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# Effects of Training in Investigating Economic Crimes in Kenya by the Directorate of Criminal Investigations Headquarters, Investigation Bureau

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***Abstract**: The study analyzed the effects of training by the directorate of criminal investigations on economic crimes in Kenya.*
*Descriptive design was used and a population of all the 296 employees working as investigators at the Directorate of Criminal Investigations Headquarters Investigations Bureau was targeted. A census was carried out with a completion rate of success of 73% (216/296) respondents where Information used to be acquired by the use of a semi-structured questionnaire. STATA version 15 was used in the data processing and analysis. Descriptive statistics were presented in the form of means, standard deviation and frequencies.A regression model was developed to establishe the relationship between Training (independent variable) and Economic crimes (dependent variable). Training ($X_3$) showed a coefficent of 0.074. The regression model generated $R^2$ value of 0.024 implying that training has a 2.4% on invesstigating economic crimes. The P value was significant at 0% level (sig. F=0.008), confirming that the model is fit. The study variable had a positive relationship. The study recommended that training should be comprehensive at the initial police training curriculum and also utilize refresher courses on new emerging innovative ways to investigate economic crimes. The government must invest in training the police on utilization of technology to arrest the rising rates of economic crimes.*
***Key words**: Training, Economic Crimes, Investigation*

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## I. Introduction

According to Anti-corruption and Economic Crimes Act (2003) Economic Crimes is an offence involving the dishonesty under any written law that provides the maintenance or protecton of the public revenue. The offences among others includes money laundering, cyber crimes, tax evation, insurance fraud, identity theft, bribery and corruption. Economic Crimes are activities arising out of legal businesses, but which violate the interest of the state or society in general. Crimes that are economic in nature are referred to as economic crimes (Gaibulloev& Sandler, 2008).

Economic crime has been on the increase everywhere the planet with many firms having rumored being victims (Merlo, 2004). varied studies are administered on crime however it's not till the late Nineteen Sixties that the analysis of crime entered the domain of social science. Economic crime poses a serious challenge to the businesses and society nowadays with billions of cash being lost to the current vice. The rising international and networked community has contributed majorly to the scope and scale that organizations face from economic crime. in keeping with a survey done by Price Waterhouse Coopers (2018), the foremost common types of economic crimes committed against businesses embody fraud, asset misappropriation, felony and corruption, false accounting, concealing, trading and cyber-crime. international Economic crime survey (2016) indicates that Africa is among the highest four internationally that reports most economic crimes as shown below.

**Table 1.1:** Top Ten countries reporting most Economic Crimes Worldwide

| SERIAL | COUNTRY | PERCENTAGE |
|---|---|---|
| **1** | South Africa | 69 |
| **2** | France | 68 |
| **3** | Kenya | 61 |
| **4** | Zambia | 61 |
| **5** | Spain | 55 |
| **6** | United Kingdom | 55 |
| **7** | Australia | 52 |
| **8** | Russian Federation | 48 |
| **9** | Belgium | 45 |
| **10** | Netherlands | 45 |

**Source:** Economic Crime Survey (2016)

Kenya has additionally been a victim to economic crimes. in step with United States Department of State (2015), banks, mobile payment associated banking systems are out there to an oversized range of Republic of Kenyans however there's an evolution of thriving informal and unregulated networks of hawaladars and alternative remittal systems that facilitate cash-based unreported transfers that the Government of Kenya cannot account for. In Feb 2010, the monetary Action Task Force (FATF) initially enclosed the Republic of Kenya in its Public Statement for lack of addressing its strategic Anti-Money lavation (AML) deficiencies however the standing was turned in February 2014 when a major progress Kenya created in addressing its strategic AML.

