

# Small and Medium Scale Enterprises, Employment and Income Generation in Nigeria: A Focus on Professional Sports Viewing and Betting Centers

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Received: January 21, 2018

Accepted: January 24, 2018

Online Published: January 30, 2018

## Abstract

Given Nigeria's high unemployment and poverty figures and the expected roles from SMEs, the Nigerian government had in the past devised policies and incentives for the development of small and medium scale Enterprises. In spite of all these efforts by the government, both at federal, state, and local government levels, to ensure the growth of SMEs in Nigeria, some key factors have been claimed to be responsible for their perceived failure in Nigeria. However, this paper focuses on new SMEs that have emerged in the form of professional sports and betting centers which are creating jobs and generated income in Nigeria and Africa in general. The sport and betting center businesses like any SME require serious attention so that their developmental role and sustainability will provide the much needed sustainable development of Nigeria with regard to job and wealth creation. This paper examines the challenges and way forward for sport viewing and betting centre businesses in Nigeria.

**Keywords:** Sports Viewing Center, Sports Betting Center, SMEs, Nigeria, employment, income generation.

## 1. Introduction

Small and Medium Scale Enterprises (SMEs) contribute to improved living standards, bring about substantial local capital formation and achieve high level of productivity and capability. They have also been identified as a vehicle for employment generation and providing opportunities for entrepreneurial sourcing, training, development and empowerment. Nonetheless, Africa over the past decade has become the world's most exciting economic frontier and offering hope to a new generation of accomplished and engaged youth. By 2035 the number of Africans joining the working age population will exceed that of the rest of the world combined, according to the International Monetary Fund (IMF). But José Filomeno of the World Economic Forum identified the boom in small and medium-sized enterprises (SMEs) as the success story of the continent. Today, these small and growing businesses create around 80 per cent of the region's employment, establishing a new middle class and fuelling demand for new goods and services, Filomeno pointed out (Thisday, 2016).

In view of the expected roles from SMEs, the Nigerian government had in the past devised policies and incentives for the development of small and medium scale Enterprises. In spite of all these efforts by the government, both at federal, state, and local government levels, to ensure the growth of SMEs in Nigeria, people such as Abereijo et al have identified key factors which they claimed were responsible for their perceived failure of SMEs in Nigeria (Eze and Okpala, 2015). However, this paper focuses on new SMEs that have emerged in the form of professional sports and betting centers which are creating jobs and generated income in Nigeria and Africa in general. This is because as propeller of economic growth, the sport and betting center businesses like any SME require serious attention so that their developmental role and sustainability will provide the much needed sustainable development of Nigeria with regard to job and wealth creation. As opined by the Chief Executive Officer, Skye Bank, Mr. Timothy Oguntayo, with over 32 million Nigerians involved in the SMEs sector, if properly developed, SMEs have the capacity to solve the unemployment problem in the country (Thisday, 2016).

## 2. Unemployment and Poverty Situation in Nigeria: Overview

Unemployment and total employment are the broadest indicators of economic activity as reflected by the labour market. The high rate of unemployment results from a relatively slow growth of labour demand which is combined with a rapidly growing labour supply in erring economy, especially due to enhanced population growth and high level of rural-urban migration. Table 1 shows the national unemployment rate. The table reveals that the national level of unemployment was on the downward trend since 1999 as it dropped from 19.9% to 18.1% in 2000; and by 2002 it fell to 12.2%. It rose slightly to 14.8% in 2003 and dropped to 11.8% in 2004 and had almost remained constant till 2005. It showed a low record of 5.3% in December 2006. However, it increased in 2010 to 21.10%, 23.90% in 2011, and 24.30% in 2012. Nigeria unemployment rate averaged 14.6% experienced astronomical increase from 2010-2012. In a report by the National Bureau of Statistics (NBS), the country's unemployment rate rose from 14.2% in 2016 to 18.8% in 2017 (Vanguard, 2017).

