Lotteries world over have been experiencing decline in their performance in the recent past despite their popularity. In Kenya like in other parts of the world, lotteries have recorded mixed performance with some entering the gaming industry and lasting only a few years before quitting. Some lottery organizations have been accused of stealing from Kenyans through fake schemes. Some have been accused of taking long before the jack pot prize is won or is never won like was the case of First Lotto, Toto 6/49. Others have been accused of violating the rules of the game. For instance, Toto 6/49 in 2002 raised at least Sh500 million and claims to have paid out Sh20 million to charity since 2002 when the company was set up. This is contrary to official gaming rules that stipulate that 25 per cent of total earnings go to charity. Currently, there is only one lottery firm operating legally in Kenya. These raises concern on lottery performance in Kenya. The purpose of this study was to investigate the determinants of organizational performance in terms of generation of funds and profitability of lotteries in Kenya with main focus on the lotteries in Nairobi. The specific objectives of the study were to determine the effects of regulatory framework, technology and customer awareness on the generation of funds and profitability by lotteries in Kenya. The study adopted a descriptive research design in which 125 respondents comprising of Board members, ministry officials, and the staff from the CCK, KRA and CBK employees. The study also sampled employees from lottery firm, the Kenya Charity Sweepstake and members of the public. The researcher used questionnaires which were self administered to collect data. Data was analyzed using descriptive. The researcher also used secondary data mainly the information on the funds generated by the firms from the BCLB. The study established that there has been a declining trend in the performance of lotteries as the generation of the charitable funds has been declining every year. The poor performance of the lottery firms is attributed to the existing regulatory frameworks in which the amount required by the regulator is prohibitive. The regulations also prohibit the use of technology such as sms and internet gambling which has limited the adoption of new technologies by the firms. The study also established that despite the awareness by members
of the public of the lottery activities, the public was ignorant of the importance of the existence of lotteries. The study therefore concludes that to a large extent, regulatory framework; technology and customer awareness influenced the performance of lottery firms in Kenya. The study recommended that the government should do a partnership that is public private partnership to allow participation in lottery investment and regulation, the government should also reduce the costs by sharing networks on the amount charged on sms and the regulation should reduce the prizes given by prize competition promotions. The study also recommends that government should revise the amount of 25% of the gross proceeds to 25% of the net proceeds or redefine the gross proceeds in general to allow for consistency in the business, regulations should be revised, and good lottery standards set and regulations which incorporates the use of technology in lotteries and more resources should be given for sensitization of the members of the public on the lotteries and the importance of having lotteries in the country.