According to the Kenya National Bureau of statistics (2017), economic crimes has rapidly grown nationally as indicated below:

**Table 1.1:** Economic Crimes trend-KPS

| **YEAR** | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|
| **NO. OF ECONOMIC CRIMES REPORTED** | 3,369 | 2,750 | 3,038 | 3,244 | 3,503 |

**Source:** Kenya Police Service (2017)

According to Ethics and Anti-Corruption Commission Annual report (2015/2016) published in 2016, the commission completed 27 asset tracing inquiries in respect to public assets that had been illegally acquired where the total estimated value of assets is Kshs. 3.8 billion. According to Ethics and Anti-Corruption Commission Annual report (2016/2017) published in 2017, the commission completed 32 asset tracing inquiries in respect to public assets that had been illegally acquired where the total estimated value of the assets is Kshs. 5 billion. Economic Crimes has grown nationally as indicated below:

**Table 1.2:**Economic Crimes trend-EACC

| **YEAR** | 2014/2015 | 2015/2016 | 2016/2017 |
|---|---|---|---|
| **NO. OF ECONOMIC CRIMES REPORTED** | 5,660 | 7,929 | 8,044 |

**Source:** EACC Annual report (2016 and 2017)

Growing cases of economic crimes means that institutions need to urgently invest in detection and preventive mechanisms as today's fraudsters are increasingly sophisticated (KNBS, 2017). The fraud incidents have continued to take the lead due to the advancement of technology. For these reasons, the government considers the prevention of economic crime as a national priority.

### *1.1 Statement of the problem*

Despite legislative measures like the proceeds of Crime and Anti-Money Laundering Act (POCAMLA) similarly as Anti-Corruption and Economic Crimes Act (ACECA) being implemented in Kenya by the National Police Service (NPS) and Ethics and Anti-Corruption Commission (EACC), Kenya is hierarchal third internationally and second regionally on countries reporting most economic crimes. The high rate of economic crimes being reported by the general public are of high economic magnitude. , Kenya lost over Kshs. 6.6 billion in 2016 that would be employed in basic projects translating to 0.025 of the nation's 2017/2018 annual budget of Kshs. 2.6 trillion. These Crimes distorts resource allocation wherever few individuals get wealth at the expense of others resulting in inclined distribution of financial gain and wealth. This analysis, therefore, assessed investigative strategies by the Director of Criminal investigation Headquarters on economic crimes in Kenya. Specifically, the study explored the effects of training in investigating economic crimes in Kenya.

### *1.2 Research Objective*

To assess the effect of training in investigating economic crimes in Kenya

### *1.3 Research Hypothesis*

$H_{01}$ Training has no significant effect in investigating Economic Crimes in Kenya

## II. Literature Review

According to Gaibulloev& Sandler (2008), crimes that are economic in nature are cited as economic crimes. Economic crime is regarded to come up with a substantial social injury. Economic crimes does not solely have an effect on democratic establishments however conjointly undermines the state treasure by cutting on the market resources for the implementation of public policies. Those that are a lot of vulnerable are those that need these policies the foremost that is why they become victims of economic crime. Economic crimes are either committed throughout a legitimate duty or illegitimate dealing by a group or an individual to realize money advantage that has so much reaching negative impact on a country's economy.

Mofokeng (2016) conducted a study on Anti-fraud coaching within the South African police service because of the magnified rate of multinational social group networks. The aim of the study was to check one in all its strategic elements by the name Anti-fraud coaching to see the connection, adequacy and appropriateness of the detective programme compared with their regular performance. A mixed methodology approach was used in the study where a five-point rating was used to assess the extent of transformation happening within the coaching culture where an open-ended section with general comments was enclosed within the form. Stratified sampling technique was used from the population of 20,005 general detectives deployed within the nine provinces of South Africa wherever a sample of 1,920 general detectives were reached. The findings indicate that over 60% of the detectives were not well trained, training is not possible for a few detectives due to much workloads at the working station and them that attend the coaching could not be supplied with refresher coaching in areas like corruption and fraud related investigation, report writing and statement recording with a read to boost their skills. Mofokeng (2016) suggested that there ought to be a continuing analysis to spot gaps in detective's skills in areas of business crimes and potential strategic approaches to boost general detective's coaching curricula.