Table 1: Unemployment Rate (1999 –2012) [%]

Description	1999	2000	2001	2002	2003	2004	2005	2006	2010	2011	2012
National (Composite)	19.9	18.1	13.7	12.2	14.8	11.8	11.9	5.30	21.10	23.90	24.30
-Urban	n/a	14.2	10.3	9.5	17.1	11.0	n/a	n/a	n/a	n/a	n/a
-Rural	n/a	19.8	15.1	13.3	13.8	12.1	n/a	n/a	n/a	n/a	n/a

Source: Nwagwu (2014)

n/a = not available.

Poverty in Nigeria remains significant despite high economic growth it sustained during the colonial era. Nigeria has one of the world's highest economic growth rates [averaging 7.4% over the last decade], a well- developed economy, and plenty of natural resources like oil, which has turned out to be the main stay of the economy (Nwagwu, 2014). In spite of the wonderful credential, the country retains a high level of poverty, with 63% of its population living below US\$1 per day, which implies a decline in equity (Nwagwu, 2014). The persistent of poverty in Nigeria is due to income inequality, long term ethno-religious conflicts, civil unrest, and political instability. For instance, income inequality worsened from 0.43% to 0.49% between 2004 and 2009 (Nwagwu, 2014). This is correlated with differential access to infrastructure and amenities. Specifically, there are more rural poor than urban poor. This is as a result of the composition of Nigeria's economy, especially the energy (oil) and agriculture sectors. Oil exports contribute significantly to government revenues and about 15% of GDP, despite the fact that only a tiny fraction of the population is gainfully employed (Nwagwu, 2014). Table 2 ex-rays the employment generation capacity of the sectors. It shows that agricultural sector is the most employment generating sector (49.1%), followed by services (38.6%), whilst extractive sector is the least employment generating driver of growth. Manufacturing, though with little contribution to GDP has higher employment generation capacity than extractive sector.

Table 2: Total Employment by Economic Activity, 2005-2014

Year	Total employment	Share of activity sectors in total employment					
		Agric.	Extractive	Manufac.	Building and construction	services	Others
2005	49,552,722	52.3	1.1	9.3	1.8	34.2	1.3
2006	50,388,650	51.6	1.1	9.1	1.8	35.1	1.3
2007	51,763,909	51.3	1.2	8.8	1.9	35.5	1.3
2008	52,074,137	50.9	1.4	8.5	1.9	36.2	1.1
2009	50,709,317	49.8	1.4	7.0	2.5	38.2	1.1
2010	51,224,115	49.1	1.4	6.8	2.7	39.0	1.1
2011	51,181,884	48.6	1.3	6.5	2.9	39.6	1.0
2012	52,090,000	47.0	1.2	6.5	2.9	41.4	1.0
2013	53,060,000	46.0	1.2	6.2	3.1	42.5	1.0
2014	53,475,000	44.6	1.2	6.0	3.3	44.0	1.0
2005-2014	51,551,973	49.1	1.2	7.5	2.5	38.6	1.1

Source: Ajakaiye (2015).

NBS 2014 Labour Force Survey shows that Agriculture and services continued to provide main jobs for majority of employed Nigerians. However the sectors also provide paid jobs for very small percentage of employed Nigerians.

The relatively low percentage of paid employment in manufacturing suggests preponderance of casualization of workers. This explains the paradox of growth and rising poverty in Nigeria. According to the International Monetary Fund (IMF), the 0.8 percent growth rate experienced in the economy in 2017 is not enough to reduce unemployment and poverty in Nigeria (Muhammad, 2017).

### 3. The Role of Small and Medium Scale Enterprises in Poverty and Unemployment Reduction

Small and Medium Scale Enterprises are considered globally to be the engine of growth of modern economies and serve to provide more employment to a large portion of the population in a given economy than the big organizations and hence contribute in reducing poverty. However, the early 1970s witnessed an increased interest in small enterprises as a means of promoting employment in both developed and developing countries (McRobbie, 1998). This interest was manifested by the establishment of SME institutions in a bid to accelerate economic growth and reduce poverty. It is worth noting that in the history of development, the advantages of SMEs have been notably controversial. For example, advocates of SMEs suggested that such enterprises play a very important role in the economy of developing countries by enhancing competition and entrepreneurship (Beck et al., 2004; World Bank, 2004).

