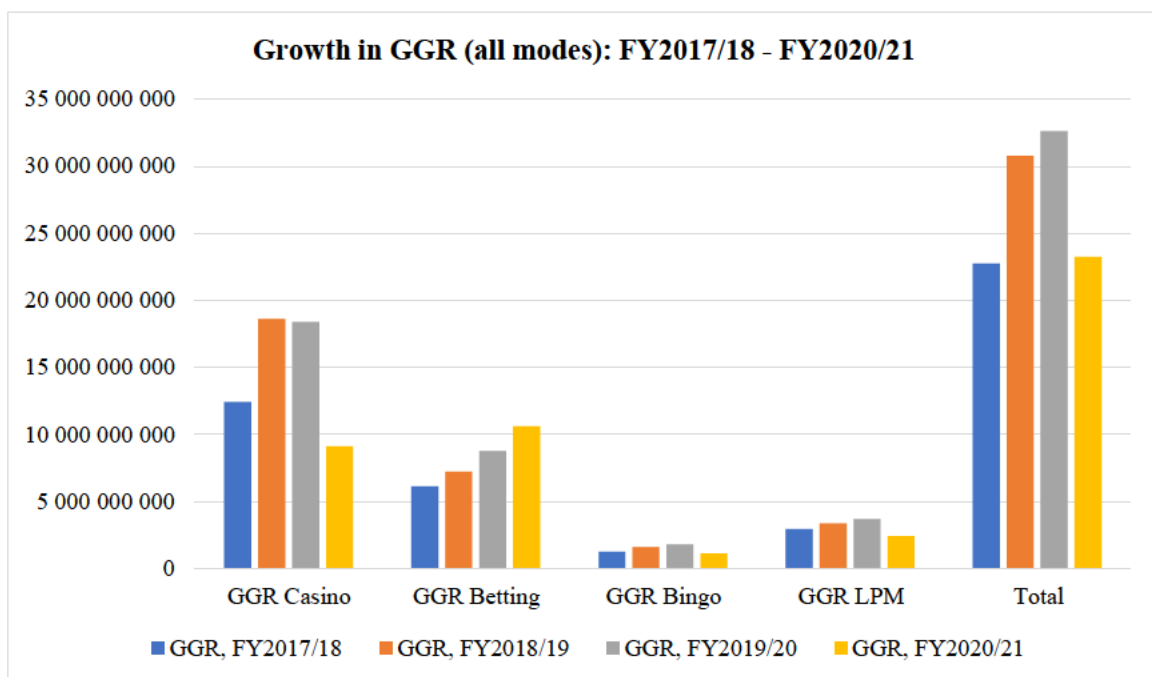
It should be mentioned that, in addition to online gambling and unlicensed slot machine businesses, there are other popular illegal gambling activities in South Africa such as fafi (ichina), dice, poker, and dog racing also known as greyhound racing (The Department of Trade, Industry, and Competition, 2020). The PLAs are finding it difficult to reduce the negative effects of illegal gambling because the SAPS have no interest in going after illegal gambling, as a top priority. The National Gambling Board and existing law enforcement systems are failing to curb the negative impact of illegal gambling and this raises grave concerns (Adams and Gastrow, 2020). The COVID-19 pandemic and lockdown created an uncontrollable environment for illegal gambling operations due to greater income losses and a decline in physical gambling activity at route operator sites. This had a detrimental impact on route operators and directly affected gambling revenue, which is essential to the province's economy.

2.10 Online Gambling

In South Africa, betting is the only form of gambling that is permitted online. Although it is illegal to gamble on poker and casino games online, sports betting is completely permitted and regulated and South Africans can bet on horses and sporting events (National Gambling Board, 2021). There are several companies that provide online gambling to South Africans, most of which are based in other countries and some of which operate in ways that are prohibited by the country's laws (Snail, 2007). The National Policy Framework recommended that online gambling remain prohibited and that all law enforcement agencies should cooperate to end unlawful gambling once and for all; shut down existing activities and hold offenders responsible (KwaZulu-Natal Gaming and Betting Board, 2021). But illegal online gambling is becoming more prevalent, notably during the lockdown, as it was the safest option for gamblers who were restricted and afraid of the virus. Given the claims and considerable debates

surrounding the subject, the NGB has not been contested. As a result, the betting industry saw a considerable improvement in GGR, especially during the lockdown. Comparing betting to other forms of gambling during the financial year 2020/21, betting produced the greatest GGR at 45.6% (a positive growth of 21%) as indicated below in figure 2.8 (National Gambling Board, 2021). This suggests that there is a rising demand for online gambling, which has to be legalized first, in order for route operators to survive future catastrophes like the COVID-19 pandemic.

Figure 2.8 Growth in GGR (all modes): FY2017/18 - FY2020/21



Source: National Gambling Board, 2021

Even though the gambling industry is expanding rapidly and for quite some time, some countries, including South Africa, are still debating whether to legalize online gambling or not. It has been projected that more gamblers will switch from conventional gambling to online gambling, making online gambling the market leader and certainly a rapidly expanding industrial area (Snail, 2007). The KZNGBB must be able to benefit from technology improvements in order to offer the best service possible to its licensees and operators. The NGB has been advised several times to take necessary steps to address technological change and online gambling, but unfortunately, that has not been a priority and therefore the law

doesn't allow it (KwaZulu-Natal Gaming and Betting Board, 2021). This is a challenge for route operators, as the strategic goal for automating and allowing online gambling is the one that will help them, including PLAs and the entire gambling industry, better navigate the challenges like the pandemic crisis experienced in the 2020/21 financial year.

2.11 Theoretical Analysis

The province of Kwa-Zulu Natal experienced a difficult fiscal year in 2020/21 as a result of the COVID-19 outbreak. The national lockdown measures implemented to contain the spread of the virus had a detrimental impact, especially on the political, economic, and social aspects. As a result, the LPM sector had to cease operations and suffer huge financial losses. In order to weigh in all the angles, the PESTEL analysis and SWOT analysis will be adopted.

2.11.1 The PESTEL Analysis

To get a summative understanding of the effects and outcomes of the COVID-19 and lockdown, a PESTLE analysis is required. A PESTEL analysis is a model or theoretical instrument that is frequently utilized to evaluate and/ or assess external aspects that have an influence on an organization (Alanzi, 2018). It can be used in any evaluation process or case study to provide a comprehensive understanding of the external elements. A PESTLE model, which stands for Political, Economic, Social, Technological, Environmental, and Legal can be used to identify the variables that have affected or may continue to affect the gambling industry as shown in figure 2.9 below.

Figure 2.9 The PESTEL Analysis

Political	<ul style="list-style-type: none"> • The government declared a state of disaster in March 2020 and implemented a 21 days lockdown which was lengthened in response to the coronavirus outbreak in the country • The COVID-19 pandemic and lockdown highlighted the nation's struggling infrastructures, highlighting the lack of access to water and Eskom's power outages
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Economic	<ul style="list-style-type: none"> • The COVID-19 pandemic and lockdown affected business operations including supply chains and revenue generation • The unemployment rate dramatically rose to its highest level since 2008 as we experience a high number of layoffs and retrenchments • Consumer demand shifted and disposable income drastically decreased • As a result of inflation, goods and services became more expensive and currency value declined • The country's investment opportunities were limited and deteriorated after losing a credit rating from Moody's • The economy suffered a severe collapse and contraction
Social	<ul style="list-style-type: none"> • The pandemic, lockdown, and virus itself caused panic and a great deal of anxiety among the people of South Africa • Perceptions of gambling circulated debate especially about online gambling, to negative social concerns, cybercrimes, religious objections, immorality, and irrationality
Technological	<ul style="list-style-type: none"> • Utilization of technology for work, education, entertainment, and social interactions increased
Environmental	<ul style="list-style-type: none"> • A majority of the population spent most of their time at home, while many businesses adopted remote working
Legal	<ul style="list-style-type: none"> • The government implemented a lot of regulations and restrictions which included alcohol and cigarette ban, travel ban, curfew, and many other social distancing requirements

The aforementioned PESTEL analysis demonstrates how the COVID-19 pandemic, as a health-related catastrophe, severely impacted the economic aspect and reveals how crises of any kind, whether environmental or humanitarian, have a significant impact on the economy.

2.11.2 The SWOT Analysis

A SWOT analysis evaluates the strengths and weaknesses as well as the opportunities and threats in relation to both internal and external settings (Sammut-Bonnici and Galea, 2015). The SWOT analysis review below provides a general overview of the positives and negatives in order to unpack the impact and implications of the COVID-19 pandemic and lockdown.

Strengths

- The COVID-19 pandemic and lockdown fast-paced technological adoption and usage for many businesses and people in the country
- The government was very quick in the reaction strategy needed for a crisis, such as locking down the country upon threat of the virus spreading, setting appropriate restrictions, and so on even though other interventions were more harsh and risky

Weaknesses

- Due to the lockdown, many businesses were forced to temporarily close or suspend operations, while others had to close permanently because of a lack of customers and income
- The COVID-19 outbreak significantly reduced domestic travel, which caused the tourism business to suffer enormous losses, particularly when travel bans were put in place
- The ban on the sale of alcohol, cigarette, and the curfew measures had a negative effect on land-based businesses (including route operators), which significantly impacted operations, decreased profitability, forced layoffs of staff or reduced employee remuneration, and decreased business activity and spending by customers
- The likelihood of the disease spreading in a second, third, and fourth wave slowed down economic growth
- The economic estimate for the following financial year was in peril due to the expectation that the economy will contract and the GDP will drop

Opportunities

- Remote working had created new opportunities for businesses and employees, making work considerably simpler and contributing to cost savings
- The pandemic sparked a lot of discussion about the potential of remote and online gambling to support the industry's growth and address challenges related to unlawful gambling. Although it is still illegal in South Africa, it was largely recognized as a potential growth prospect for the industry

Threats

- A nationwide lockdown and the recurrence of virus waves posed the biggest threat to the country's healthcare system and all the adverse effects they would have e.g. increased fatalities
- Illegal gambling is another threat to the gambling industry that is the biggest concern because it is growing at a rapid rate and no attempts have been made to measure and quantify its impact. With the COVID-19 pandemic and lockdown, it has been reported that there have been a lot more illegal internet cafes, online gambling, and international gambling sites than the industry is aware of. This accounts for a lot of revenue, that the industry is losing
- In addition to the effects of the COVID-19 pandemic, Kwa-Zulu Natal has experienced violent riots marked by rampant theft, wilful damage, and burning of property and infrastructure, which have cost the KZN GDP billions of Rands. The two cities most devastated by this disturbance were Durban and Pietermaritzburg, where property damage totalled 20 billion Rands and around 40 000 enterprises were disrupted (KwaZulu-Natal Gaming and Betting Board, 2021). The business community stated that the cost to the economy will result in many employment being in danger due to such activities and crises (natural or man-made) because they disrupted economic activity
- The floods experienced in KZN and some parts of the country are a threat not related to COVID-19 which harmed many businesses and the economy. Due to their frequency in KZN, they remain a challenge for many businesses and households and will continue to bring many challenges to the gambling sector especially the LPM sector as it remains a land-based and physical interaction-based activity

The SWOT analysis above indicates how the COVID-19 pandemic exposed the country's weaknesses and increased risks due to a lack of strengths and limited opportunities in the region.

2.12 Gambling Global Trends

Technology advances quickly and South Africa will begin to feel the pressure from the global development of the gambling sector. Gambling and the provision of gambling are being done more and more electronically through digital platforms (Financial Intelligence Centre, 2022). In addition to the increasing regulatory and monitoring hurdles, this also raises new ethical considerations as these innovations challenge traditional ways of doing business. Since the COVID-19 pandemic hit the world, more and more businesses have adapted to the hybrid work environment, which has shown to be more productive and efficient than traditional office settings (Chucks, Masuku, and Jili, 2021). The gambling industry in South Africa, and specifically KwaZulu-Natal, relies mostly on traditional office-based labour, which is why the COVID-19 pandemic and lockdown had a significant impact on it. The route operators in KZN made efforts to adjust to remote working but have not fully embraced it post-lockdown and could be highly affected by another pandemic if it were to hit the world again. Furthermore, high-tech companies have also been developing solutions for remote monitoring to help organizations operate more effectively (Adams and Gastrow, 2020). This is because remote monitoring provides a wide range of opportunities and may save money, time, and resources. Route operators have not fully embraced these developments in KZN.

Route operators also need to understand that the scale of globalization and digitization is influenced not only by people but also by the environment and external forces like the COVID-19 pandemic. Failure to adapt could jeopardize their business models and, as a result, market positioning. Therefore, it's critical to remain at the forefront of global trends, demand and supply developments, as well as competitor activities.

2.13 Market Opportunities

It has been argued that the rise of route operators will largely be influenced by four key factors: legislation, human capital, processes, and information and technology (IT) (Adams and Gastrow, 2020). Route operators may have successful operations and promising development if these components work well together.

2.13.1 Legislation

The cornerstone of the gambling industry has been legislation and regulation ever since gambling was declared legal in South Africa. Some laws and regulations need to be updated as times change in order to remain relevant. Because of COVID-19, online gambling and illegal gambling have been subjects of discussion that the authorities need to revisit, review, and revise in terms of the law. This is because the law needs to permit industrial expansion in order to support the development of all parties concerned. The South African legal system has come under fire from scholars and industry experts for being tardy and largely reactive to issues that affect the gambling sector, such as illegal and online gambling (Chucks, Masuku, and Jili, 2021). As times change, there is a need for adaptive governance and regulation to address gambling-related issues.

2.13.2 Human Capital

Human capital refers to the abilities, expertise, and experience that an individual holds when measured in terms of their value or expense to a business (International Labour Organization, 2022). Companies have realized the value of acquiring and retaining the best human capital for the long-term productivity and profitability of the business. But crises like the COVID-19 pandemic and lockdown affected the labour market as more jobs were under threat and other companies had to temporarily lay off and/or retrench workers. In the fourth quarter of 2021, South Africa's unemployment rate rose to 35.3%, the highest level since 2008 (Trading Economics, 2022). The human capital disruption had a significant impact on operations, which escalates to supply chain, sales, and earnings (Adams and Gastrow, 2020). That is why businesses have to be agile and flexible, embracing their human capital as one of their most significant assets. One must note that for this to be possible labour laws and human resource

policies have to keep up with times and quickly adjust to workplace changes and market dynamics.

2.13.3 Processes

Processes focus on important actions or activities that must be carried out to maintain operational productivity since they significantly enhance the value of an output. They provide a strong emphasis on business excellence and customer-centricity. Route operators have to improve their processes in order to enhance their operational excellence and productivity through customer-centricity and innovative management, marketing, and other systems (Chucks, Masuku, and Jili, 2021).

2.13.4 Information and Technology (IT)

Information and Technology (IT) place a strong emphasis on data solutions and innovation that can revolutionize conventional management and business operations. This is critical because route operators are discovering that traditional expansion strategies are not fully effective, particularly during times of crisis, necessitating them to concentrate on long-term growth and innovation in fields like business automation, electrification, and digitalization (National Gambling Board Research Report, 2020). The Evolution electronic monitoring system and the Smart Device are two examples of smart intelligent solutions that have been introduced and have transformed the business; however, more has to be done.

a) Evolution Electronic Monitoring System

Route operators in KZN are using electronic monitoring system by Route Monitoring called Evolution, an automated smart technology system designed to collect and transfer data in and out of slot machines. The Evolution system conforms to the technical performance standards of the South African Bureau of Standards (SABS) and satisfies the criteria of both national and provincial regulations. The Evolution system provides a real-time online system with offline functionality, player monitoring data with a card-based cashless system, and full administration of all gambling-related assets, venues, licenses, and inspectorate management (Route Monitoring, 2022).

b) Smart Device

To assist site operators with pay-out record keeping and compliance, route operators in KZN utilize electronic computer equipment record-keeping systems called Smart Devices. Instead of physically recording payment records manually, the Smart Device captures and stores the payment information.

2.14 Research and Development (R&D)

Research and Development (R&D) is an information-seeking process that produces fresh knowledge or insights that can be used to develop new technologies, systems, products, or services that may either be employed for internal use or used elsewhere (Chucks, Masuku, and Jili, 2021). R&D is essential in business because it provides vital knowledge about the industry and its competitive environment. In the gambling sector, the NGB is in charge of conducting research to track market developments, economic changes, the national socioeconomic implications of gambling, and so on (The Department of Trade, Industry, and Competition, 2020). There has been a lot of research on the socioeconomic aspect of gambling, but not nearly as much on the legal, technological, or even the challenges that the sector faces such as online and illegal gambling. Because of this, it has been challenging to determine the effects and consequences of illegal and online gambling. It can be argued that in order for the NGB to be more successful and meet its responsibilities, it also has to allow the Provincial Licensing Authorities (PLAs) in different provinces to conduct and report on their R&D to generate market solutions and strategic growth that would be beneficial and effective. In order to better understand gambling-related problems and provide solutions, gaming operators, such as route operators and other suppliers, need to also be involved in R&D. This effort would require funding, necessary resources, and uniform reporting structures.