Omar (2016) conducted a case study on monetary Crimes where the study was guided by the causes, impact and prevention of economic crimes on an automotive industry. Qualitative information analysis approach was used for the study where information was collected through questionnaire and three years analysis of already existing relevant internal reports. The study's findings were that the foremost standard styles of economic crimes were misappropriation of assets, money thieving and inventory alterations. In terms of fraudster's position within the organization, there was no important distinction as culprits came from each government and lower levels of management. Omar (2016) noted that majority of the fraudsters were male, new workers and young adults. Their motivating issue for dishonest acts were monetary pressure, lack of information on fraud behavior, lifestyle and chance to commit fraud. Omar (2016) suggested that supervision and fraud awareness coaching would cut back fraud in future. It absolutely was conjointly price noting that social factors like lifestyle and monetary pressure because of low financial gain can be prohibited by policy changes like motivating low-income staff from seeing their organization as another supply of outlaw financial gain.

The relationship between economic crimes (dependent variable) and Training (independent variable) and the parameters used in the study are illustrated below in the operational framework.

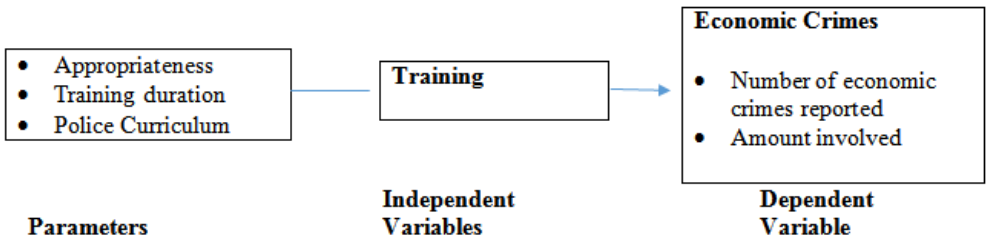


**Figure 1.1:** Operationalization of Variables

The researcher considered the variable in respect to appropriateness, training duration and police curriculum on economic crime's number of economic crimes reported and the amount involved.

## III. Methodology

To analyze the data, a descriptive research design was used and a target population of 296 employees stratified into departments within the directorate of criminal investigations headquarters, Investigation bureau. Investigations Bureau formed the potential respondents (Census) since all the 296 employees working as investigators were involved in the study as shown in the table below.

**Table 3.1:** Target Population

| UNITS | TARGET POPULATION |
|---|---|
| Serious Crimes Investigations Unit | 59 |
| Financial Investigations Unit | 68 |
| International Crimes Investigations Unit | 11 |
| Land Fraud Investigations Unit | 35 |
| Banking Fraud Investigations Unit | 51 |
| Cyber Crimes Investigations Unit | 12 |
| Children Protection Unit | 16 |
| Insurance Fraud Investigations Unit | 10 |
| Capital Market Fraud Investigations Unit | 09 |
| Kenya Revenue Authority Investigations Unit | 25 |
| **Total** | **296** |

A preformatted set of queries were prepared where the respondents recorded answers among shut outlined alternatives. Enough and correct info in line with the study objectives and literature review was provided to the respondents thanks to the structure of the questionnaire. The research worker measured the amount of agreement or disagreement via a five point Likert scale form. To sort reliability, the queries were formulated, piloted and revised where they were administered through drop and pick technique. Wherever want and clarification arose, the research worker availed himself to assist the respondents.

Descriptive statistics was used where frequencies, standard deviations, mean and percentages were used. Data was presented using pie charts, tables and graphs. Strength of relationship between the independent and dependent variables was tested where inferential statistics was used to analyze the data that relates to multiple regression analysis. Relationship between the measuring variables was tested using Bartlett's test of Sphericity which is significant ($P<0.05$) hence the variables were appropriate for factor analysis. The analysis led the researcher to develop a regression model, Pearson correlation and the corresponding coefficients for the independent variable. The regression model applied is as shown below,

$Y= \beta_0+ \beta_3 X_3+ \varepsilon$; where

Y is the dependent variable (Economic crimes)

$\beta_0$ is the constant term

$\beta_3$ is the coefficient of the independent variable $X_3$

$X_3$ is independent variable (Training)

ε is the error term which is normally distributed with a mean and variance of zero.

## IV. Findings And Discussion

The study targeted 296 respondents since the study adopted a census approach, from which 217 filled in and returned the questionnaires making a response rate of 73%. This response rate was satisfactory to make conclusions for the study.

### *4.1 Demographic results*

There was a higher proportion of male respondents 146 (68%) as compared to females (71; 32%) with majority of the respondents aged between 36-41 years. This indicates that both genders were involved in this study and that the respondents were well distributed in terms of age as seen in table 4.1 below.