The competition, they argue, should lead to innovation and the subsequent development of skills and SME success. Beck et al. (2005) further suggested that SMEs are more productive and create more jobs than large enterprises. This view is shared by a number of writers (e.g., Kayanula and Quartey, 2000; Olawale and Garwe, 2010) who indicated that SMEs employ not less than 22 per cent of the adult population in developing countries. It is believed that this figure is a conservative estimate. For example, Ntsika Enterprise Promotion Agency (2002) reported that in South Africa, Micro Enterprises and SMEs contribute 56 per cent of private sector employment and 36 per cent of the gross domestic product. Also, a few decades ago, Chuta and Liedholm (1985) reported that in Sierra Leone, SMEs employed up to 95 per cent of the country's labour force. In fact, OECD (2006) provided an even stronger argument for the role of the informal sector in economic growth and the eradication of poverty.

Similarly, in developed countries such as the UK where there are more large-scale enterprises, it was reported that SMEs account for 99.8 per cent of all the UK's businesses and provide 56 per cent of non-government jobs. Indeed, Carlsson (1996) and Biggs (2003) argued that SMEs can add dynamism and flexibility to business activities, which will in turn result in improved economic performance. The flexibility of small business structures provides ease-of-entry for persons interested in the SME sector (Amin, 2004) and also benefits those working from home, especially women in highly traditional settings (Floyd and McManus, 2005).

Considerable evidence has been presented over the years to show that small businesses are important in economic stabilization, and that a decline in this sector will have a negative impact on economic growth (Bannock, 1981; Olawale and Garwe, 2010). Luetkenhorst (2004) advanced the view that SMEs are more labour intensive than their larger counterparts in support of the important role of SMEs in the economy. It was also argued that SMEs provide employment and help reduce income inequality. In fact, Gebremariam et al. (2004) examined the impact of SMEs in economic growth and poverty alleviation in the USA. Generally the study found that there is a strong relationship between SMEs, economic growth and poverty reduction. The study further shows that an increase in the percentage share of SMEs' employment had a positive impact on economic growth, thereby reducing poverty. Furthermore, in agriculture-based economies, SMEs provide livelihood opportunities and nurture entrepreneurship. Other advocates of SMEs, such as Todaro and Smith (2003), are of the opinion that SMEs operating in the informal sector can generate surplus income under hostile economic policies such as the denial of access to credit facilities, foreign exchange and tax reduction. Pertaining to SMEs' potential to reduce poverty, Gebremariam et al. (2004) suggested that small businesses contribute to poverty reduction through job creation and economic growth. Robins et al. (2000), also proponents of SMEs, stated that these enterprises have the ability to enrich workers' talents and capabilities. The sector not only provides jobs, but also creates "the prideful sense of being independent" (Pradhan, 1989). These benefits are directly relevant to any effort to eradicate poverty in developing countries, especially in Africa. Experts on African SMEs have also pointed out that SMEs are a significant component of the solution to Africa's development issues (Maas and Herrington, 2006). They maintain that the creation of new, sustainable SMEs is vital to the economic prosperity of Africa, and without them the continent risks economic stagnation (Olawale and Garwe, 2010).

#### 3.1. SMEs in Nigeria: Composition and Employment Creation

The majority of business enterprises in Nigeria like most other countries consist of small and medium businesses. Small business constitutes a vital element in the business life of any country such as Nigeria. Nigeria small business enterprises are still predominantly in the traditional state with only a few in the better-organised stage. The National Council on Industry brought out four broad definitions of Small and Medium Enterprises (Owa Afolabi, 2008); (a) Micro/Cottage Enterprises, (b) Small Scale Industry/Enterprises and (c) Medium Scale Industry/Enterprises and (d) Large Scale /Companies. The first term refers to an industry/enterprise with a labour size of not more than 10

workers or total cost of not more than N1.5 million, including Working Capital but excluding the cost of land. Second, this is an industry or enterprise with workers' strength of between 11 and 100 or a total cost of not more than N50 million, including the cost of land. Third, a Medium Scale Industry refers to an industry with a labour size of between 101-300 workers or a total cost of over N50 million, but not more than N200 million including working capital, but excluding the cost of land. The fourth term refers to an industry or enterprise with a labour size of over 300 workers or a total cost of over N200 million.