2.15 Summative Comments

The COVID-19 pandemic and lockdown had a significant negative impact on the gambling industry's capacity to operate and sustain the KZN region's economy. The government imposed several regulations and restrictions on individuals and businesses in an attempt to reduce the number of infections and fatalities, but this made it difficult for many businesses to thrive and operate. The financial strain on businesses further had an impact on people's lives, jobs, and

even purchasing power. Route operators also faced severe financial strains as unemployment rose rapidly and the economy shrank. Online betting experienced increased GGR as many gamblers were able to bet in the comfort of their homes. This sparked discussions about legalizing online gambling to provide every gambling business with a fair chance and opportunity to adapt to the 4IR and possibly survive future pandemics or other crises. However, the NGB has prioritized other issues and online gambling remains illegal in the country.

The KZNGBB has been able to manage gambling in a way that increases tax income, CSIs, creates jobs, and gives previously underprivileged people and businesses more opportunities. The board has been able to provide some much-needed player safety, integrity and fairness through the FIC Act and POPI Act by implementing stringent monitoring and control. But despite all of these accomplishments, additional actions are still required to speed up the board's administration of licensing matters. The NGB needs to prioritize issues concerning the efficient management and closure of illegal gambling establishments; the ongoing revision of legislation; the legalization of an already-existing online gambling platform; and the adoption of technological innovation to make other processes easier to manage. This will call for a broad intervention from the parliament, the Department of Trade Industry and Competition (DTIC), the National Gambling Board, PLAs, route operators, and all the other gambling stakeholders. Additionally, there is a greater need for research and development since the gambling industry has the potential to develop further in order to support the industry's innovation and legislative components. The NGB research and development effort has focused mostly on the socioeconomic component of gambling rather than the legal and technological aspects, necessitating an active approach from PLAs.

2.16 Conclusion

The gambling sector in KZN has been adversely affected by the COVID-19 epidemic and the subsequent nationwide lockdown. Route operators faced severe challenges after being compelled to shut down operations and have to deal with stringent lockdown rules and regulations. Mobility restrictions, the ban on the sale of alcohol and cigarette, as well as the extended curfew hours, create financial pressure on businesses, threatening livelihoods and forcing others to shut down. This had an impact on the demand for gambling, GGR, tax revenues, as well as the tourism industry. The tourism industry which continues to play a vital

role in the economy through increased employment, ongoing capital growth and tax revenue to both the province and the state were also affected. Additionally, illegal gambling continued to be a major challenge that costs the sector revenue every year. The pandemic and lockdown have made it harder for route operators to overcome these challenges and further exacerbated issues concerning illegal gambling, poor administration, legislative and regulatory limitations, and the slow adoption of innovative and modern technology. It highlighted the growing demand in South Africa for online gambling to be legalized due to the disruption of traditional gambling operations, employment risks, as well as low income and spending. This necessitated greater research and development, as well as the participation of all gambling stakeholders in such studies in order to identify problems and shortcomings in the business and develop solutions. Furthermore, there is a need for greater collaboration between national and provincial stakeholders on legislative and regulatory matters in order to assist the industry, especially route operators, to thrive in the face of catastrophic events like unanticipated disasters and pandemics. The NGB, KZNGBB, and route operators need to pay attention to global trends and take advantage of market opportunities. As the world develops, so do the challenges that go along with it. Operational agility, adaptive and proactive governance, and the quick adoption of new business models will help the industry become more sustainable and lucrative. The next chapter will focus on the research methodology with an emphasis on the techniques used for data collection and analysis so to assess the study's credibility and validity by unpacking what was done and how it was done.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

Research is the methodical procedure of gathering and evaluating data with the aim of advancing knowledge about a certain topic. Research methodology addresses the procedure used for data gathering and analysis, in order to measure the validity and reliability of the study. The study focussed on the main challenges that affected route operators in KwaZulu-Natal (KZN) during the COVID-19 pandemic and lockdown, by examining the impact and consequences of the outbreak and regulatory restrictions, as well as the KwaZulu-Natal Gaming and Betting Board (KZNGBB) initiatives and resolution or growth strategies. This chapter examined the theoretical framework that supports the study's contextual relevance. It covers the worldview, research methodologies, samples, and measurements that were employed in the data collection and analysis for the study.

3.2 Post-positivist Worldview

The process of choosing a methodology starts with deciding on the research paradigm that will guide the research. Choosing the research methodology comes after, indicating the processes required to carry out the study. The research paradigm is a philosophy that represents the framework of assumptions and guidelines for the study (Habib, 2020). This study used the postpositivist paradigm, which is based on science and focuses on identifying the factors that affect certain results (Leavy, 2014). According to positivism, learning comes from experiences and is the outcome of comparison or experimentation. The impact and consequences of the COVID-19 pandemic and lockdown were examined in order to produce meaningful results on the key challenges faced by route operators in KZN. The research methodology was then selected based on the post-positivist worldview.

3.3 Research Methodology

Research must be carried out with a clear, well-coordinated, and purposeful approach in order to get the best results. Research is described as the creation of new knowledge or the creative use of knowledge already known to develop new concepts, theories, and understandings (Kabir, 2016). This could entail combining and evaluating new outcomes or prior research in such a way as to yield unique and cutting-edge findings. Research methodology refers to the precise procedures or techniques used to locate, organize and select information on a topic for the assessment of the study's overall validity and reliability (Panday and Panday, 2015). It explains what was done and how it was done to arrive at the conclusions and results. The qualitative research methodology was chosen, as the most appropriate research method for this study. Qualitative research was the suitable research methodology because it is an educational research that answers the research questions and facilitates a greater knowledge of events, experiences, and context (Leavy, 2014). The study attempted to use perception, experiences, and knowledge of the COVID-19 pandemic and lockdown to unpack the challenges faced by route operators in KZN.

3.3.1 Qualitative Research Method

A qualitative research method is a useful instrument to examine ideas and knowledge of a given context. It is a social science study that investigates particular individuals, events, or locations in order to learn more about them and make conclusions from the facts that further knowledge of social life (Panday and Panday, 2015). Its goal is to provide a complete understanding of actions, feelings, ideas, experiences, and events. The comparison approach, focus groups, literary studies, narrative analysis, case studies, open-ended interviews, observations, counselling, theory analysis, historical research, and other techniques are some of the methodologies used in qualitative research (Haradhan, 2018). This study employs a qualitative research methodology in a post-positivist worldview in order to identify and comprehend the challenges of the COVID-19 pandemic and the lockdown in the gambling sector using a case study of route operators in KZN.

3.3.2 Case Study Research

A case study is a detailed, methodical analysis of a person, organization, unit, community, area, or event to learn more about a particular subject. Haradhan (2018), defines a case study as a comprehensive analysis of the complexities and distinctiveness of a specific initiative, programme, system, policy, or organization. A case study can be utilized to develop an in-depth, broad overview of a complex topic in its actual setting (Leavy, 2014; Qeke & Dubihlela, 2018). It sheds light on the subject's all-encompassing nature and presents an insightful approach. In this regard, the challenges brought by the COVID-19 pandemic and lockdown were studied using the case study of the KZNGBB route operators in KZN. This was accomplished through the use of a retrospective case study, a type of case study that gathers information on any former occurrence by employing a specific research design to study individuals, a situation, a phenomenon, or an event in its historical context (Panday and Panday, 2015).

3.4 Research Design

A research design is a blueprint or strategy for a study that serves as a direction for data collection and analysis (Panday and Panday, 2015). It is a process that has been followed to finish the research, as discussed below. The design of a study is determined by the research objective, and the design process also indicates which instruments should be employed and how. This includes the kind of research data to be used, the data collection process, the sample, and data analysis as indicated below.

3.5 Research Data

Research data is an essential part of every research effort; and it's any information that has been used, acquired, developed, or produced to confirm original study findings (Panday and Panday, 2015). There are mainly two types of data that may be used in research: primary and secondary data. Secondary data is information that has already been obtained by other individuals or organizations and is easily accessible and documented; while primary data is material that the researcher has gathered by examining first-hand sources (Kabir, 2016). In this study, both primary and secondary data were employed from the data collection methods used.

3.6 Data Collection

The gathering of data is a crucial component of every research project because it enables the researcher to draw conclusions based on the information at hand and determine the usefulness of the data for advancing the research. Data collection's primary goal is to obtain information in a planned and methodical way so that data analysis and accuracy may be accomplished (Leavy, 2014). Since the information will be utilized for data analysis, it is better if it is of high quality. A variety of methods are used to gather data, including surveys, interviews, observational techniques, and more (Panday and Panday, 2015). However, in qualitative research, data collection tools include interviews (individual or group), observations, and textual or visual analysis (Kabir, 2016). Therefore, interviews, observations, and literature documents are the data collection methods used in the study from a sample to determine and understand the challenges faced by the route operators as a result of the COVID-19 pandemic and the lockdown in KZN.

3.7 Sample

A sample is a small group of data that a researcher studies or chooses from a broader set using a predetermined selection process (Leavy, 2014). The study included a combination of simple random sampling and purposive sampling in order to prevent bias and obtain high-quality information from knowledgeable gambling professionals and experts based on the sample location.

3.7.1 Sample Location

The first chapter explained that research is conducted, observed, and gathered in a sample location (Leavy, 2014). The study's sample location is the KwaZulu- Natal Gaming and Betting Board (KZNGBB), which has offices in Pietermaritzburg and Durban. The KZNGBB is the primary Provincial Legislation Authority (PLA) in KZN that works under the Department of Economic Development, Tourism, and Environmental Affairs (EDTEA), which functions as a gambling governing body. All other gaming stakeholders, including the National Gambling Board (NGB), the KwaZulu-Natal provincial government, route operators, gambling businesses, and suppliers, work in collaboration with the KZNGBB (KwaZulu- Natal Gaming and Betting Board, 2021).

3.7.2 Sample Population

A sample population is a set of individuals from which the results of the study were taken from (Patten and Newhart, 2018). The sample chosen for the study to identify and understand the route operator's challenges presented by the COVID-19 and lockdown in KZN consisted of the twenty KZNGBB executives and/or senior management as well as employees residing in KZN. According to the KwaZulu-Natal Gaming and Betting Board (2021), a total of seventy-three individuals were directly employed by the KwaZulu-Natal Gaming and Betting Board as of the financial year-end 2020/21 report. The sample depicted approximately 50% executive committee members and/or senior management as well as nearly one-third of employees. Division head managers, departmental managers, supervisors, licensing and registration officials, compliance officers, inspectors, and an engineer made up the sample size, which was determined by saturation. Saturation happens when a researcher constantly receives the same themes throughout the interviews or during observations (Charmaz, 2006). It occurs when more individuals are interviewed about a topic, but no new information, findings, interesting ideas, thoughts, opinions, or patterns emerge. Saturation was reached with participant eighteen, however, two more participants were added to for validation purposes.

3.7.3 Sampling Methods

The sampling technique is a deliberate strategy that enables a researcher to gather data from a sample of the population (Leavy, 2014). Interviews, observations, and documents are the types of sampling techniques that were chosen for the study. The findings were compared to ensure accuracy and utilized to establish common themes as discussed below.

a) Interviews

An interview is a qualitative research technique that can provide an in-depth analysis of the study by focusing on gathering data by asking questions (George, 2022). Leavy (2014), defines an interview as a one-on-one discussion between two or more people, usually the interviewer (the researcher) and the interviewee (the respondent). There are different kinds of interviews, and they are frequently distinguished by how structured they are. Structured interviews ask planned questions in a predetermined order; semi-structured interviews lie between structured and unstructured interviews; and unstructured interviews are more spontaneous (George,

2022). Semi-structured interviews were used to collect data as they don't necessitate that the interviewer adheres to a predetermined set of questions; they enable the use of open-ended questions to obtain the respondent's viewpoint and input in their own words as opposed to pre-written replies. Open-ended questions in semi-structured interviews typically provide flexibility and a sense of order while keeping to a predetermined thematic framework (Cassell, Cunliffe, and Grandy, 2018). The face-to-face interviews with KZNGBB employees gave valuable information, opinions, and viewpoints about the challenges of the COVID-19 pandemic and lockdown for route operators in the gambling industry in KZN.

Face-to-Face Interviews

Face-to-face interviews are the most traditional and popular primary research method used in qualitative studies (Cassell, Cunliffe, and Grandy, 2018). These interviews are beneficial for allowing the interviewer to analyze important behavioural and emotional cues, such as uneasiness, stress, passion, enthusiasm, etc., when respondents answer questions (George, 2022). These additional cues are not possible when using any other interviewing techniques. In a face-to-face interview, the interviewer engages with the respondent in person while following a pre-planned interview schedule. The one-on-one virtual interviews were done on Microsoft Teams, a digital platform used for communicating live and in real-time.

b) Observations

An observation is a kind of data collection method that enables researchers to examine individuals in a natural context through the diligent use of all five senses (Leavy, 2014). Through observations, the interviewer can watch the behaviour of the respondents to help qualify and confirm the information supplied. Observations were taken while conducting the interviews, and observation results were written on the schedules and compared with the interview results for validation purposes. Observational research aims to pinpoint a variable or set of variables in a study in order to comprehend behavioural and nonverbal impacts (Creswell and Creswell, 2018). The observation schedule used largely included behavioural analysis, with a short checklist that concentrated on psychological analysis, including the respondents' ability to understand instructions, concentration abilities, and recollection of details.

c) Documents

To help confirm the research findings, documented materials pertinent to the study were used. Literature documents from official sources, including books, journals, organizational reports, news articles, and other sources, were utilized as scientific data (Grant, 2019). The documentary proof was used to support the accuracy of data gathered through interviews and observations. The research used a variety of sources, including integrated reports, statistics, gambling publications, and media articles from both the KZNGBB and the internet. These materials, which are regarded as secondary data, gave the research vital information.

3.8 Data Analysis

Data analysis is the process of converting raw data from respondents' verbal and written responses into textual or graphic representations of the subject (Leavy, 2014). It entails the purposeful use of reasoning and/or measures to evaluate, justify, support, and integrate data. According to Kabir (2016), the data analysis process involves classifying, categorizing, coding, and tabulation data into groups or subcategories based on similarities or affinities. The objective is to analyze data to identify patterns and solutions that resolve the research problem(s). Therefore, the information received from interviews and observations was divided into themes utilizing the coding technique in order to analyze the data. The material was divided into codes and then organized into pertinent topics using a technique called thematic coding, which simplifies the text by identifying comparable patterns (Grant, 2019). Thus, the challenges posed by the COVID-19 pandemic and the lockdown for route operators in KZN were detected by the same themes. During the analytical phase, relationships of variables showing similarities or differences were explored using relevance testing in order to determine what valid data may be considered to indicate the findings.

3.8.1 Transcription of Data

Transcribing is a process for transforming unprocessed data gathered from participants' written and verbal answers into a textual or graphic representation (Grant, 2019). It is important to transcribe research data in a methodical manner so that its simple to categorize, classify, and analyze. The researcher used the Microsoft Teams Transcription application to convert the audio recordings from the interviews into transcripts that were typed word by word so that the

data could be analysed in text form. The researcher also edited those transcripts, which were obtained through interviews with KZNGBB employees.

3.8.2 Data Editing

For editing purposes, Grammarly, an English language editor, was utilized to detect and correct spelling, and grammar errors, as well as to proofread the whole dissertation. Additionally, the researcher took time to review and correct the errors in the information received in the interview and observation schedules. A thematic analysis of the data was also done for the easy interpretation of responses. Data was also simplified using table representation in order to present the summary of the research findings.

3.9 Reliability and Validity

Reliability and validity are ideas designed to assess the quality of research by examining how consistently and accurately the methodologies measured what was intended. Reliability is measured based on consistency over a number of measurements (Panday and Panday, 2015). Reliability concentrates on the recurrence of outcomes that can be repeated under the same circumstances, whereas validity verifies if the findings actually reflect what they are meant to assess. A measuring tool or instrument is considered to be valid when it measures the expected outcome (Creswell and Creswell, 2018).

The purpose of the study was to ascertain how the COVID-19 pandemic and lockdown have impacted route operators in KZN by identifying and examining the major challenges they have faced and continue to face, what the KZNGBB did and is doing to address and resolve those issues, and the potential solutions and opportunities available to address the impact and difficulties. In order to ensure consistency in the findings, interviews and observation results were compared. Each interview result was compared with its observation result and all respondents' schedules were compared to one another in order to assess the degree of divergent opinions and similarities. In order to validate findings, data from the literature review was used to highlight the commonalities, differences, changes, and developments on the subject.

Therefore, the research's results were considered carefully due to a variety of factors that could impair the empirical reliability and validity of the data as indicated below:

a) Limited Data Availability

The shortage of data on the topic, particularly with regard to the COVID-19 pandemic and national lockdown challenges, influenced the results. The COVID-19 pandemic and national lockdown is a recent occurrence that is fairly new and may have a lot of literature publication coming out in the future. However, several studies have evaluated this issue quantitatively, but few have attempted to qualitatively assess it, specifically for route operators per province in South Africa. Therefore, the lack of scholarly studies and literature on the challenges faced by route operators in KZN during COVID-19 and lockdown limited the researcher's options.

b) Specialized Study Focus

The study examines the challenges that route operators in KZN experienced as a result of the COVID-19 pandemic and lockdown, primarily for the financial year 2020/21 and thereafter. As a result, the research mainly concentrates on 2019, 2020, and 2021 mostly and pays little attention to the other years.

c) Sample

The study's sample excluded the KZN route operators in question, namely V-Slots and Luck@It under Tsogo Sun as well as Kingdomslots and KZN Slots under Sun International. The focus has been placed on the KZNGBB as their primary PLA regulating and overseeing gambling operations in KZN. This is to eliminate partiality and take into account the study's limited time frame.