**Table 4.1** Demographic characteristics

| **Characteristic** | **N** | **%** |
|---|---|---|
| Gender | | |
| Male | 146 | 68 |
| Female | 71 | 32 |
| **Total** | **217** | **100** |
| Age in years | | |
| 18-23 | 10 | 4 |
| 24-29 | 17 | 8 |
| 30-35 | 39 | 18 |
| 36-41 | 86 | 40 |
| >4 | 65 | 30 |
| **Total** | **217** | **100** |

Majority of the respondents were educated with 72; 33% being graduates, 71;33% diploma holders while the least 22;10% attaining certificate level. Most of the respondents were highly experienced with majority (125;58%) having over 14 years of working experience. This was an indication that the respondents were literate with vast experience and gave reliable information and as shown in table 4.2 below.

**Table 4.2** Education and work experience

| Variable | N | % |
|---|---|---|
| Highest level of education | | |
| Certificate | 22 | 10 |
| Diploma | 71 | 33 |
| Degree | 72 | 33 |
| Masters | 52 | 24 |
| **Total** | **217** | **100** |
| Work experience in years | | |
| <1 | 1 | 1 |
| 2-7 | 37 | 17 |
| 8-13 | 54 | 42 |
| >14 | 125 | 58 |
| **Total** | **217** | **100** |

***4.2 Descriptive statistics***

The study rated the respondent's opinions on the effect of training in investigating economic crimes as shown in the table below.

**Table 4.3** Training distribution of responses

| | Strongly agree N (%) | Agree N (%) | Average N (%) | Disagree N (%) | Strongly disagree N (%) | Total | Mean | SD |
|---|---|---|---|---|---|---|---|---|
| Training deals adequately with investigating economic crimes | 103 (48) | 96 (44) | 14 (6) | 3 (1) | 1 (<1) | 217 (100%) | 3.3 | 0.70 |
| Trainings meets level of expectation | 82 (38) | 113 (52) | 19 (8) | 3 (1) | - | 217 (100%) | 3.2 | 0.66 |
| Training equips detectives to identify elements of crimes | 54 (25) | 141 (66) | 21 (8) | 1 (<1) | - | 217 (100%) | 3.1 | 0.57 |
| Longer detective courses should be considered | 33 (15) | 102 (47) | 76 (35) | 6 (3) | - | 217 (100%) | 2.75 | 0.74 |
| Police syllabus sufficient | 2 (<1) | 1 (<1) | 11 (5) | 74 (34) | 129 (60) | 217 (100%) | 0.49 | 0.70 |

As seen from Table 4.3, 48% (103 out of 217) and 44% (96 out of 217) of the respondents strongly agreed and agreed that training offered deals adequately with economic crimes respectively. Another 6% (14 out of 217) did not know how to respond while 1% (3 out of 2017) and less than 1% (1 out of 217) disagreed and strongly disagreed on the same. In regards to expectations met as a result of training, 38% (82 out of 217) and 52% (113 out of 217) of the respondents strongly agreed and agreed respectively while only 1% (3 out of 217) disagreed on the same. 8% (19 out of 217) of the respondents did not either agree or disagree.

25% (54 out of 217) of the respondents strongly agreed that training equips detectives to identify elements of economic crime while less than 1% (1 out of 217) disagreed on the same. 8% (21 out of 217) of the respondents were unable to either agree or disagree but 66% (141 out of 217) of the respondents agreed on the same. On the duration of training, 15% (33 out of 217) and 47% (76 out of 217) of the respondents strongly agreed and agreed respectively that longer detective courses should be considered rather than short term courses. However, 35% (76 out of 217) of the respondents did not agree or disagree but only 3% (6 out of 2147) of the respondents disagreed with the sentiments. 34% (74 out of 217) and 60% (129 out of 217) of the respondents disagreed and strongly disagreed respectively that initial police training curriculum syllabus is sufficient in investigating economic crimes while 5% (11 out of 217) of the respondents neither agreed or disagreed. However, less than 1% (2 out of 217) and (1 out of 217) strongly agreed and agreed respectively on the statement. Most of the respondents disagreed with sentiments that the initial police training curriculum syllabus is sufficient for investigating economic crimes. Offered trainings however were highlighted to adequately meet the threshold for investigating economic crime offences.