In Nigeria, the NBS/SMEDAN 2013 survey showed that the total number of SMEs available was 37,067,416 (Kale, 2015). The composition of MSMEs based on business type revealed that education had the greatest number of small and medium enterprises, followed by manufacturing. Nonetheless, trade had the greatest number of micro enterprises, followed by manufacturing (see Figure 1 and 2).

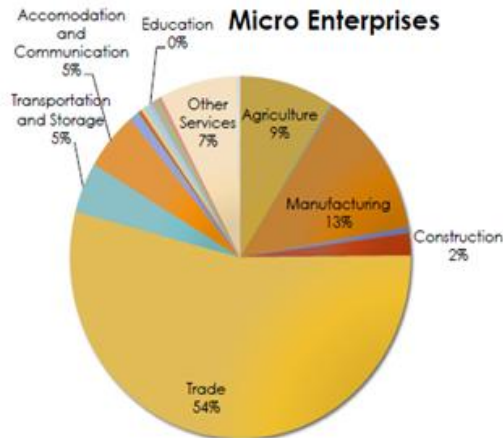


Figure 1: Composition of Micro Enterprises  
Source: Kale (2015)

Small and Medium Enterprises

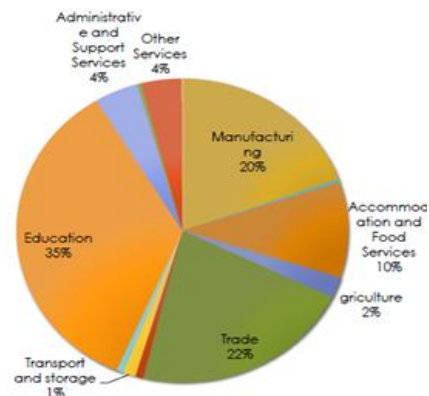


Figure 2: Composition of Small and Medium Enterprises  
Source: Kale (2015)

In terms of employment, the survey showed that the total number employed was 59,741,211. This number represents 84.02% of the total labour force in the country (see Table 3 for the distribution of employment generated in Nigeria according to activities in 2009).

Table 3: Distribution of Employment Generated in Nigeria According to Activities in 2008

S/N	Activity Group	SMEs 0 – 300	Large Scale 301 – 1000+	Total	%
1.	Agric & Forestry	1475	38	1513	2.58
2.	Mining & Quarrying	176	7	183	0.31
3.	Manufacturing	16,261	281	16,542	28.18
4.	Elect. Gas & Water	180	14	194	0.33
5.	Building & Const.	710	51	761	1.29
6.	Wholesale & Retail	10,352	22	10,374	17.67
7.	Hotel and Restaurant	4,618	15	4,633	7.89
8.	Land Transport	733	9	742	1.26
9.	Other Transport	404	7	411	0.70
10.	Prof. Services	7,793	30	7,823	13.33
11.	Other Services	15,462	57	15,519	26.44
	<b>Total</b>	<b>58,164</b>	<b>531</b>	<b>58,695</b>	<b>100.00</b>

Source: Federal Office of Statistics: Statistical Bulletin 2009.

#### 4. Emergence of Sports Viewing and Betting Centers SMEs in Nigeria: Unlikely Sources of Revenue and Job Creation

##### 4.1. Sports Viewing Centre Business

The world's leading digital sports brand has reported record traffic in Nigeria for April 2016 – a second consecutive month, owing to the football addiction amongst the country's populace. To put in perspective, Nigerians' love for the beautiful game of football prompted 5.7 million unique visitors to access ESPN's digital properties in April, logging 16 million visits and spending over 133.7 million minutes, thus exceeding previous records of 4.9 million unique users, 14.6 million visits and 110 million minutes – all of which were new records set in March (Bankole, 2016). This growth is being driven by increasing interest and engagement with ESPN's coverage of global football, especially English Premier League (up 30% month-over-month).