3.10 Ethical Consideration

Ethics in research refers to a collection of rules that governs the study methodology and design; and therefore, includes guidelines such as authorized permission, voluntary participation, confidentiality, privacy, and disclosure of results (Leavy, 2014). These ethical considerations must be taken into account by the researcher in order to conduct the study responsibly and professionally. This entails that the researcher should exercise prudence when conducting the research and avoid violating the rights of others. As a result, this study adhered to the research code of ethics of the University of KwaZulu-Natal. In order to uphold the study's ethical standards, the University of KwaZulu-Natal's Ethics Committee was consulted. The committee gave the researcher approval to proceed with the study in the form of an ethical clearance letter. The researcher was also granted permission to conduct the study by the KZNGBB in the form of a Gatekeeper's letter. Additionally, participants were briefed on the study's objectives by the researcher, who also sought their consent to participate. The researcher requested consent from participants to record the interviews for transcription and reference purposes, and they agreed to participate in the study. To prevent personal identification from being disclosed throughout the analysis and writing up of findings, each schedule was given a code, and results were combined and summarised. The respondents' participation in the study was voluntary, and their identities were not disclosed.

When performing the study, the researcher followed the guidelines below:

- Participants were made aware of the research and its goals
- Participants were advised that taking part in the study was entirely voluntary and that they can stop at any moment
- Participants received assurance from the researcher regarding their privacy and identity confidentiality
- Before beginning interviews and observations, participants had to provide verbal approval to take part in the study and give their permission for the interviews to be recorded

3.11 The Limitations of the Study

Conducting research can be challenging and a time-consuming task. Unforeseen circumstances can happen, and the researcher needs to be innovative and improvise without breaching ethical ways and the proposed research conduction. The researcher faced a number of challenges after the KZNGBB granted the researcher permission to do the study in March 2022. The researcher prepared the ethical clearance application and submitted it in April 2022. Because ethical clearance approval is a crucial process when proposing to conduct the study, the researcher had to wait for approval first in order to start the study. The University of KwaZulu-Natal Ethics Committee granted the researcher permission to conduct the study in July 2022. This gave the study a duration of six months to complete. There were unforeseen challenges in getting the KZNGBB employees to avail themselves for the interviews because of their busy work schedules. Further delays and postponement of interviews affected the duration of data collection.

Furthermore, the KZNGBB was unable to provide a punter database for the study. The Protection of Personal Information Act (POPIA), which took effect in June 2021, had made it more challenging to gain information on gambling consumers (KwaZulu-Natal Gaming and Betting Board, 2021). This is also because the Act has a short legal lifespan and some gamblers are private. The statute states that sharing personal information with those who require it is only permitted if the persons involved have consented to it. The KZNGBB does not currently maintain a database of gamblers. Lastly, to maintain measurement consistency, the same interview questions were used for all participants.

3.12 Conclusion

This chapter discussed the theoretical underpinning of the study, including the worldview, research design, and sampling strategy selected. It concentrated on the reasons and the justification for using the post-positivist worldview, qualitative research methodology, and the three sample approaches in order to examine the challenges of the COVID-19 pandemic and national lockdown in the gambling industry using a case study of KZNGBB route operators. The research methodology, the case study approach, the research design, the research data, and the data collection methodologies were all discussed. The study's sampling methods, population, location, and techniques were further addressed in the chapter. The interviews, observations, and literature papers were all relevant data collection tools used for this study and helped the research achieve its main purpose. The analysis of data using thematic coding and comparison and contrast analysis was elaborated. The ethical issues that came up during the administration of the study were explored in great detail, and the explanation of the study's constraints marked the chapter's conclusion. The next chapter will cover the analysis of the study and discuss the findings and results.

CHAPTER 4: RESEARCH ANALYSIS AND RESULTS

4.1 Introduction

The research methodology, data collection, and research design for this study were covered in great length in the preceding chapter. The purpose of this chapter is to present and discuss the qualitative data acquired from interviews and observations with the KZNGBB management and staff. The findings are presented and discussed in greater detail to allow for a thorough literature analysis. This chapter will focus on the sample, common themes, and distinctive themes found in the study.

4.2 Study Sample and Analysis

4.2.1 Sample Participation

The researcher conducted successful interviews while making observations with twenty KZNGBB management and staff. The sample comprised of approximately 50% executive committee members and/or senior management as well as around one-third of employees. Although the sample size for the study was determined by saturation which was reached with participants number eighteen, simple random sampling and purposive sampling were utilised to collect information. As a result, the researcher purposefully targeted the KZNGBB executive committee members and/or senior management including division head managers and departmental managers under the assumption that they have a vast knowledge about the topic and the gambling industry as well as randomly selected KZNGBB employees as they are well knowledgeable about the ins and out of the operations of gambling. The total number of respondents who took part in the study is shown in figure 4.1 below.

Figure 4.1 Participant Classification

Participant Classification	Actual Study Participants
KZNGBB Management	5
KZNGBB Employees	15
Total	20

4.2.2 Participants Expertise

Due to their expertise in the different disciplines, the study's participants as a whole were very knowledgeable about the gambling industry and topic. As shown in figure 4.2, all of the managers had over ten years of experience working for the KZNGBB and/or in the gambling industry. The KZNGBB employees including supervisors, licensing and registration officials, compliance officers, inspectors, and an engineer contributed vastly to the research results below. As a result, the participants' expertise significantly improved the quality of the feedback and findings.

Figure 4.2 Participants' Expertise

Participant's Expertise in the Gambling Sector	Actual Study Participants	0 - 5 Years	5 - 10 Years	10 Years and more
KZNGBB Management	5	0	0	5
KZNGBB Employees	15	2	6	7
Total	20	2	6	12

4.2.3 The KZNGBB Division Representation

To measure how well the relevant departments were represented in the sample, their involvement in the study was recorded. The study comprised of executive management and/or department managers as well as employees from the listed divisions shown in figure 4.3.

Figure 4.3 The KZNGBB Division Representation

Office of the CEO – Communications, Business Development, Planning and Transformation	3
Licensing and Registration	6
Gaming Monitoring and Control	5
Betting Monitoring and Control	4

Legal Service	1
Governance Risk and Compliance	1

4.3 Reliability and Validity

Reliability and validity assessments were done to evaluate the quality of the study by examining how consistently and accurately the methodologies measured what was intended. To gauge the degree of different viewpoints and similarities, the results from interview feedback and observation findings were compared. The common themes and different themes were identified and addressed. Because the study findings below were common, consistent, and expected in the responses given, they were regarded as reliable and valid.

4.4 Study Findings and Discussion

The summary of data interpretation and result analysis are reviewed in this part. In order to highlight the findings from the interview schedule, the researcher found and noted common themes in the interview responses and observations as well as a few differing themes. These themes are listed in figure 4.4 below and discussed further.

4.4.1 Research Common Themes Summary

Figure 4.4 Research Common Themes Summary

Interview Questions	List of Common Themes
1. What is the KZNGBB role?	The KZNGBB was commonly identified as the authorised gambling regulator in KZN.
2. What is the relationship between the KZNGBB and route operators?	A majority of respondents mentioned that the KZNGBB is the PLA and route operators are licensed LPM operators by the KZNGBB that offer LPMs to site operators.

<p>3. How has the COVID-19 pandemic impacted gambling activity in KZN?</p>	<p>There was a strong emphasis that the COVID-19 pandemic impacted gambling activity negatively due to the industrial shutdown of the national route monitoring, which reduced operational capacity and caused further revenue losses, reduced remuneration and layoffs.</p>
<p>4. How have the COVID-19 pandemic and lockdown restrictions impacted gambling for route operators?</p>	<p>Respondents highlighted that:</p> <ul style="list-style-type: none"> • Social distancing reduced the LPM's capacity by approximately half, at gambling venues • The ban on alcohol and cigarette sale at some point limited operations • The curfew drastically reduced trading hours • The virus itself threatened lives, decreasing gambling demand and footfall at gambling venues • Poor economic performance threatened jobs, site owner businesses, and the overall revenue generation
<p>5. What are the prominent issues affecting the four route operators in KZN?</p>	<p>The list of issues largely included:</p> <ul style="list-style-type: none"> • The limited availability of machines to roll out further sites from the board • High competition among route operators • High location saturation • High tax rates for route operators

	<ul style="list-style-type: none"> • The LPMs as the supplementary add-on offering and not the primary offering • Limited black ownership in the industry • Lastly, external forces such as the recent riots and continuous floods in KZN were identified as a challenge for route operators
<p>6. How has the KZNGBB resolved or assisted route operators resolve the challenges? If there are, what strategies have been used?</p>	<p>The study resolutions included the following:</p> <ul style="list-style-type: none"> • The board used its legal resources to interpret and release government circulars so that route operators understood what they were required to do • The board also liaised with the SAPS, so they enforced compliance in the best way possible (not harmful or detrimental to business) • The board further linked route operators with TERS and other COVID-19 relief funding • The board allowed route operators to tap into their guarantees for cash flow • The board relaxed licensing fees during the industrial shutdown of route monitoring • The KZNGBB conducted saturation studies to help its licensing team mark saturated hotspots and flag non-gambling zones

	<ul style="list-style-type: none"> • Lastly, the board had taken the development mandate seriously with initiatives like the Black Industrialization Programme (BIP)
7. What are the advantages for route operators in KZN?	<p>The advantages noted included:</p> <ul style="list-style-type: none"> • The KZNGBB being proactive when dealing with roll-out matters and rolling out fairly amongst the four route operators • The boards' licensing and monitoring teams are very supportive of people that are entering the gambling industry • The KZNGBB uses a GROPS system, an automated system that had sped up licensing operations
8. What are the disadvantages for route operators in KZN?	<ul style="list-style-type: none"> • Illegal gambling was a notable challenge • Route operators often experience rollout delays when there are site objections • Oversaturation of the locations is another concern mentioned because of high competition • Route operators have little control over issues of compliance at their gambling venues.
9. What are the main lessons learned by the KZNGBB in dealing with the COVID-19 pandemic and lockdown?	<ul style="list-style-type: none"> • The board discovered that it was exceptionally agile, in terms of being able to respond swiftly and immediately e.g. working online

	<ul style="list-style-type: none"> • There was a strong emphasis for the legalisation of remote gambling to enable all licenses to offer online gambling to their clients • Betting was noted to have performed well under rigorous lockdown in terms of generating revenue
10. What are your thoughts on illegal gambling?	Illegal gambling was noted to be a great challenge for the gambling industry, as it is growing fast and has not been given much-needed attention or priority.
11. What are your thoughts on online gambling?	Online gambling was highly recommended to be the future that could offer the industry great benefits.
12. Do you think online gambling should be legalised in South Africa? Please support your answer.	Respondents felt the gambling industry is ready for legalized online gambling, therefore strongly believed it should be legalized.
13. What are the possible solutions that can assist route operators to flourish in KZN?	<p>Solutions included:</p> <ul style="list-style-type: none"> • The need for the NGB to approve the second tranche of LPMs so that the KZNGBB can continue its licensing initiatives • Route operators required the freedom to operate where they deem appropriate, profitable and not be restricted much by the law or PLAs • There was a notable need for the revision of gambling laws and

	<p>regulations in order to identify the ones relevant from the outdated ones, and also eliminate unnecessary limitations and red tape</p> <ul style="list-style-type: none"> • There was also a need for more investment in industry development programmes such as the Black Industrialized Programme (BIP) suggested • Additionally, there were mentions of a great need for research and development on gambling to advance the industry with knowledge
<p>14. What are your thoughts on the fourth industrial revolution for the Gambling and Betting sector?</p>	<p>Respondents suggested that route operators may benefit from the Fourth Industrial Revolution (4IR) in terms of player tracking and permitted online gambling. From a regulatory standpoint, they felt it would enable better supervision and greater connectivity.</p>
<p>15. What is the future of the Gambling and Betting sector in KZN?</p>	<p>Online gambling was noted to be a big part of the gambling future. However, there were strong suggestions for the review and renewal of the national gambling policies and legislation.</p>

1. The Role of the KZNGBB

According to the findings, the KZNGBB is responsible for regulating legalized gambling in KZN. The role of the KZNGBB is simply to regulate gambling affairs in KZN, by liaising with different stakeholders, including the NGB and route operators (IU27A15M). Four primary roles were determined from the respondents' explanation as common themes:

a) Licensing Role

The KZNGBB's primary duty is to license gambling operators in KZN. The KZNGBB issues licenses to a number of gambling businesses, including casinos, bookmakers, totalisators, bingo halls, and route or site operators; therefore, the board authorize all permitted gambling in KZN (CJ31N07M). The route operators as gambling operators have a responsibility to supply gambling machines to site operators and that is one of the services they are licensed to do. Site operators are also licensed by the board under their chosen route operators to offer gambling machines to the public for play (KwaZulu-Natal Gaming and Betting Board, 2021). The board's licensing scope is broad and complex and has licensed many site operators under route operators in the LPM sector (WJ91M11M). Therefore, the gambling board's function is to issue licenses to businesses that are operating in the industry in KZN.

b) Compliance and Monitoring Role

The KZNGBB's second function noted is to monitor compliance, firstly with license conditions and secondly, with the applicable laws on gambling. To engage in legalized gambling, route operators and site operators have to obtain gambling licenses, which must be renewed every term when they expire (National Gambling Board, 2021). The license typically has terms and conditions that must be complied with, and the Gaming Monitoring and Control department must make sure that they monitor compliance with those terms and conditions as well as laws such as the Protection of Personal Information Act (POPIA), the Prevention of Organized Crime Act (POCA), the Financial Intelligence Center Act (FICA), and others (QT762B3M). The KZNGBB has appointed and authorized inspectors that monitor compliance in the industry. Route operators and gambling facilities have to abide by all applicable gambling laws and license requirements, and the KZNGBB has inspectors that monitor compliance throughout KZN (WJ91M11M). This involves the legislative and technical governance of gambling. For example, the KZNGBB has to ensure that approved slot machines brought to the gambling

venues are certified by the South African Bureau of Standards (SABS), and have to conduct testing and auditing, levying taxes, fees, and penalties in the event of non-compliance (OP63Q03M). This compliance and monitoring obligation is the responsibility of the KZNGBB.

c) Economic Development and Growth

The third function of the KZNGBB discovered in the study is to ensure that there is economic activity in the province as a result of legalized gambling. The KZNGBB, as a regulator, is required to make sure that its licensees significantly contribute to the economy through taxes and levies, job opportunities, tourism expansion, and even in their CSIs (National Gambling Board, 2021). The KZNGBB's role is also to support the interests of the provincial government by generating significant revenue streams, improving tourism, growing and developing the gambling industry, and promoting a wide range of socioeconomic and job opportunities (OP63Q03M). To develop a gaming and betting industry in the province, the board must ensure that all authorized gambling activities achieve the intended objectives, which include supporting and promoting employment, economic and social development, and tourism growth (KwaZulu-Natal Gaming and Betting Board, 2021). This includes creating opportunities for historically disadvantaged persons to participate in the gambling sector. The board has been very active in promoting opportunities for historically underrepresented individuals and businesses, and as a result, the licensing, compliance and monitoring initiatives include BBBEE terms and conditions that are intended to support and promote such groups and advance the growth of black-owned small businesses (AY49V05M). This is how the KZNGBB ensures that the industry makes a significant contribution to job opportunities, economic growth, and revenue in the province. Gambling used to be the province's second-largest contributor after the transportation industry; this ranking may have changed as a result of the pandemic and lockdown, but it still shows that the gambling business is a significant driver of economic growth and development, especially in KZN (FV00R19M).

d) Protect South African Citizen

The fourth goal of the KZNGBB identified is to protect citizens by limiting the number of operators so that gambling is not widely accessible in communities and preventing gambling from harming families or endangering individuals. Gambling needs to be restricted and controlled otherwise it can cause societal damage and gambling addiction (DV25Z12M). The objective is to allow individuals to gamble consciously and responsibly because it is possible for gambling to develop into an addiction, also known as compulsive gambling (PwC, 2017). As a result, laws are in place, and regulators are responsible for protecting citizens against fraudsters and being victimized. Furthermore, the KZNGBB has to ensure that gambling is not widely available. The KZNGBB is quite stringent when it comes to licensing site operators; therefore, don't approve venues near schools, churches, or other places where minors may easily be exposed to gambling (NL13J20M). The KZNGBB is required to ensure that legalized gambling is carried out ethically and without endangering the welfare of the public (National Gambling Board, 2021). The KZNGBB's responsibility is to make sure that all authorized gambling is carried out in a way that upholds the industry's integrity and doesn't undermine the general public (UR40H21M).