*4.3 Inferential Statistics*

**Hypothesis $H_{03}$:**The study found that training had a positive significant influence in investigating economic crimes in Kenya. The computed P-value for this factor was 0.05 which was less than the alpha value. It was therefore established that training has a significant influence in investigating economic crimes. The predicted model relating training and economic crimes assumed the following equation.

$Y = \beta_0 + \beta_3 X_3 + \varepsilon$

The hypothesis was stated as follows

$Ho_3$Training has no significant effect in investigating Economic Crimes in Kenya.

**Table 4.4** Model Summary

| Model | R Square | Adjusted R Square | | Root MSE | Change Statistics | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | SS | MS | F | df | Sig. F Change |
| 1 | 0.0286 | **0.0240** | | .46401 | 1.3495 | 11.349 | 6.27 | 213 | 0.013 |

From the above table, $R^2$was 0.024 meaning that 2.4 percent of the variation in Economic crimes was explained by the influence of training. This leaves 97.6 percent of the variation unexplained which is interpreted that the model provides a weak fit.

**Table 4.5** Training factor extraction

**Total Variance Explained**

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.162 | 72.065 | 72.065 | 2.162 | 72.065 | 72.065 |
| 2 | .675 | 22.500 | 94.565 | | | |
| 3 | .163 | 5.435 | 100.000 | | | |

**Table 4.6** Coefficients of training regression model

| Outcome | Coef. | Std. Err. | T | P>t | [95% Conf. | Interval] |
|---|---|---|---|---|---|---|
| Training (component1) | .0540094 | .0215 | 2.50 | **0.013** | .0114 | .0965 |

The above tables reveals that the model was statistically significant at 0.05 level in explaining the simple linear relationship between training and economic crimes. The null hypotheses was thereby rejected since there is a significant relationship between training and economic crimes. The study came up with findings in relation to the influence of training on economic crimes in Kenya. The study found out that training is one of the effective strategies in averting economic crimes by the DCI in Kenya. However, the respondents recommends that the detective courses should be longer with frequent refresher courses to horn skills on crime investigation.

The study showed that despite existence of training on economic crime the police training curriculum syllabus was insufficient in preparing the police to deal with economic crimes. A study done in Kenya ( Njuguna 2013) had similar results; The study showed that training was one of the investigative strategies being utilized among others. Training of heads of investigation departments was effective in curbing crimes. The study however recommended expansive training of investigative officers on technology to aid prevention, case finding and presentation of evidence for prosecution.

In addition, a study done in South Africa on Anti-fraud training (Mofokeng 2016) indicated that 60% of detectives were not well trained. This echoesthe study where >80% of the respondents indicated that the initial police training was inadequate. The findings of this study also agrees with our findings on continuous and refresher trainings of detectives on courses pertaining economic crimes where both studies highlight the deficiency in refresher training in areas such as corruption and fraud related investigation, report writing and statement recording with a view to enhance their skills. The hindrance to attending refresher trainings was highlighted as huge workload among the DCI.

## V. Conclusion Of The Study

Crimes which are reported to the DCI are not dealt with in an efficient manner due to deficiencies spreading from implementation of existing policies, non-utilization of technology and deficiencies in understanding economic crimes, lack of proper training of the police, poor documentation of crimes and lack of substantial evidence to convict perpetrators of economic crimes.

## VI. Recommendations Of The Study

Comprehensive training of investigative strategies to economic crimes is paramount to assist deviate the ever-rising rates of economic crimes in Kenya. Training should be comprehensive at the initial police training curriculum and also utilize refresher courses on new emerging innovative ways to investigate economic crimes. The government must invest in training the police on utilization of technology to arrest the rising rates of economic crimes.

## VII. Areas Of Further Research

The field for dealing with economic crimes in Kenya involves pulling of resources from different agencies and it is wide and dynamic. It is against such a background that different areas of interests should be explored. Based on the conclusions and recommendationsof the study, it is recommended that similar research should be done at the Ethics and Anti-corruption Commission, Asset Recovery Agency and the Kenya Revenue Authority.

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