2. The KZNGBB and Route Operators' Relationship

Most responses identified the relationship as a business-related relationship that is professional, and collaborative with synergies from all parties. The KZNGBB and route operators have a professional, supportive, and successful business relationship dating back to 2006 (MK10F01M). Route operators are licensed Limited Payout Machines (LPMs) operators by the KZNGBB, that offer slot machines to site operators (National Gambling Board, 2021). The KZNGBB is a provincial licensing body for gambling and regulation, while route operators are licensed gambling providers who submitted bids and were granted gambling licenses by KZNGBB (AY49V05M). This study examines the four route operators mentioned in the reference, mainly: V-Slots, Luck@It, Kingdomslots, and KZN Slots. The KZNGBB has a good relationship with all four route operators, and there is cooperation and mutual understanding on both sides as they provide gambling service that the board regulate (CJ31N07M). Therefore, the KZNGBB is a regulator of route operators in KZN, and they are the board's licensees. The board then controls what route operators do on gambling matters. The KZNGBB is the only agency authorised by law to issue licenses, monitor compliance and regulate the gambling sector in KZN, route operators understand that and collaborate well (IU27A15M).

3. The Impact of the COVID-19 Pandemic and Lockdown on Gambling Activity

The summative responses focussed on when the country was hit by the COVID-19 pandemic and went on lockdown. When strict regulations and restrictions were imposed on businesses considered non-essential at alert level 5 (South African Government, 2021). These included gambling businesses such as route operators and site operators. The KZNGBB was required to abide by legislative requirements and accepted the National Route Monitoring System's deactivation (MK10F01M). The NGB was forced to temporarily suspend the National Route Monitoring System (NRMS), which is essential to the LPM commercial operations (National Gambling Board, 2021). The National Route Monitoring System, which is licensed by the NGB, is connected to every route operator site (Route Monitoring, 2022). Consequently, route operators could not function without the National Route Monitoring System because it is linked to every route operator site and the overall network. This made it impossible for site and route operators to use LPMs (slot machines). Route operators and the KZNGBB were compelled to suspend route monitoring system operations as there was no other alternative (WJ91M11M). Route operators, site operators, and other gambling businesses were required to cease operations and close. Between March and June 2020, the gambling sector experienced significant financial losses that affected not just businesses or route operators but also employment, customers, and everyone (PA83T16M).

Due to the pandemic and lockdown restrictions, the KZNGBB was required to take action and acknowledge that the NRMS shutdown would coincide with the collapse of the economy. That meant that throughout the period of, March 26, 2020, to June 25, 2022, no income was generated resulting in loss of taxes, job cuts and retrenchments (CJ31N07M). There was a significant decline in revenues because all gambling venues were closed, and without operations, there was no revenue generated. Route operators experienced a decline in revenue when the country was hit by the COVID-19 pandemic and on extended lockdown, and it significantly affected their Gross Gambling Revenue (GGR), taxies and levies and so forth (National Gambling Board, 2020).

4. The Impact of the COVID-19 Pandemic and Lockdown Restrictions on KZN Route Operators

The broad perspectives of the impact were based on the preventative and immunity measures placed by the government on businesses and people to reduce the risk of high infections, which restricted physical interaction and required social distancing, mask use, routine hand washing or sanitizing, etc. Therefore, social distancing for route operators meant they needed to apply it in their offices of operations and at their gambling venues. Social distancing measures were severe for route operators and heavily reduced operational capacity at site operator venues, as a result, a site operator that had 10 machines operating simultaneously before the COVID-19 pandemic would likely have had five or less LPMs during lockdown (NL13J20M). The government further imposed strict regulations and restrictions on the sale of alcohol, cigarettes, curfew hours, and even dining in certain commercial establishments, which brought about a halt to gambling activity in KZN, as it did for most businesses (Kongwa, 2021). Route operators, site operators, and other gambling businesses were obliged to operate at reduced capacity, while some stayed closed, particularly bars, which rely on the sale of alcohol to generate revenue (UR40H21M). Limited trading hours were another notable impact that affects gambling activity. Gambling to a large extent was noted to be a nightlife activity that many gamblers enjoy after work. The introduction of a night curfew, with the earliest starting at 11 pm; meant they needed to close down operations at 10 pm, and that affected their profitability because their clients are people who enjoy nightlife most of the time for a variety of reasons (OP63Q03M). Therefore, the study found that curfews drastically reduced trading hours and revenue generation.

It was further noted that the COVID-19 pandemic created fear and panic as it was a deadly virus that killed many people in South Africa and across the globe. Many gamblers' interest and desire for gambling decreased because physical interaction had the potential of endangering their lives (KW05D14M). Gambling is an entertainment activity and in the face of such a crisis, can become less of a priority. The COVID-19 and lockdown reduced gambling patronage at gambling establishments, forcing some site operators to shut down businesses while others were required to reduce trading hours due to a lack of patrons (SX97M22M). A decrease in consumer demand and income had a negative effect on economic performance which in turn threatened jobs, business survival, and overall revenue generation. This led to a 7.2% decline in the economy in 2020, a rise in the unemployment rate to 32.6% in the first

quarter of 2021, and an increase in inflation to 4.4% in April 2021 (Trading Economics, 2022). The consequences of the COVID-19 pandemic and lockdown resulted in the loss of 1745 jobs in the gambling sector (AY49V05M).

5. The Challenges Affecting Route Operators in KZN

The findings on the challenges affecting route operators in KZN were centred on eight common elements discussed below:

a) Limited Capacity for Roll-out

According to the study, the KZNGBB will likely not have the capacity to roll out any more sites in the near future, and route operators will soon confront this challenge. The NGB have to provide approval for the KZNGBB to issue further licenses from the second tranche because they are almost reaching the capacity of the first tranche which is 4500 LPMs (XS89C02M). This is because the KZNGBB has rolled out almost 4500 LPMs in KZN, which is the capacity they were granted by the NGB; when they get to 4500 LPMs, the board won't be able to carry on up until they get the second tranche approved by the NGB. The KZNGBB applied to the NGB to request the approval of the second tranche but is still awaiting feedback (CJ31N07M). As a result, the KZNGBB won't be able to award licenses when 4500 LPMs have been reached and this is a major concern.

There is a national regulation that allows for the provision of Limited Payout Machines (LPMs) to be split between the provinces. The national gambling policy allowed for the rollout of 50,000 limited pay-out machines in the country (Louw *et al.*, 2013). According to the regulation and study, KZN was given 9000 of the 50 000 LPM machines, which would be distributed in three tranches. The first tranche contains the 4500 LPMs and in order to roll out a second tranche, or an extra 35% of the 9000 LPMs, the KZNGBB must still meet certain requirements. Based on the findings, the KZNGBB applied for the second tranche so that they may continue with their roll-out plans. However, they are facing several issues including having to wait for the NGB to conduct a social economic impact study first. The remaining balance would be the last tranche. The NGB urged the KZNGBB that, as part of their responsibility to protect citizens, they need to conduct a social impact study first to better

understand the social and economic implications of gambling in the KZN region (JF92X08M). The KNGBB is in touch with the NGB regarding the second tranche application, even though it is still unclear when its study is going to be completed and/or when the approval is going to be granted. It was noted that the study would provide motivations for the second tranche approval or to continue pending upon unmet requirements.

The board has currently rolled out more than 4000 LPMs (KwaZulu-Natal Gaming and Betting Board, 2021). The KwaZulu Natal Gambling and Betting Board have already licensed 4474 LPMs and this figure is fairly close to the board's 4500 LPMs capacity (XS89C02M). The number is extremely close to being at capacity by twenty-six, which means that if the board doesn't receive the NGB's permission for the second tranche soon, it could be necessary to limit the number of licenses that can be granted.

b) High Competition

The four route operators in KZN were found to be engaged in high competition. For years, V-Slots, Luck@It, Kingdomslots, and KZN Slots have been vying for the best gambling sites by scouting out and identifying new locations that may emerge into gambling hotspots or those that are located in the same regions as their rivals (MK10F01M). The study found that they have to continuously persuade potential and existing site operators to partner with them in joint ventures, offer them gambling services, and then help them with licensing, compliance, and other matters. Due to the province's oversaturated areas, this turns out to be a challenging endeavour for route operators. Identifying and finding venues with potential LPM success is difficult for route operators, and it can take them some time to pursue and establish trust with the site owners of those venues (GW72U04M). This makes the competition challenging for route operators in KZN even though they have been in business for a long time.

c) Saturation of Locations

Results showed that when route operators intended to expand and establish operations in new locations, it was previously simpler to concentrate on feasible areas, which included all major cities like Durban, Pietermaritzburg, Richards Bay, Margate, etc. Route operators now face difficulties with the expansion endeavour due to area saturation (DV25Z12M). Location saturation in gambling occurs when there are no longer any or very few venues available for gambling establishments because a particular location or area has been totally occupied by gambling operations or activities (National Gambling Board, 2020). Due to challenges of locational saturation, route operators are now seeking rival sites; and this is referred to as competitor conversion. Competitive conversion occurs when one route operator attempts to acquire a site(s) from another route operator (Louw *et al.*, 2013). Geographical saturation has been said to increase rivalry among route operators, making it challenging to identify attractive sites with LPM and/or revenue potential.

d) High Taxation

High taxation was another challenge noted in the study to create taxation discrepancies among gambling operators. Route operators pay high tax costs of 15%, compared to other licensees under the KNGBB, who pay taxes between 3% and 10% depending on revenue (OP63Q03M). According to the study's findings, the justification for such a high tax rate is not stated in law, but comparisons between tax laws and gambling legislation, and conclusions drawn therefrom lead to the assumption that gambling is an activity not fully accepted by society or meant to be highly accessible to the public, which is why it is strictly regulated. Because LPMs vary from for example casinos in that site operators can be found everywhere in residential, townships, and commercial districts, as opposed to casinos, which are only found in certain destination locations; consequently, a high tax could have been imposed on the statute to counterbalance and lessen the motivation for a larger number of LPM businesses (XS89C02M). Some believe that there is an unfair imbalance among gambling operators due to the large taxes imposed on route operators.

e) Supplemental Add Product

Studies found that route operators need to regularly find venues that are profitable and fully operational in their primary line of business as LPMs are a secondary business to existing establishments like restaurants, pubs, and taverns. It is crucial for route operators to source venues that are successful in the initial business as it creates optimism for LPMs' success if they already have a regular clientele that comes in for food, drinks, or entertainment and their financial records indicate positive growth (YF88C09M). However, it was discovered in the study that some of these establishments in the province are either struggling with their primary business or, even if they are successful, they lack the essential legal paperwork for their operations, such as a company certificate, a BEE certificate, or affidavit, a liquor license, etc. Businesses that want to enter the gambling industry but lack the required documentation or are not particularly successful in their core line of business may find it difficult to comply with the legal license and registration requirements (Kongwa, 2021). As a result, placing LPMs becomes a challenge for route operators due to regulatory constraints and the lack of potential LPM growth.

f) Limited Minimum Betting and Maximum Payout

Results revealed that LPMs have a limited minimum betting value which is five Rands that legally restrict the minimum betting value possible on LPMs. It is not possible to bet for more than five Rands when gambling at slot machines (JF92X08M). Furthermore, LPMs have a restricted maximum pay-out value possible to be won when gambling at a route operator venue. As the term, LPMs suggest Limited Payout Machines, slots machines' pay-out is limited to R25 000, which indicates that when one gamble at a route operator on an LPM, they won't be able to win a million that they can win at a casino like Sibaya Casino or Suncoast Casino for example (OP63Q03M). So, there is a limit in terms of what can be won, and there is also a limit in terms of the betting value. These were the measures put in place to discourage excessive gambling because LPMs are readily available at easily accessible venues (Louw *et al.*, 2013). Therefore, route operators are limited by law in this regard and cannot generate money quickly like in casinos where gamblers can offer high bets. This is also a security reason as site venues would be a target for criminal activity or stealing if they were to keep millions of rand as a cash float for pay-out.

g) Limited Black Ownership

It was noted that the LPM sector was originally designated for privately owned companies that are predominantly white-owned. After the NGB had determined that there was limited black ownership in the gambling industry, they strategically mandated gambling businesses including route operators to seek out and recruit black businesses. This initiative was to encourage gambling operators to now identify and target underserved areas like townships and rural areas where these businesses are located and dominant (KwaZulu-Natal Gaming and Betting Board, 2020). The KZNGBB is actively reforming and building an inclusive gambling industry by boosting the share of black people (especially black women, youth, and individuals with disabilities, as well as those living in formerly underdeveloped areas) to participate in the gambling industry (whether casinos, LPMs, bingo, bookmakers, manufacturers, suppliers, maintenance providers) (AY49V05M). According to the study, this is done to encourage more black people to hold executive and director positions with the major gambling operators and to foster an environment that enables the entry and sustainability of black-owned businesses into the gambling economy and value chain. However, it was noted that it can be challenging for route operators to find locations and venues that not only comply with gambling regulations but are also black-owned, situated in untapped areas and have the potential to generate revenue for LPMs. For route operators, expanding to previously underserved and undeveloped areas is a challenge, and it can be difficult to find people and businesses that match the BBBEE requirements while still being financially savvy (IU27A15M).

h) External Forces

Findings established other issues that affected route operators which included the 2021 KZN riots and floods that are frequently affecting the KZN province. The riots left some of the site operators' venues burned, broken into and looted, while the floods left them badly damaged (KW05D14M). The riots had a negative economic impact on the province, resulting in an estimated 20 billion loss in GDP and physical damage to 199 gambling sites, which were later able to reopen (KwaZulu-Natal Gaming and Betting Board, 2022). According to reports, the majority of the gambling establishments affected by the riots and floods were able to resume operations with the help of various insurance, but they experienced business disruptions and incurred financial losses. It was challenging for all gambling businesses, including route operators and other site operators, to recover after the calamities of the COVID-19 pandemic

and lockdown, the economic effects of the unrest in July 2021, and the floods in April 2022 (AY49V05M).

6. The KZNGBB Interventions During COVID-19 Pandemic and Lockdown

The study revealed that the KZNGBB supported route operators during the COVID-19 pandemic and the lockdown as they had continuous engagements, in order to prevent them from entirely losing business, employment, and running out of funds. When the government released the regulation or new ministerial directions, the KZNGBB used its legal team and resources to interpret them and release circulars for the licensees to inform them of what is it that they are required to do (OP63Q03M). Because the government was responding to the current state of the virus at the time which was highly unpredictable and the virus changed its variants; a lot of regulations and circulars were communicated and gazetted for the public and businesses to adhere to them (South African Corona Virus, 2020). Regulations and circulars came out often, which was perplexing at times, as a result, the KZNGBB made it easier for route operators to understand, comply and keep up with them (AY49V05M). Secondly, lockdown regulations were enforced by the SAPS. The KZNGBB would liaise with the police officers at the high level to indicate to them, how different the industry is compared to other businesses; so that when they enforce compliance, they know what is the best way possible to enforce compliance (not in a harmful way, detrimental to business) (MK10F01M). These interventions were necessary to reduce the chaotic measures of compliance done by the SAPS and military at some point, as witnessed with other businesses.

The board further assisted route operators by linking them with financing sources such as Unemployment Insurance Fund (UIF) and other COVID-19 relief funding available to businesses, so they could retain jobs and sustain their businesses. During the COVID-19 pandemic and lockdown, many jobs were at risk, especially for companies that couldn't operate to make a profit, like route operators at some point (QT762B3M). This placed many jobs in danger, even though route operators are substantial businesses with considerable capital reserves. Route operators have capital reserves that are meant to cover future costs or to balance any capital losses they may incur, but they were not enough to keep all of the employees, particularly during the unexpected prolonged closure and virus outbreak (Potgieter *et al.*, 2021). Due to the need to lower some salaries, they were able to also get TERS funds and other

funds for site operators as quickly as possible with the help of the board (AY49V05M). Millions of employees received assistance from TERS funds, while other businesses that would have suffered substantial income losses and debt during the pandemic and lockdown received aid under COVID-19 relief funding (National Gambling Board, 2021). As a result, the economy was able to persist given the limited consumer spending, business activity, and investment opportunities.

It was indicated in the study that the KZNGBB permitted route operators to use their cash guarantees to cover their business needs. The board keep what is known as guarantees. The KZNGBB has set in place these guarantees, which work similarly to bank guarantees, in case a route operator fails and is unable to fulfil its gambling obligation(s) (KwaZulu-Natal Gaming and Betting Board, 2021). Depending on each route operator's financial conditions at the time of the COVID-19 pandemic and lockdown, the KZNGBB provided route operators with a share of those guarantees in order to keep operations going and keep the jobs that they already had at the time (SX97M22M). Additionally, the study found that when the NGB suspended national route monitoring operations, the KZNGBB made a decision to relax some of its licensees' fees in order to help route operators improve their cash flow. Because route operators were not operational or making money during the closure period of March 26, 2020, to June 25, 2020, the KZNGBB loosened several regulations regarding licensing fees (MK10F01M). The board did not believe that route operators should be required to pay license costs when they were not operating at the time.

The KZNGBB Interventions and Initiatives

a) Saturation Study

The study discovered that route operators are supposed to provide financial and social-economic reports for the sites they present to the board for licensing. Information from the financial and social-economic study is essential for calculating the economic effects of gambling operations, including costs and benefits as well as the potential growth of site operators and employment possibilities (OP63Q03M). The KZNGBB opted to undertake its own saturation study as a strategic intervention to help minimize the licensing and registration of unprofitable site operators with low gambling potential who close down their gambling

activities after a short lifespan. The KZNGBB made a decision to conduct saturation studies to help its licensing team mark saturated hotspots and flag non-gambling zone etc (XS89C02M).

This saturation study is the first one done by the KZNGBB and is meant to support its licensing initiatives. The saturation study serves as a strategic foundation for the board's gambling operations and assists in understanding the current levels of saturation and potential development areas (Casino Association of South Africa, 2019). The applicants including route operators are supposed to do their own studies as well in order to indicate why they believe the sites they want the board to license would be successful in those areas (CJ31N07M). So, if there's an application, the route operators should support the application with a motivation that its venue would be a successful site operator. According to the KZNGBB, this province-wide study is quite detailed and useful to their licensing and registration department when operators bring applications, they use it to check whether the venues are in flagged areas or not and decide. The study assists the board in making judgments regarding the best location for possible gambling establishments, determining whether to relocate premises, understanding the socioeconomic effects of licensed establishments, and directing private sector investment (KwaZulu-Natal Gaming and Betting Board, 2019). If they don't believe it's a suitable venue or suitable place to operate, then they would not issue a license. The saturation study by the board considered broad factors including location factors such as purchasing power, source of income, the total number of people in certain areas, their ages, their earnings and so on (XS89C02M). The respondents gave the KZNGBB's saturation study high remarks, highlighting its significant contribution to the board's licensing and registration activities.

b) The Black Industrialisation Programme (BIP)

It was revealed that the board had made contributions towards new development through the Black Industrialised Programme (BIP). The BIP is a strategic venture by the KZNGBB that aims to bring value to the industry. It seeks to revive the economy by promoting job opportunities, Black Economic Empowerment (BEE), gambling development and new businesses in KZN (KwaZulu-Natal Gaming and Betting Board, 2021). This is because the majority of gambling products in South Africa, especially the pricey slot machines, are produced and purchased from foreign firms, rather than circulating money within the province or country. The BIP had been established to correct that by promoting the creation of new

businesses, new opportunities and new development in the gambling industry like manufacturing opportunities of slot machines, software, hardware, IT and so on within the country if not KZN (MK10F01M). There is a current total investment of 603 million rands in the program that will enhance value chain and manufacturing initiatives within the gambling industry in KZN, supporting 437 jobs in the process (KwaZulu-Natal Gaming and Betting Board, 2022).

The BIP was also said to assist previously disadvantaged individuals and businesses by providing them with a platform to attain opportunities in the gambling sector. The Black Industrialist Project and Transformation Fund have increased the number of black individuals that have benefited financially from owning both new and existing gambling businesses as well as businesses that are related to gambling (AY49V05M). The study found that the KZNGBB has helped several businesses under the Black Industrialised Programme using all their available products, services, and resources including supporting those businesses in obtaining gambling licenses, meeting regulatory standards, and acquiring funding through the appropriate channels etc. The KZNGBB has recently assisted a security and ICCTV supplier who specialized in providing ICCTVs for gambling venues (SX97M22M). The KZNGBB is driving and catalysing the value chain of gambling in the province through the BIP.

7. The Advantages of KZN Route Operators

The study identified several advantages for route operators in KZN listed below:

a) Fair and Equal Licensing and Roll-out of Gambling Venues

It was highlighted that route operators have a proactive board that handles roll-out matters equitably. The emphasis behind this was that the KZNGBB conducts the roll-out of gambling sites fairly amongst all four route operators and they also balance the granting of gambling licenses. The KZNGBB roll out sites operators in batches, for example, if they are doing a batch on the south coast of KZN, the board would communicate with all four route operators and provide them with the same time frames, and also a fair opportunity to bring business to the board (MK10F01M). However, there was a notion that the board has to ensure to keep all gambling establishments and/or activities as far away as possible from churches, places of

worship, schools etc. This is because the gambling legislation in South Africa mandates that licensees be as far away from educational institutions, houses of worship, and other sensitive areas as feasible in order to safeguard communities (Roberts, 2011).

Additionally, there was a perception that the KZNGBB rolls out quicker than other PLAs in the country, although this was not adequately supported by data or any evidence. The KZNGBB is one of the best provincial regulators in the country and one of the fastest when it comes to licensing and rolling out gambling venues (YF88C09M). The motivations for the board's proactive approach were based on the saturation study discussed above that the KZNGBB compiled to support its licensing division as well as the GROPS system discussed below. The board conducted the saturation studies, to fast pace the registration and licensing initiatives so to roll out sites quicker and also limit taking route operator businesses to areas that they consider won't succeed financially, from a revenue perspective (XS89C02M). The emphasis was that the KZNGBB supports route operators by ensuring that they frequently allow them to operate in locations with possible profit potential and often approve gambling venues and locations that they desire.

b) The KZNGBB GROPS System

The board have also adopted a GROPS system, an automated system to improve its manual operational processes. The board implemented the GROPS system in the 2018/19 financial year to increase operational effectiveness, particularly in licensing-related areas (KwaZulu-Natal Gaming and Betting Board, 2018). The entity's activities need a significant amount of labour, and from an operational standpoint, more licensees mean more audits and monitoring, which raises operational expenses. Previously, the KZNGBB used to have a time-consuming manual application process, as a result, applicants would need to complete a substantial amount of paperwork and deliver all of it to the gambling board (KW05D14M). The licensing team use to review a lot of documents to check if they are valid, confirm if payment processes were aligned and had to be aligned with a different business unit and so on (YF88C09M). Since the system is now automated, it is said that the workflow has sped up and become considerably much quicker than before.

c) KwaZulu-Natal Prosperous Business Environment

The study further identified that route operators in KZN have a prosperous business environment that enables them to generate revenue. It was revealed that route operators have the market and competitive advantage needed to succeed financially. Contrary to other gambling businesses, such as casinos, which are limited to one location, route operators can spread their machines across a variety of licensed venues (e.g. restaurants, hotels, taverns etc) in KZN, as a result, their investment is more diversified and they do not require a large number of employees to run their business (CJ31N07M). It was highlighted that, in comparison to casinos, route operators have more location flexibility as well as fewer responsibilities or obligations; as they are not required to own the land or property for their gambling facilities; do not require a large workforce; and are not subject to significant regulatory requirements. There is a route operator here in KZN, that has been speculated to outperform about two casinos in terms of revenue, however, when one investigates the commitments for route operators compared to other licensees such as the casinos, for example, they don't match (OP63Q03M).

Route operators usually have an administrative office to run the operation because their gambling venues are housed at site operator venues, and therefore, they are not required to do major compliance measures that normally exist at the casinos. Route operators are responsible for providing and maintaining the machines, maintaining their gambling venues, marketing gambling legally (e.g. through promotions) and collecting revenue from site operators (IU27A15M). However, a lot of compliance issues or matters are sitting on the site operators. Site operators are often required to provide a gambling space or property, maintain security and surveillance, conduct annual audits, produce audited annual financial statements every year and deal with compliance matters (MK10F01M). Site operators deal with a lot of compliance measures and red tape which is part of the South African regulation. For example, site operators are not allowed to move slots machines from their original location without the board's approval; if they received a license that offers them to operate 5 LPMS, they can't operate four or six machines; it can't be less or more without authorisation from the board (OP63Q03M). These are the issues that site operators face as opposed to route operators, although it must be noted that route operators do assist their site operators in a number of things involving, administration, licensing, compliance, and many other things. Therefore, route operators are benefiting from lesser gambling administration, operations and management involvement and have a prosperous business environment.

d) KZNGBB Teams Support New Businesses

The study also revealed the ways in which the KZNGBB employees support people and new businesses entering the gambling industry by giving them a fair chance and by supplying them with information using their extensive knowledge, skills and expertise. The KZNGBB staff is highly skilled, trained and experienced when it comes to dealing with new businesses and business owners entering the industry (SX97M22M). Information was identified to be the main obstacle that makes or breaks new businesses and individuals entering the gambling market, and the study found appraisals for the KZNGBB staff as well-equipped when dealing with such matters. The KZNGBB staff is aware that the people that are sometimes getting gambling licenses are people that don't have a lot of business acumen and have no prior business or industry expertise, therefore they offer them helpful information and support to make sure that they can become compliant and successful (XS89C02M). This highlights how the KZNGBB personnel are supportive and helpful to newcomers in the sector.

8. The Disadvantages of KZN Route Operators

The study noted several disadvantages; however, the following are the most prevalent ones:

a) Illegal Gambling

Illegal gambling was identified to be a great concern that is taking away from gambling businesses. Route operators are always dealing with the consequences of unauthorized operators taking away revenue without contributing to the economy (AY49V05M). From a business perspective, the route operators are paying licencing fees, taxes and levies, running operations, contributing toward CSIs, creating job opportunities, and so forth; however, unauthorised gambling businesses are not making any of these contributions (The National Gambling Board of South Africa, 2020). Illegal gambling businesses such as internet cafes, which operate without a license and engage in unauthorized gambling with only a few employees, don't promote anything to advance the economy nor contribute to it (MK10F01M).

Some research participants even mentioned that illegal gambling operations were fraudulent businesses that were depriving the gambling industry of its revenues. These unlawful internet cafes and entertainment lounges encourage criminal activity and defraud legal gambling

establishments and the government as they don't even pay tax to the South African Revenue Services (SARS) or province (IU27A15M). The KZNGBB has been trying to close such businesses in collaboration with the SAPS but the justice system had failed in these attempts (KwaZulu-Natal Gaming and Betting Board, 2021). As a result, route operators, just like other gambling businesses have suffered great losses in terms of revenue and customer to illegal gambling. The gambling industry is threatened by illegal gambling businesses, to the extent that the government and legal operators have lost a lot of revenue in the form of taxes and profits and it's a great concern (AY49V05M).

b) LPM Roll-out Delays

Route operators are said to experience rollout delays when there are objections presented to the board regarding particular sites they have submitted for licensing. In addition to the KZNGBB's licensing responsibilities, the board has to provide a fair hearing each time when there is a complaint or an objection on a specific site (XS89C02M). The KZNGBB need to give all parties involved a chance to come to a public hearing and to be heard with their objection(s). Public hearings have a procedure that must be followed, including making sure that they are advertised, open to the public, accessible to individuals and so on; this process does take time (Louw *et al.*, 2013). In light of this, the licensing procedure may be delayed, and the board has no control over such cases. This becomes a drawback for a route operator looking to grow as well as for site operators eager to host gambling operations.

c) Over-saturation

It was highlighted in the study that route operators need to be very mindful and careful about oversaturation as there is a lot of competition because it's not just their own sector that they're competing with. Route operators are competing with other gambling establishments such as bingo halls, and obviously, they're competing with casinos for the destination, even though it's a different market that the LPM sites are targeting (XS89C02M). Players have a wide variety of alternative gambling options available to them because there are several gambling niches and route operators are competing for a sizable share of the highly competitive and over-saturated market (Carnelley, 2019). Since LPM business operations are currently saturated in the majority of metro regions and established cities like Durban, Pietermaritzburg, Margate, and Richards Bay in KZN, the KZNGBB is now encouraging route operators to expand to

smaller towns and previously underserved areas (QT762B3M). These areas were noted as business-risky and frequently lacked fair prospective development for LPMs, which could be a major hindrance. It is essential that route operators conduct a thorough financial and social-economic analysis before they decide to partner with a site operator because obtaining a license and getting an approved venue ready for gambling activity is not a simple process and it costs time and a lot of money for route operators (GW72U04M). This will enable them to assess the location or venue's potential for LPM growth.

d) Limited Control over Compliance-related Matters

Furthermore, route operators were found to have limited control over compliance-related issues or matters at their gambling venues. Route operators provide and maintain the slot machines at the site operators, who are then able to oversee gambling operations and follow compliance regulations as they see fit (Louw *et al.*, 2013). Site operators are largely accountable for compliance since they must host and control gambling activity (OP63Q03M). Therefore, route operators are not constantly on-site for monitoring and compliance purposes. There have been situations when site operators fail to comply, and when this happens, route operators have no control unless they are informed, and they would then be able to provide some assistance or guidance on the matter (FV00R19M). This presents problems for route operators, particularly when the KZNGBB finds non-compliance issues for which they are aware of the consequences, such as when they find that the site operator has received a fine or even had their activities temporarily suspended.

9. Lessons Learned by the KZNGBB in Dealing with the COVID-19 Pandemic and Lockdown

The following discoveries were common among the responses:

- The board discovered that it was exceptionally agile, in terms of being able to respond swiftly and immediately with working online e.g. holding online meetings and carrying on operating working from home. Except for the monitoring function, the KZNGBB never missed business or stop operations, when the country was on lockdown

(XS89C02M). The board confirmed to be still using technology post-lockdown in efforts to reduce costs and run more effectively.

- During the COVID-19 pandemic and lockdown period, the board also learned that South Africa needs remote gambling to allow its licensees to offer online gambling to their customers. Route operators and other gambling license holders consulted the board requesting permission to operate online during the COVID-19 pandemic and lockdown; however, the KZNGBB was unable to allow it since the South African legislation prohibits it (OP63Q03M). Route operators wanted an alternative solution to their ceased operations so to allow their customers to continue gambling from the comfort of their homes, however, was not permitted. According to the KZNGBB, the debate over remote gambling is taking place at the government level, since it is a national matter rather than a provincial one, nevertheless, online or interactive gambling is still illegal in South Africa.
- Furthermore, it was noted that horse racing and sports betting operators performed very well under strict lockdown since they were able to offer online betting to their customers. As a result, companies such as Hollywoodbets, World Sports Betting, Marshalls World of Sports and others horse racing operators benefited during the COVID-19 pandemic and lockdown because they are permitted to offer online betting (FV00R19M). The horse racing and sports betting industry produced the largest income in GGR and taxes collected during the COVID-19 pandemic and lockdown period (KwaZulu-Natal Gaming and Betting Board, 2021). People were able to open accounts with betting companies, log in, get verified, transfer money into their gambling accounts, and then start gambling; if they win, they were paid immediately and able to transfer money to the bank accounts (MK10F01M). Consequently, those were the businesses that could continue to run operations throughout the strict lockdown and route monitoring shutdown. The board, therefore, felt that the online gambling space is becoming a gambling go-to and the South African legislation needed to permit it.

10. Illegal Gambling

The research found that illegal gambling is a great challenge, not just for route operators only, but the entire gambling industry. The KZNGBB lacks the resources and capacity to address it since they are constrained by the law and lack the authority to raid, detain, and close down such businesses. Although there is some illegal gambling in KZN, the KZNGBB is unfortunately restricted by the law and the inspectors of the boards lack the authority to make convictions and/ or prosecutions (OP63Q03M). It was noted that the majority of illegal gambling in the province is hosted by internet cafés and online platforms rather than standalone slot machines. There are internet cafes that have access to international servers, and they will only allow the people they know to enter and connect to those servers situated in Cypress and they'll play and leave (MK10F01M). The online platform has expanded significantly in the country, particularly from unknown foreign companies (Snail, 2007). The board picked up on a lot of illegal online gambling that was taking place, same as the banning of the sale of tobacco that opened up opportunities for illegal traders during the COVID-19 pandemic and lockdown. It's because we don't have gambling contraventions that prioritize such so that the SAPS can allocate resources to it. Our laws are relatively lax when it comes to prosecuting illegal and online gambling, and there is a lack of appropriate skills and expertise such as engineers and IT experts to deal with such (Louw *et al.*, 2013). The SAPS don't have proper cybercrime units and regulation structures like they do in other countries, and that is where our problem area lies. They've got priority crimes and people stealing money from regulators and the province is not the main concern (XS89C02M). Therefore, illegal gambling is the biggest problem for the gambling industry.

Furthermore, the research found that the challenge with illegal gambling is that the licensed operators do not want their identities to be disclosed when they have made reports of tip-offs. The SAPS don't do much when it comes to illegal gambling and even when they receive information or reports about it they are required to do surveillance first and then when they have evidence they will be able to make an arrest (WJ91M11M). This affects the issues of crime scheduling in the country. If a crime does not come under a certain schedule, it is not considered a priority offence and many illegal gambling cases have been affected by this and consequently delayed as a result (Carnelley, 2019). The anonymous reports and tip-offs don't have much impact, they only help with intelligence, to identify where the hotspots are; however, they don't aid in successful prosecution unless witnesses voluntarily file affidavits

and provide evidence about unlawful gambling (OP63Q03M). Therefore, if no one comes forward or intended to disclose their identity and it's just an anonymous tip-off, then there is a problem there.

11. Online Gambling

There was a notable emphasis on online gambling as a platform that would eventually dominate the industry, given that the rest of the world is affected by it and many respondents thought it will revolutionize the gambling industry in South Africa. They stated that the COVID-19 pandemic and lockdown showed the benefits of online gambling, including its convenience, accessibility, and privacy. The biggest thing about online gambling is that it allows gamblers to play in the privacy of their homes, using their phones and laptops; unlike LPMs which require people to physically go to the gambling facility, touch and feel the machines in order to enjoy gambling (SX97M22M). There were also mentions of people having to work remotely utilizing the internet and conduct their businesses, studies, and even shopping online due to the strict lockdown. Online gambling was therefore motivated by the possibility of supplying route operators with another service and/or alternative to their customers so they wouldn't have to travel to gambling venues or gamble illegally online. If online gambling was allowed, route operators would have been able to operate and generate revenue during the COVID-19 pandemic and lockdown, thereby making contributions to SARS and the province just like how betting did under strict lockdown (ZL70F18M). It was believed that the revenues from online gambling would help route operators thrive since it would help them improve their business model and operations, add value, and support CSIs and employment. If online gambling were to be legalized, it would emerge and would allow the industry to generate more revenue (XS89C02M).

The common model proposed if the government were to permit online gambling, allowed for the current operators to be granted new licenses to operate online gambling as an additional offering, and for economic development purposes, also allow new businesses to be licensed. Allowing current gambling operators to seek new online gambling licenses and potentially allowing a few more interested businesses to operate might work since provincial authorities have experience handling gambling regulation and are well-equipped in licensing, compliance, and monitoring (WJ91M11M). The only challenges noted were associated with technical

control and monitoring of online gambling. On top of the social concerns, the government is also faced with technical challenges related to efficient control and monitoring of online gambling (MK10F01M). These were considered to bear potential risks, causing hesitation and delaying the government's decision to legalize online gambling.

There were recommendations that the South African government needs to acquire a central server to ensure efficient operations for online gambling, after which they would implement the necessary controls and restrictions, much like how banks operate their banking apps. A central platform like that was said to help monitor player activity because there would be traces and databases with the information. Online gambling is constantly gaining popularity because it is so readily available and refined with cutting-edge digital technologies that can customize the interface, predict usage patterns, provide real-time reactions, regulatory oversight and context awareness (Drosatos *et al.*, 2019). If someone is gambling excessively and exhibiting symptoms of compulsive gambling, they can be easily identified, stopped, or prohibited, and given the required support if it is available (XS89C02M). This would aid in information extraction so that the public could be protected. Furthermore, the protection framework for underage children from gambling was mentioned to be possible in collaboration with the Department of Home Affairs in order to place strict protocols for accessing online gambling, just like how banking apps are detecting, verifying information and access. Such collaborations were suggested to further help reduce money laundering activities in the country.

12. Legalising Online Gambling

The study found that there is a widespread perception that the sector is ready for online gambling since the KZNGBB land-based licensees requested it when we had the COVID-19 pandemic and lockdown. Route operators also requested permission to operate online, and the KZNGBB, unfortunately, couldn't allow it because the law doesn't allow it (OP63Q03M). Since the licensees and gambling stakeholders indicated they are ready to develop websites similar to those of betting operators so that they could offer online gambling to their customers; the study found that the board used those motivations to make requests to the DTIC. The KZNGBB wrote the number of motivations to the Minister of Trade and Industry office, to approve online gambling for the duration of the lockdown but were not successful (XS89C02M). The KZNGBB couldn't do anything since online gambling is unregulated and

is a national matter, not a provincial matter. The study found that if legalising online gambling was a provincial matter, the KZNGBB would have resolved it a long time ago. The KZNGBB have communicated on several occasions with the NGB and DTIC to request online gambling but never receive the support (ZL70F18M). It was mentioned that the KZN government, MEC and premier have been supporting the KZNGBB board for online gambling, but unfortunately, it has to be approved on the national level. The KZNGBB is only permitted to license online betting or horse racing; they do not have the authority to approve online gambling.

The debate for and against online gambling is a complex and complicated matter for many states and its decision is dependent on each state's priorities. Online gambling should be reviewed considerably in South Africa, especially after an intense COVID-19 pandemic and lockdown that affected the gambling sector, but unfortunately, the government is averse to regulating online gambling (T762B3M). Some of the primary justifications put forth in parliament for this hesitation included the socioeconomic effects of legalizing it, the effects of deceptive advertising, the lack of an appropriate mechanism to regulate and limit cross-border gambling, and a lack of technological capacity to effectively control and manage it (Louw *et al.*, 2013). It is believed that because it's happening already and illegally; legalising online gambling could help reduce the spread of illegal gambling, especially from the illegal websites currently operational in the country. Once the operations and mechanics of how it all fits together are identified including the measure required to monitor and control it; then it would be easy to reduce illegal gambling on these platforms (MK10F01M).

13. Solutions and Opportunities for Route Operators in KZN

The study identified several solutions; the most popular ones are mentioned below:

- There is a great need for the NGB to approve the second tranche as the KZNGBB is almost reaching the LPM capacity allocated in the first tranche. The NGB needs to provide authorization before the board can release the second batch of LPMs designated to the province (CJ31N07M). This means that the KZNGBB won't be able to licence new site operators when they reach the capacity of the first tranche, up until they are given the go-ahead

- There were recommendations to grant route operators the freedom to operate where they deemed appropriate. Route operators should be permitted to operate anywhere they deem to be economical instead of being limited to certain geographical areas (XS89C02M). In doing so, the market will be able to choose its own numbers rather than having them limited to certain places. This is because if they succeed, then that would be great for business and if they don't succeed, then the market would have determined that they failed. Gambling laws can be quite limiting and restrictive to where route operators should or shouldn't operate (MK10F01M). This proposition, therefore, supports the idea that market forces determine the success and failure rates of route operators. Market dynamics can naturally aid in a company's survival or failure (XS89C02M).
- It was determined that there is too much regulation and red tape, that is limiting the gambling industry and route operators' advancement efforts and strategies. The general feeling is that the right time to remove other restrictions and/or limitations is as soon as possible. The South African gambling laws and regulations need urgent revision and in doing so involve provincial authorities to identify what is relevant and what's outdated (OP63Q03M). Focus areas for legislative review were suggested to be the minimum bet for LPMs, online gambling and taxation. Various gambling taxes imposed on different operators, as well as minimum bet requirements, are illogical and require to be evaluated (FV00R19M). The board is in support of legalized online gambling in the country and believes it's inappropriate for the restrictions that were applicable in 1996 and 2004 to be still applicable in 2022.
- There is also a need to invest more in programmes such as the Black Industrialised Programme (BIP), which focuses on new development, and new opportunities that will bring value to the industry. In South Africa, we are losing money to the overseas companies that manufacture, supply and distribute gambling machines, equipment and other solutions because of the lack of development offered by the BIP (MK10F01M). The BIP was said to revive the economy by creating job opportunities and new businesses in KZN. This is great for growth and gambling stakeholders, including route operators.

- There was a considerable focus on further research and development on gambling in order to help the industry grow and explore new terrain. Innovation and technology are shaping the gambling industry and are an area worth researching which can be used to address issues with legislation, illegal gambling, online gambling, compulsive gambling, and so on (ZL70F18M). The NGB's lack of research and development has received a lot of attention as a critical issue that needs attention. The NGB is unable to fulfil its research mandate, and as a result, the gambling industry is still unable to resolve or implement appropriate remedies for problems with gambling, such as illegal gambling, both nationally and in KZN (GW72U04M).

14. The Fourth Industrial Revolution (4IR)

The study determined that the Fourth Industrial Revolution (4IR) may have had a significant impact on South Africa's gambling industry. Respondents complemented its benefits and focused on legislation and control as technological improvements impact political, social, and legal institutions. The 4IR could be of benefit to land-based gambling establishments including route operators as they can offer their customers easier gambling solutions such as online gambling if they can't go to their venues (GW72U04M). Furthermore, some responses highlighted that the COVID-19 pandemic and lockdown created a great demand for online gambling and route operators needed remote gambling offering to survive. The COVID-19 pandemic revealed the gambling industry's technology and online gambling limitations and highlighted the need to remain at the forefront of technological developments, including the possibility of legalizing online gambling (ZL70F18M).

Furthermore, other respondents felt that the 4IR would be more advantageous from a regulatory standpoint as well. The 4IR will influence the much-needed change in our governmental, social, and judicial systems (OP63Q03M). It was highlighted that it would make it possible for a lot more supervision and connectivity. With technology and possibly online gambling, route operators could have more trace and information about their operations and customers which is great for player tracking, compliance and monitoring, business growth and reporting purposes (XS89C02M). Technology would open up a wide range of options, including enabling smoother inspections and monitoring; also, the LPMs could look and feel different; for example, they might be significantly smaller, process data much more quickly, and be less

bulky and heavy (WJ91M11M). There were suggestions that the sector may be unaware of many more recent advancements and new innovations in the gambling sector worldwide. Due to the intense global competition in technology, there may be many ground-breaking developments taking place that we are not aware of (QT762B3M). But here in South Africa, the notion was on legislation as a hindrance to efficiency because of the limitations it has because it is outdated.

15. The Future of the Gambling and Betting sector in KZN

The study found that respondents strongly sought online gambling as well as innovation and technology as the future of the gambling and betting sector in KZN.

a) Online Gambling

Online gambling was determined by the study to be the future of gambling in the country. It was highlighted that the focus for the sector right now, is to draw lessons from how the COVID-19 outbreak shut down or hurt the industry and identify possibilities that have been presented in terms of perhaps looking at national policy re-development that involves online gambling or any other type of online gambling (MK10F01M). The proposition for online gambling is that it could work if placed in a regulated environment because it's done in other countries. Online gambling is the way of the future since it is already prevalent worldwide, not only in South Africa; however, it will require the right structures and systems in place just like traditional land-based gambling (JF92X08M). The South African legislation is very cautionary due to social responsibility and other factors, and online gambling is still prohibited irrespective of its benefits and/or drawbacks. Online gambling offers several advantages to gamblers since it is convenient, easy to access (via mobile devices and laptops or computers), and doesn't require players to travel to a physical venue; all they need is an internet connection and the desire to wager (KW05D14M). Because of its potential negative effects on compulsive gambling, privacy protection, fraud and money laundering, easy access or access by children, and other issues, the government has been sceptical about online gambling (QT762B3M). Therefore, the study captured a strong plea for the NGB to reduce the 1996 and 2004 legislative red tape and legalise online gambling.

b) Innovation and Technology

Innovation and technology were determined to be the future of the gambling sector in South Africa. The COVID-19 pandemic sparked a global need for technologically based gambling opportunities, including online gambling and other technologically based systems or solutions, in order to enhance not just the gambling experience but also effective monitoring and control (ZL70F18M). This was primarily based on the 4IR's driving forces and the industry's global prominence in technological spheres. The 4IR influences have changed the sector, and there is now greater automation and computer-based technologies as a result of global competitiveness, particularly in technology (GW72U04M). The study found that there is a strong consensus that technology has positively innovated the sector. Technology has revolutionized the gambling market, particularly in terms of the actual products and the consumer experience; most recently, we have witnessed the development of fascinating games and new technologies that make easier tracking, monitoring, and improved gaming experiences possible (WJ91M11M). However, there was a suggestion for greater research and development to help the industry innovate further while addressing technological challenges including compulsive gambling, protecting the privacy of children and users, fraud, and/or cybercrimes. Research and development are required to strengthen interventions against unsafe gambling, protect citizens, and innovate the sector through technology (CJ31N07M). Innovation and technology trends were noted to provide endless opportunities and shape the future of the gambling industry.

4.4.2 Different Research Themes Summary

The study noted that route operators have experienced delays from the KZNGBB when it comes to their licensing applications and approvals. The Gambling Review Commission's study, which was presented to the Minister of Trade and Industry, confirmed that there have been occasions when relations between route operators and the PLAs become tense; and this is mostly because of the delays in the issuance of licenses, which have led to significant financial losses for route operators (Louw *et al.*, 2013). Although the board has argued in the study that they use a GROPS system, which is a fast-paced automated system for their application processes; it doesn't negate the delays and sluggish procedures that have been reported. The GROPS system has improved the KwaZulu-Natal Gaming and Betting Board's licensing applications, processes, and turnaround times (ZL70F18M). They have argued that the cause of the delays is the liaison with the municipalities for things like business licenses

and liquor licenses as well as site objections and public hearings, which is accurate. Automation has undoubtedly sped up processes, but there are still delays when we require paperwork such as liquor licenses from municipal authorities, or when there are objections to a particular location or venue (XS89C02M). However, these administrative issues and procedures continue to be cumbersome, and the delays are often costing route operator's revenue.

The observational analysis of the study further revealed a glaring lack of coordination, clear communication, and consultation between the NGB and KZNGBB. The Gambling Review Commission study noted that PLAs have previously expressed jealousy motivated by guarding their duties lawfully placed in their care over concerns that the NGB may take over those responsibilities and also thought they were more equipped than the NGB to manage gambling regulation (Louw *et al.*, 2013). Even though the National Gambling Act was passed in 1996, it wasn't until 1998 that the NGB started operating. By that point, all PLAs had already been founded and were up and running. The NGB can sometimes interfere with the board's operations and responsibilities as a provincial regulatory body whilst it fails to achieve its mandate which is more supervisory and not hands-on and thereby fail to attend to more serious matters that would elevate the gambling sector (JF92X08M). The NGB has had difficulty carrying out important aspects of its mandate, partly because it is reliant on PLAs cooperation and support, which is sometimes lacking. In many cases, the NGB concentrate on resolving license and compliance issues with the KZNGBB, which is not their primary responsibility, rather than focusing on matters such as illegal gambling, lack of research and development and even online gambling, which are a barrier to industrial expansion (QT762B3M). When there are discrepancies between national and provincial provisions, there have been instances where the NGB has not been helpful to PLAs, and PLAs have tended to fall back on provincial laws (Roberts, 2011). All these have undermined efforts to achieve uniformity and collaboration.

4.5 Result Comments

The results of this study's findings prove that the COVID-19 pandemic and lockdown had an unprecedented effect on the KZN gambling sector and the route operators were severely affected by it. The lack of an option for online gambling decreased their prospects of trying to make income and raised questions about their capacity to thrive should the COVID-19 pandemic and lockdown become more severe and endure for a longer duration of time than what we recently experienced. Would they be able to survive?

The study determined that route operators are sizable companies that, thanks to their substantial capital reserves, have been able to maintain their operations. And for them to keep some jobs, particularly high-level occupations, especially during the lockdown, they had to lower some of their employees' salaries. Even merely to survive through the pandemic era, they had to do a careful balancing act due to the instability and unpredictability of the pandemic and lockdown. Although the KZNGBB supported its licensees and managed to overcome the pandemic's hurdles through interventions, it was noted in the research that several businesses within the gambling industry, including site operators, didn't survive.

4.6 Conclusion

The study found that the COVID-19 pandemic has had a significant negative impact on the gambling sector's capacity to operate and support the local economy in KZN. The suspension of the route monitoring system as a result of government restrictions was disruptive, and the route operators had difficulty generating revenue, paying salaries, and so on. The KZNGBB made efforts to support them through several interventions, however, they needed further cooperation from the NGB, DTIC, government, and parliament in addition to the KZNGBB. Such collaboration could assist the gambling industry, including route operators, to prosper in the future. This chapter presented an analysis and discussion of the findings based on in-depth interviews and observations with the KZNGBB management and staff members. Common themes and different themes were discussed. The concluding ideas and recommendations for the study are presented in the next chapter.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study evaluated the COVID-19 pandemic and lockdown effects on route operators by identifying and analyzing the key issues, what the KZNGBB had done or is doing to address those issues, and explored potential solutions and opportunities that might be available to lessen the impact and difficulties in the future. The preceding chapter covered this in-depth and presented the findings from the data collection process. This section reviews the study objectives because the study aimed to identify, investigate, and comprehend four main research objectives. Additionally, it provides a summary of each chapter and results; offers suggestions and recommendations, as well as study limitations and direction for research.

5.2 Review of Research Objectives

In light of the challenges of the COVID-19 pandemic and lockdown faced by the KZNGBB route operators, interview questions were designed to give a broad overview of what difficulties the four route operators in KZN had to deal with, the parties involved and what was done to manage and sustain the businesses during this difficult period. Furthermore, possible solutions were reviewed to cover the research gap and the study's relevance. The study objectives and questions were established in chapter one as shown in figure 5.1 below.

Figure 5.1 Research Objectives and Research Questions

Research Objectives	Research Questions
1. To determine the impact and consequences of the COVID-19 pandemic and lockdown restrictions on the route operators in the KZN gambling sector	What were the impact and consequences of the COVID-19 pandemic and lockdown restrictions on the route operators in the KZN gambling sector?

2. To examine the main challenges that affected the route operators in KZN during the pandemic and lockdown	What were the main challenges affecting the route operators in KZN during the pandemic and lockdown?
3. To understand the role of the KZNGBB in providing assistance and curbing the challenges	What did the KZNGBB do or is doing to assist the route operators to overcome the challenges?
4. To explore supplementary factors that can be done to manage the challenges affecting the route operators in the KZN gambling sector	What can the KZNGBB do to manage the challenges affecting the route operators in the KZN gambling sector?

1. **Research Objective One:** To determine the impact and consequences of the COVID-19 pandemic and lockdown restrictions on the route operators in the KZN gambling sector.

Research Question One: What were the impact and consequences of the COVID-19 pandemic and lockdown restrictions on the route operators in the KZN gambling sector?

Upon the confirmation of a few cases of COVID-19 patients in the country, the state was quick in declaring a state of emergency and putting the country on lockdown (Potgieter *et al.*, 2021). The literature review confirmed that reduced mobility was an essential component in efforts to curb the spread of the virus. This was the main factor that disrupted business operations, threatening employment, lives and the economy negatively. The study's empirical results showed that the national route monitoring system, an electronic monitoring system for legalized gambling connected to the NGB, PLAs, route operators, and all gambling venues, had to be disabled. The NGB made this decision in response to a government directive to cease operations for businesses that were classified as non-essential during an alert level 5 lockdown. Route operators had to temporarily shut down operations for almost three months from March

26, 2020, to June 25, 2020 (National Gambling Board, 2021). This meant no revenue was generated during this period. When the lockdown was extended later, the study found that those route operators venues had to operate at reduced capacity, due to other regulations affecting the enforcement of the curfew and the prohibition on the sale of alcohol and cigarettes at some point. Some gambling establishments remained un-operational, while others were trading at an estimated 50% reduced capacity due to social distancing restrictions. All of these had an impact on operations, and posed a threat to employment opportunities, investment opportunities, and revenue creation: GGR, tax collected and even CSIs.

2. **Research Objective Two:** To examine the main challenges that affected the route operators in KZN during the pandemic and lockdown.

Research Question Two: What were the main challenges affecting the route operators in KZN during the pandemic and lockdown?

Route operators, like many businesses, had a number of challenges that impede expansion. However, the study found that as a result of the COVID-19 pandemic and lockdown, route operators experienced the following challenges:

a) Illegal Gambling

Illegal gambling is a challenge for the entire gambling industry in the country including the KZN province. It has not been quantified due to the lack of research and priority, particularly from the NGB as the agency in charge of overseeing the sector's national regulation and conducting research. Route operators, just like other gambling businesses were affected by it and have lost revenue as an effect of it. This study discovered that it was anticipated that illegal gambling would increase significantly as a result of the COVID-19 pandemic and lockdown. This is due to social restrictions that forced people to stay at home and forbade them from visiting gambling establishments, as well as the fact that the government and the SAPS couldn't give it priority, especially during the time of crisis (deadly virus). As a result, it is assumed that it may have perpetuated and increased extensively with the limited focus and desperate need for entertainment and income from gamblers. Furthermore, the study found that it's not only the unlicensed LPMs and internet cafes that would have expanded during this time but also online websites.

b) Online Gambling

Online gambling has been reported to have grown tremendously during the COVID-19 pandemic and lockdown period. As the government restricted movement, and social gatherings, and promoted social distancing, a number of people were utilising online platforms. According to Statistics South Africa (2020), a majority of the population with access to the internet was reportedly online and on social media platforms consuming data for a majority of 2020, particularly for work and educational purposes, connectivity and social engagements as well as entertainment purposes. Due to the fear of the virus, as it was considered highly contagious, people isolated themselves from social settings and spent most of their time at home. The number of online gambling companies had been reported to have grown tremendously over a couple of years, especially from overseas businesses (Snail, 2007). There is little literature that has quantified or measured the impact of online gambling as it is still illegal in the country. As a result, online gambling is part of the bigger challenge of illegal gambling that needs special attention from the NGB and government. Route operators and other gambling businesses have been affected by it and will continue if no actions are taken.

There are three key benefits of online gambling that are available to gamblers. Online gambling provides a financial benefit to the player not subjected to the house advantage of a casino or the odds mark-up of bookmakers; players have a chance to win since certain games require skill in making bets and lastly, gamblers can play against actual people rather than pre-programmed computer games with predetermined odds (Raspor *et al.*, 2019). These are the reasons still under review that explain the rising demand for online gambling in the country. However, route operators and PLAs are unable to do anything about online gambling, until the government legalize it. But online gambling has been considered the challenge, which could be the future of gambling just like the 4IR.

c) The Forth Industrial Revolution (4IR) Challenges

The Fourth Industrial Revolution will transform the world with endless opportunities including technological innovation that would come with challenges. According to reports, KZN route operators were impacted by the country's unlawful online gambling during the pandemic and lockdown, while horse racing operators benefited from betting. Respondents in the study mentioned that online gambling is the future of gambling that will be advanced by the 4IR. This is because the 4IR comes with augmented reality and virtual reality technologies that are said to stimulate player experiences, with interactive and live features (The National Gambling Board of South Africa, 2021). However, the gambling industry will face significant challenges from the 4IR and will be forced to respond to it rather than take a proactive approach because of the lack of technological innovation or development in the country, the slow adoption of technologies and strategies used in other countries, and so on.

Furthermore, the 4IR will have a substantial impact on organizational systems and structures, consumer preferences and demand, product and service improvement, and technological innovation (Chucks, Masuku and Jili, 2021). According to predictions made by scholars, the 4IR will bring about a change that is unmatched in size, breadth, and intricacy by anything that has come before it (Adams and Gastrow, 2020). Despite the reality that its exact course is yet unknown; all stakeholders will be involved in the response, which must be substantial and integrated, just like when the COVID-19 pandemic and lockdown hit the world and required a collaborative approach and robust strategy. Artificial intelligence is pervasive and recently, the world has seen some astounding developments due to an exponential surge in processing capacity and the accessibility of data. There have been several virtual technologies and software options, like drones and self-driving cars. These opportunities are limitless, especially now that there are billions of individuals linked via portable devices that have made information access and sharing easy and have extremely fast processing and storage capabilities. As online gambling progresses, significant improvements in the gaming and betting industry are anticipated. This will have an impact on the legal and regulatory aspects of the matter.

d) Regulatory Challenges

The COVID-19 pandemic came and challenged the norm including the country's legislation and regulations. The government implemented the lockdown immediately to contain the spread of the virus, which challenged the country's regulatory framework and priority areas. As times change and new developments arise, more regulations are being challenged to respond to particular situations and matters. The country's gambling laws and regulations are being contested by the aforementioned route operator challenges: illegal gambling, online gambling, and the 4IR challenges. The study found that in order to effectively combat illegal gambling, the country's law enforcement and criminal justice systems would need to give it a top priority and implement the necessary monitoring and regulatory measures. Online gambling would need to be recognised and legalized by legislation because it is currently happening illegally; no one is accountable for it; the government is not profiting from it and the law is failing to address it. Limiting or restricting gambling in this case, is failing to address the detrimental effects of gambling or compulsive gambling since it is pervasive, especially online and illegal, and society is not adequately protected from it. The 4IR is bringing a lot of opportunities together with the challenges of increased compulsive gambling, data access/ privacy concerns, cybercrimes (e.g. fraud and money laundering), unmonitored and unmanaged gambling advertising, minor access and exposure and so on. According to studies, intellectual property regulations will likely face challenges in the near future, especially as technology advances take centre stage (Adams and Gastrow, 2020). All these need regulatory solutions from the national down to the PLAs, route operators and even gamblers to assist all stakeholders involved.

- 3. Research Objective Three:** To understand the role of the KZNGBB in providing assistance and curbing the challenges.

Research Question Three: What did the KZNGBB do or is doing to assist the route operators to overcome the challenges?

The KZNGBB is a regulator of all legal gambling in KZN. It is therefore the authorised agency that regulates, monitors and issues licenses to route operators and their gambling venues (site operators) in KZN. Due to their established working relationship, the KZNGBB and route operators collaborated during the COVID-19 pandemic and lockdown. The KZNGBB assisted

the route operator to comply and abided by the law that the government had passed during the lockdown. The board relaxed licensing fees during the industrial shutdown and allowed route operators to access their cash guarantees so they had some cash flow and were able to retain their employees. The KZNGBB did the interventions necessary to assist route operators to overcome the COVID-19 pandemic and lockdown challenges, including linking route operators with TERS and other COVID-19 relief funding. The only measures they were unable to do were those that were prohibited by the law, such as legalizing online gambling.

4. **Research Objective Four:** To explore supplementary factors that can be done to manage the challenges affecting the route operators in the KZN gambling sector.

Research Question Four: What can the KZNGBB do to manage the challenges affecting the route operators in the KZN gambling sector?

The most frequent and sensible approach found in the study to help route operators survive future occurrences like COVID-19 was to legalize online gambling. There are growing concerns that because online gambling is still prohibited in South Africa, the gambling sector is losing out on potential revenue, especially because it is happening illegally, dominated by out-of-border companies. As a result, PLAs and route operators remained incapable of moving forward from it until the NGB and government take action. The study also discovered that route operators can benefit from technological innovation. In order to take advantage of cutting-edge technologies that make easy monitoring, tracking, problem-solving, etc. possible, they would need to adopt artificial intelligence (AI) involving augmented reality (AR) and virtual reality (VR) in their offering as the 4IR becomes a reality. They would also need to advance their human capital and operations. This means upskilling their workforce as well as investing and embracing internal innovations and technology. The research indicated that in order for any measures to be implemented successfully, gambling legislation and policies must first be reviewed, revised and updated. All of the aforementioned would require intensive and ongoing research and development to support and promote successful strategies and breakthroughs appropriate for the country's gambling status and/or situation. This is because there is a paucity of R&D in the gambling industry, even though it should be a strategic priority for the sector's growth.

5.3 Chapters Overview

This section presents the summary of all chapters and demonstrates how they relate to the study's objectives.

Chapter One

This chapter presented a summary of the research. It contended that the COVID-19 pandemic, nationwide lockdown, and extension of the National State of Disaster had a significant negative impact on the gambling sector and route operators' economic operations in KZN. The research problem highlighted the resulting challenges of the COVID-19 pandemic and lockdown with a particular emphasis on growing illegal gambling which is a major setback that continues to plague the gambling industry. It also emphasized the greater need to legalize online gambling for the industry to survive potential crises or disruptions in the future. The study objectives and questions were formulated in an effort to fill the research gap. Additionally, the study's research methodology, research sample, data collection techniques, ethical issues, and study limitations were explored.

Chapter Two

This chapter provided a review of the relevant literature on the topic. The discussion gave a comprehensive overview of the impact and implications of the COVID-19 pandemic and lockdown in the gambling industry by highlighting the regulation and restrictions imposed by the government on businesses and the people of South Africa. These regulations restricted supply chains, operations, business activity, employment growth, revenue creation, and economic expansion. The overall contribution of the gambling industry towards GGR, tax revenue, tourism, business support, employment opportunities, and CSIs was highlighted. The industry role players in the LPM sector and their functions were mentioned. The US and Australian gambling case study was used to illustrate how the South African gambling sector compares against the rest of the world. The challenges experienced by route operators were discussed according to the theoretical analysis and literature study, along with how the COVID-19 pandemic and lockdown exacerbated them. Global gambling trends and market opportunities were covered, with a focus on how much more industrial research and development is required. Summative comments and conclusions were made.

Chapter Three

The theoretical foundations of the study's contextual application were covered in this chapter. It concentrated on the research viewpoint, research methodology, sampling, and measurements employed in the data collection and analysis stage of the study. It concluded with the ethical considerations and the study's limitations.

Chapter Four

In this chapter, the analysis of the study was provided along with a discussion of the results and conclusions drawn from the sample. Both common and differing research themes were incorporated in the presentation of this qualitative data.

Chapter Five

Chapter five examined the study objectives and provided an overview of the findings as well as a synopsis of each chapter. The chapter concluded with some final remarks and recommendations for further research.

5.4 Summary of the Study

The purpose of this study was to evaluate COVID-19's challenges for the KZNGBB's route operators in the gambling industry. According to the research, route operators faced difficulties due to intense rivalry among themselves, geographical saturation, high tax rates, and the difficulties of the LPM business as an add-on service. Additionally, the sector is plagued by a lack of black ownership, and route operators continuously contend with unforeseen external conditions like the recent riots, floods, and a potential shortage of LPMs licenses to roll out further sites in the future. The study found that the COVID-19 pandemic had adverse effects on gambling activity as a result of the national route monitoring's industrial shutdown, which decreased operational capacity and resulted in further revenue losses. The COVID-19 pandemic's effects and lockdown limitations had a detrimental impact on route operators since social distancing reduced the LPMs' capacity at gambling establishments by an estimated fifty per cent and the prohibition on the sale of alcohol and cigarette at some point restricted operations. The virus itself posed a serious threat to life, and the curfew massively reduce

trading hours, lowering demand for gambling and footfall at gambling venues. The economy's downturn made the situation worse and threatened jobs, businesses, and overall revenue generation.

The KZNGBB made efforts to assist route operators during the pandemic and lockdown. It reduced licensing fees during the industrial shutdown, allowed route operators to access their guarantees for cash flow, provided legal resources to help route operators interpret and release government circulars, coordinated with the SAPS to ensure effective compliance and connected route operators with TERS and other COVID-19 relief funding. The KZNGBB took its responsibility for development seriously with programs like the Black Industrialization and also conducted saturation studies to assist its licensing staff in identifying saturated regions and flagging no-gambling zones. The boards' licensing and oversight staff are also particularly helpful to newcomers to the gambling sector.

The study further discovered that even though the gambling board is proactive and fair when it comes to rollout matters and has been using the GROPS system, an automated system that has sped up licensing activities, route operators still have to contend with rollout delays from the board and when there are site objections. Illegal gambling dominated by internet cafes, unlicensed LPMs and online gambling sites are a big challenge that needs the urgent attention of the NGB as they are perpetuating out of control and taking away from legal gambling companies and stakeholders.

The COVID-19 pandemic and lockdown caused the KZNGBB to learn a number of lessons. The board found that working online allowed it to be exceptionally nimble in terms of being able to react quickly and without many delays. Betting also thrived especially under the strict lockdown and generated a lot of revenue. As a result, the study concluded that South Africa needs remote gambling to allow all licensees to provide online gambling to their customers. This is due to the possibility that improvements in online gambling might be highly beneficial to the industry; thus, it should be legalized since the market is ready for it.

The analysis found the following potential solutions that would help route operators prosper in KZN.

- Route operators should be given the flexibility to operate in locations and/or venues they see fit within their authorised jurisdiction without being constrained by PLAs if they can provide measurable justifications and positive motivations for economic development and ethical conduct
- The second batch of LPMs needs to be approved by the NGB in order for the KZNGBB to continue its licensing operations
- Gambling laws and regulations need to be revised in order to determine what is current and what is out-of-date, as well as to remove unnecessary restrictions and red tape
- More funding is required for gambling initiatives to improve the industrial sector, including the Black Industrialized Programme (BIP)
- Additionally, there is a critical need for gambling research and development to progress the field of study
- There is also a great need for unity and collaboration between the NGB and PLAs to help the industry flourish. This entails intervention and resolution strategies from the DTIC and parliament

The study further explored the fourth industrial revolution and the future of the gambling and betting sector. According to research, route operators may prosper from the Fourth Industrial Revolution (4IR) in terms of player tracking and legal online gambling, from a regulatory perspective, the 4IR would allow for better oversight and more connection. As a result, online gambling is a component of the future of gambling that requires a review of national gambling policy as well as new legislation.

5.5 Study Recommendations

5.5.1 Legislative and Regulatory Revolution

To manage new challenges and incorporate new business models and practices for the gambling industry, the NGB should be able to facilitate legislative reformulation and review more swiftly and efficiently. In terms of South African law, the gambling industry is still stuck in 1996 and 2004. After twenty years, the industry will suffer as it tries to catch up with the

well-established international gambling industry, which is influenced by the ICT sector. There has been a limited revision of gambling laws and regulations over the years, which has not been wholly adequate, because of ongoing conflicts of interest and differences of opinion in government and between the PLAs and the NGB (Louw *et al.*, 2013). Large amounts of revenue would be lost as a result of negligence, poor administration, and slow legislative re-development. It would be even more difficult to estimate the loss given the lack of research and priority on the matter.

The proper laws and regulations first must be in place before any suitable control mechanisms can be put into effect, and this is always a challenging process for each country. Many gambling legislations implemented by different nations cannot be formalized into a unified global legislative framework due to disparate legal theories and socioeconomic circumstances. For instance, several elements influence a government's decision to pass legislation supporting or prohibiting online gambling. These factors, which also include monetary interest (imposed taxes and levies) and sovereignty (the legitimacy and execution of the laws), have contributed to the expansion of online gambling legislation across the world (Snail, 2007). Because of the benefits to the economy, society, and convenience of online gambling, the majority of countries have chosen to regulate it rather than outright outlaw it. Irrespective of such, each country has to continuously develop a moral and workable framework that enables efficient and controllable gambling.

5.5.2 Economic Transformation

Since the gambling sector contributes significantly to employment, CSIs, taxes, and aggregate provincial gambling revenue, it is vital to develop a gambling-related financing strategy for new businesses. There is a need to increase gambling knowledge and education on the ins and outs of the industry, such as gambling laws, codes, and standards, among other things. Due to the low funding for such programs, PLAs, which have a responsibility to provide gambling education and treatment programs, only seemed to contribute to raising awareness and education, which is still insufficient (Louw *et al.*, 2013). In order to increase business owners' enthusiasm for engaging in various parts of change, it is also vital to encourage them to engage in a variety of areas of transformation.

5.5.3 Technological Advancement

To face the problems posed by technology in the gambling industry which is becoming more and more data-intensive, data management capabilities need to be significantly reinforced. Regulators should seek technological solutions to these problems in collaboration with route operators, IT companies and other stakeholders. Digital transformation would need stringent control of the accessibility of online gambling sites, illegal gambling and even gambling addiction (compulsive gambling). This will also require an equipped human capital.

5.5.4 The Forth Industrial Revolution (4IR)

According to the studies conducted on gambling, the influence of the 4IR on the overall sector will become more noticeable as virtual reality and augmented reality become more and more well-liked (Adams and Gastrow, 2020). It is important to maintain a balance between gambling legislation and regulatory options, such as those provided by the 4IR. The Protection of Personal Information Act and the Financial Intelligence Center Act are two legal frameworks that directly address 4IR-related concerns, and the KZNGBB has reinforced synchronization between gambling regulations and these other laws (Adams and Gastrow, 2020). These kinds of initiatives not only safeguard customers and minimize criminal activity, but they also foster competition among route operators, fostering their growth. Institutional collaboration is, therefore, necessary to address the regulatory issues associated with 4IR, particularly from the NGB to collaborate with the Competitions Commission, the South African Bureau of Standards, the Advertising Standards Authority, the South African Reserve Bank, the South African Revenue Service, major banks and so on. This coalition, which needs to transcend all levels of management from the national to the provincial level, may assist route operators and even site operators through difficult legal and operational situations.

- The application of Artificial Intelligence (AI) may be advantageous for data analytics and policy decision-making. Furthermore, although it can pose further privacy and security concerns, the attractiveness of augmented reality (AR) and virtual reality (VR) to customers has the potential to stimulate manageable demand for gambling

- Although the effects of the 4IR on human capital in the gambling industry are still questionable, it is crucial for operators to continually upskill and train their workforce in pertinent skills and competencies to better prepare their assets and infrastructure for future, unforeseeable crises like the COVID-19 pandemic
- It is important to consider conducting more studies in order to create programs that encourage responsible gambling and to comprehend the actual and possible effects of cutting-edge technologies, digitalization, and 4IR on the gambling industry in South Africa

Online gambling is the Fourth Industrial Revolution for the Gambling and Betting sector. The sector needs to embrace what the rest of the world is doing. Land-based LPMs are there, and some people enjoy visiting such venues, to touch, feel and play on the slot machines. However, ICT has taken over the world, and a majority of people are using and enjoying technology. They are banking online, shopping online, communicating online; and therefore, gambling should be available online as well. With a great model and strict controls in place, it's possible as it is done in other counties. The government has been very conservative because of the social issues that we have. A lot of people are either unemployed or living on social grants and the priority has been to protect society. It's a delicate balance between the two, but with the proper structures that identify and verify identities and can be able to prohibit gambling activity if there are no funds available or compulsive gambling behaviour, it's can be regulated.

5.5.5 Online Gambling

Through partnerships with the South African Reserve Bank (SARB), South African Revenue Service (SARS), commercial banks IT companies and internet service providers, many legal, regulatory, financial, privacy and protection of players' concerns for online gambling may be reduced, enhanced and secured. A training program that teaches law enforcement personnel, magistrates, and prosecutors how to handle offences related to gambling has to be devised (Louw *et al.*, 2013). This is due to the importance of gambling regulators in ensuring that our laws are followed, that crime is investigated, and that the law is enforced. The PLAs should be given the responsibility to run the administration, licensing and regulation of online gambling since they have the capacity, resources and structures already in place and in operation. The

NGB as a supervisory regulator would need to continue overseeing the operations and report to the DTIC and parliament. Since the social media space is not properly monitored and regulated; PLAs should be given the responsibility to promote responsible gambling and regulate advertising at all levels and through online platforms. In doing so they would need to collaborate with digital marketing companies, social media companies and gambling businesses utilising advertising and social media. The national and provincial regulators' responsibilities should be clearly defined since they can become the subject of contention. But currently, online gambling is illegal in South Africa, up until that changes, PLAs and route operators cannot do anything.

The same way that casinos and LPM halls were legalised could be the same way online gambling would be legalised in South Africa. Due to a lot of illegal gambling that was happening in the late 1980s, the government in 1996 then decided to allow it (Collins *et al.*, 2011). Online gambling is growing in South Africa, and the government will be forced to do something about it at some point. It has been predicted that gamblers will visit tourism and gambling establishments for free Wi-Fi so they can gamble online using their phones and laptops (Financial Intelligence Centre, 2022). The problem is that there aren't many seats or slot machines available all the time at LPM venues, and online gambling has more opportunities and convenience, which is way better than waiting to play or getting paid for winnings.

Recently, the Democratic Alliance (DA) political party put out a Remote Gambling Bill that, if it succeeds, should push for the regulation and legalization of online gambling in South Africa. A draft bill by Mr Dean Macpherson was published in the Government Gazette for public comment on Friday, September 2, 2022 (Macpherson, 2022). People and organizations have been asked for their input and feedback. According to Macpherson (2022), the South African population has been confronted and engaged in remote and online gambling during the previous ten years; therefore inadequately safeguarded while the rule of law is eroded and criminal conduct is promoted by the failure to regulate remote and online gambling. In addition to that, the bill state that the absence of regulation is costing the public and businesses income and employment opportunities to other gambling-friendly regions.

The proposed bill by Macpherson's offered a number of objectives for the legalisation of remote gambling and highlights the following factors:

- The proposed Bill establishes a legal framework for governing, authorizing, and monitoring all types of remote gambling
- To uphold South Africa's reputation by creating an effective regulatory framework for remote gambling
- Allows the NGB to perform supervisory and monitoring duties while the PLAs regulate remote gambling in their jurisdictions
- To establish consistent rules and regulations that will aid in the responsible expansion of the gambling sector and online gambling
- To ensure the privacy and safety of online gamblers and protect children and vulnerable individuals from any harm associated with online gambling
- To guarantee FICA compliance and limit the use of remote gambling as a vehicle for cybercrime or as a means of fraud and money laundering

The results of the DA's efforts are still to come. However, all of these initiatives demonstrate how much South Africans support the legalization of online and remote gambling.

5.5.6 Research and Development

Illegal gambling requires a great deal of R&D to empower the industry with more information and knowledge on how to best tackle it. Not enough information and knowledge will work against the means and capacity to tackle it properly. There is a great need for the NGB to prioritize it, redevelop laws that will tackle it and allow the SAPS to prioritise it and enforce the law, and then create a proper model and structure from national down to PLAs so there is that collaboration between all stakeholders involved. It is through R&D that proper corrective measures can be established and developed. This involves not just knowledge capacity, but also the technological capacity to trace gambling transactions and see who's operating and who's offering these types of services and then the legal capacity to impose fines, jail time and shut down such operations. Because unlicensed LPMs, internet cafes, and online websites account for the majority of illegal gambling, a comprehensive study of online and illegal gambling is necessary in order to reduce illegal activity, as well as to properly legalize online

gambling and recoup lost revenue. Further research and development would be needed to update various obsolete laws and regulations that are no longer applicable given the state of the gambling business in South Africa. The 4IR has been taken into consideration, and the gambling industry may gain from R&D in order to reap its benefits and prevent falling behind.

5.6 Study Limitations and Direction for Research

This study had significant limitations that were discussed in chapters one and three, but it still provides some recommendations for further research. Due to the lack of previous research studies on this subject, certain findings could not be compared to other discoveries of a similar kind to see whether there were any discrepancies or variances. Because the COVID-19 outbreak and lockdown in South Africa were new, a comprehensive review was challenging. Even though all data was gathered from both primary and secondary sources, the limited literature study and lack of information points specifically related to the subject, limited the analysis's scope and prevented the presentation of comprehensive conclusions. This study identified several potential areas for more research on the topic from a novel angle. In order to provide an expanded comprehension of the findings, a mixed approach is strongly recommendable. Given that crisis happen mostly unexpectedly, it would be interesting to see how the South African government and the whole gambling industry navigate a new calamity (humanitarian or environmental) in future.

Research offers direction, understanding, and advances knowledge since it promotes agility and prevention, which is better than treatment. It is the best instrument needed by the South African government, NGB, provincial gambling authorities, route operators, and other gambling stakeholders; however, the priority areas that need it the most are the South African gambling legislation, online gambling, illegal gambling as well as technological innovation and transformation which can help reform and hone the entire sector. This study was conducted targeting the KZNGBB, therefore there is a need to also target route operators in KZN, site operators, the NGB, punters and other gambling stakeholders involved in the LPM business to cover all angles and gather their perspectives.

5.7 Summative Comments

It became clear that other companies thrived and profited across the globe during the lockdown as a result of the COVID-19 pandemic. These companies employed technological innovation to connect people and manage operations, allowing them to function with employees working from home (Chucks, Masuku and Jili, 2021). In the gambling industry, online gambling gained popularity. Unfortunately, because online gambling is illegal in South Africa, route operators were not able to operate or divert towards the online route and as a result, lost revenues. The COVID-19 pandemic and lockdown demonstrated that the national government and PLAs suffered significant financial losses in the form of taxes paid to the province fiscus and government. This is due to the 2020 industrial shutdown of national route monitoring that suspended all gambling operations in the country. Many firms who used planning and budgeting to anticipate future events and manage business operations found it challenging and nearly impossible to anticipate how severe the COVID-19 and lockdown would be.

There is no doubt that the 4IR will come into full effect in the business world and with unforeseen crises like COVID-19 which have accelerated its pace, the gambling industry will be impacted and affected in future. Regulators, route operators, and all other stakeholders cannot be assisted or sustained by awareness alone; rather, they must embrace and implement relevant innovations and intelligence as soon as possible to better prepare all associates immediately. The adoption of the proper training and skills can aid in preventing significant job losses and the undervaluation of current human capital. Despite suffering significant revenue losses, the gambling industry has consistently displayed massive growth and has managed to survive amid a threatening COVID-19 crisis. However, it is important to note that this industry has already proven itself and so will continue to be unwavering and profitable.

5.8 Conclusion

The challenges faced by route operators in KZN during the COVID-19 outbreak and lockdown were the subject of an extensive literature review and study covering most areas of the LPM industry. Furthermore, the gambling sector in South Africa was examined with an emphasis on the legal framework and economic consequences, especially for both the NGB and KZNGBB. Both the financial data and the pertinent legislation were examined. Face-to-face interviews with KZNGBB employees were conducted in conjunction with observations, to collect exclusive information. Conclusions and recommendations were presented. Therefore, this chapter reviewed the study objectives, gave summaries of each chapter's contents and findings, offered suggestions and recommendations, and discussed the study's limitations and future research directions.

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APPENDIX A: INTERVIEW SCHEDULE

As part of a research study to increase our understanding of how the COVID-19 pandemic and nationwide lockdown impacted or affected the gambling sector in KwaZulu-Natal; we are conducting a research study to precisely understand the challenges of COVID-19 and lockdown for the KwaZulu-Natal Gaming and Betting Boards' route operators (V-Slots, Luck@It, Kingdomslots and KZN Slots). As a professional working in the sector, you are in an ideal position to give us valuable first-hand information from your own viewpoint. We have designed questions below simply to try to capture your thoughts and perspectives on the subject. Your responses to the questions will be kept confidential. Each schedule will be assigned a code to help ensure that personal identifiers are not revealed during the analysis and write-up of findings. There is no compensation for participating in this study. However, your participation will be a valuable addition to the research. If you are willing to participate please provide your details and answer the questions below. Your participation and contribution are highly appreciated. Thank you.

Respondent 1	
Location	
Age	
Gender	
Classification	
Position/Occupation	
Date of Interview	
Time/Duration	

1. What is the KZNGBB role?
2. What is the relationship between the KZNGBB and route operators?
3. How has the COVID-19 pandemic impacted gambling activity in KZN?
4. How have the COVID-19 pandemic and lockdown restrictions impacted gambling for route operators?

5. What are the prominent issues affecting the four route operators in KZN?
6. How has the KZNGBB resolved or assisted route operators resolve the challenges? If there are, what strategies have been used?
7. What are the advantages for route operators in KZN?
8. What are the disadvantages for route operators in KZN?
9. What are the main lessons learned by the KZNGBB in dealing with the COVID-19 pandemic and lockdown?
10. What are your thoughts on illegal gambling?
11. What are your thoughts on online gambling?
12. Do you think online gambling should be legalised in South Africa? Please support your answer.
13. What are the possible solutions that can assist route operators to flourish in KZN?
14. What are your thoughts on the fourth industrial revolution for the Gambling and Betting sector?
15. What is the future of the Gambling and Betting sector in KZN?

APPENDIX B: OBSERVATION SCHEDULE

Respondent 1	
Classification	
Position	
Date of Observation	
Time	

1. Behavioural Analysis:
2. Respondent's interactions with the Researcher:
3. Respondent's response to questions:
4. Summary of strengths/difficulties

CHECKLIST

Criteria	High	Moderate	Low
Respondent concentration skills			
Respondent processing of instructions			
Respondents' recollection of details, concepts and specifics			

APPENDIX C: GATEKEEPER'S LETTER



KZNGBB House, Redlands Estate, 1 George Macfarlane Lane, Pietermaritzburg, 3201 | ☎ +27 (33) 345 2714 📠 +27 (33) 342 7853
22 Dorothy Nyembe Road, 18th Floor Marine Building, Durban, 4001 | ☎ +27 (31) 583 1800 📠 +27 (31) 583 1820

Tholakele Z. Gumede
Registered Masters in Business Administration Student
Graduate School of Business and Leadership

3 March 2022

RE REQUEST TO UNDERTAKE A STUDY PERTAINING TO THE KZN GAMING AND BETTING INDUSTRY

Dear Tholakele

The above matter has reference. The KZN Gaming and Betting Board is the provincial gaming regulator of all legalised gambling which takes place in the province.

Your request to undertake research on the route operator sector is hereby acknowledged. The content of the research proposal has been perused. The topic of your research project as provided by yourself is noted as : "Challenges of COVID-19 in the Gambling Sector: A Case Study of KwaZulu-Natal Gaming and Betting Board Route Operators"

The topic of the research project is suitable. To that end, the request is supported and approved. In an effort to improve the way the organisation operates; research projects are undertaken on a regular basis by the Board. It is therefore hoped that the research outcomes and recommendations would be shared with the KZN Gaming and Betting Board

Please liaise with Manager: Communications: Mrs Clarissa Naidoo via email on naidooc@kznqbb.org.za for the assistance you may require during the research project rollout.

Yours Sincerely

Mr P. N. Baloyi
Chief Executive Officer
Date: 12.07.2022

Dr. SG Ngcobo (Chairperson), Ms MP Myeni (Deputy Chairperson), Adv KP Thango, Prof BS Stobie, Mr LS Gabela, Mrs CN Mhlongo, Ms N Maharaj, Ms SF Mkhize, Mr MGM Zikalala, Ms PN Baloyi (Chief Executive Officer)

APPENDIX D: ETHICAL CLEARANCE CERTIFICATE



13 July 2022

Tholakele Zandile Gumede (211501787)
Grad School of Bus & Leadership
Westville Campus

Dear TZ Gumede,

Protocol reference number: HSSREC/00004247/2022

Project title: Challenges of corona virus disease on the gambling sector: A case study of KwaZulu-Natal Gaming and Betting Board route operators

Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 27 May 2022 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

This approval is valid until 13 July 2023.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,

Professor Dipane Hlalele (Chair)

/dd

Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: hssrec@ukzn.ac.za Website: <http://research.ukzn.ac.za/Research-Ethics>

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INSPIRING GREATNESS

APPENDIX E: TURNITIN REPORT



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ABSTRACT

The gambling industry in South Africa (SA) faces a number of challenges over and above the more challenges presented by the COVID-19 pandemic. These challenges include legislative and regulatory hurdles, poor administration, unaccountability, illegal gambling, and slow implementation of processes and technological innovation amongst the list. This has necessitated a flexible and proactive legislative and regulatory response, swift adoption of new business models and agile in-operation to effectively respond to the challenges and changes in the gambling industry in light of the COVID-19 pandemic, new developments, and other unexpected catastrophic events (terrorism or environmental related).

The recent COVID-19 pandemic devastation and national lockdown had a significant impact on gambling activity and business operations for state operators in KwaZulu-Natal (KZN). Additionally, it disrupted supply chains, decreased live traffic and gambling expenditure, and decreased many people's employment, livelihoods, and lives. These negatively affected gambling income, tax contribution, Corporate Social Investments (CSI), the provincial budget, and the recovery expenditure for the 2020/21 and 2021/22 financial years. The tourism sector in which includes the state operators that state operators depend on was severely affected as the virus discouraged physical interaction and demanded social distancing, mask use, and regular hand-washing or sanitising, among other prophylactic measures and immunity requirements. All of these challenges presented new possibilities for the Fourth Industrial Revolution (4IR) - but digital revolution and significantly raised the demand for online gambling, which saw a sharp rise in the 2020/21 financial year together with illegal gambling. These challenged legislative adjustments, ethical conduct, and technological innovation. Therefore, this study aims to examine some of the impact and consequences of the COVID-19 pandemic and lockdown to identify some of the main challenges state operators face. Additionally, it will discuss some of the KwaZulu-Natal Gambling and Betting Board's (KZNGBB) attempts to address gambling-related concerns and explore possible measures and opportunities in the sector. Finally, it will address the demand for greater industry research and development as well as a more hands-on approach from national down to provincial stakeholders to help state operators flourish and significant events like unexpected catastrophic and pandemics.

KEYWORDS: COVID-19 Challenges, Limited Pay-out Machines (LPMs), State Operators

MBA Dissertation - Miss TZ Gumede 211501787

ORIGINALITY REPORT

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