Several Nigerians have become self-acclaimed fans of some of the biggest clubs in the world like Real Madrid, Manchester United, Arsenal, Chelsea, Barcelona, Manchester City, Bayern Munich, etc., without ever visiting the homes of these prestigious club sides.

The advent of Digital Satellite Television (DStv) has led to the establishment of viewing centers, where foreign football enthusiasts and fans can converge to watch foreign league matches. This is a fact because some Nigerian have not even been able to afford their own cable television, their only source of access to seeing their favorite teams play is viewing centers. Today, these viewing centers are now at every nooks and crannies of major cities and towns in the country (Ezea, 2017). This phenomenon has continued to grow in leaps and bounds as the fan continue to patronize them. Little wonder on match days most viewing centers are full with no sitting space a few minutes after a match has started. Most people to such centers to meet up with friends and fellow club supporters, they often say that the viewing center is the best place to watch a match (Business Plan, 2017).

Given the statistics, it is evident that starting up a viewing center business will churn out a lot of profit. In most areas of the country, the amount to watch a single match is about N100, if a viewing center can seat one hundred people, the owner will be making about N10, 000 every match. Usually, at weekends, multiple matches are shown, as many as three to four matches per day, if the owner make N10,000 per match, he will be making about N30,000 to N40,000 in one day(Business Plan, 2017). Sometimes, especially when the UEFA champion's league is ongoing, matches are also shown during the week, spelling more income for the center owner. At the end of the month, after deducting money spent for maintenance and cable television bills, the owner will still rake in more than N100,000 depending on the location of the business. Isn't that a good small scale business? This viewing center can be set up as small or medium scale enterprise and food and drinks can be added to it. According to Mr. Linus Eze, a businessman who operates a football viewing center business "For Nigeria's game, I made over N120,000 from tickets, food and drinks because people came with their friends, relatives and even children to watch the Super Eagles"(My Top Business Ideas, n.d.).

A well established football viewing center business can generate a monthly profit of at least N400,000 (approx. \$3,000) (My Top Business Ideas, n.d.). However, there are a few key components required to start up this business: a) Wooden benches or plastics chairs; b) Carpet; c) Standing fans, ceiling fans or air conditioner to make customer comfortable; d) Air freshener; e) Generator, UPS and other power supply; f) Cable TV or DSTV dish with monthly subscription; g) Two big television set with high resolution or projectors; i) Extension sockets for customer to enjoy the freedom of charging their phones; j) A refrigerator just in case of adding an extra income stream by selling cold soft drinks (Nigerian Infopedia, n.d.); k) A printed ticket or coupon to identify paying customers;

The person dabbling into the business is expected to have interest in sports. No need of going for any training before setting up the business. The person starting the job may require the services of a sales person, who will be collecting money and issuing out tickets. According to Babatope (2017) the start up cost is N200,000, N500,000 to N700,000 depending on the scale of the football viewing center business to be operated. The estimated earning is N70,000 above monthly, especially during football season.



Figure 5: A Football viewing center in Nigeria

Source: Nigerian Finder (n.d.).

#### 4.2. Sports Betting Centre Business

English Premier League enjoys a religious following in Nigeria, likewise the Spanish La Liga. But for some fans, watching the game is not enough — they must also put money on it. This has given rise to a burgeoning betting sector in the West African country. From just one betting company 10 years ago the betting sector in Nigeria has

grown to over 20, according to one online list (Adepoju, 2017). Banned elsewhere, betting, a form of gambling is legal in Nigeria although it is strictly regulated and players have to be over 18 to participate.

According to a recent investigation, roughly 60 million Nigerians between the ages of 18 and 40 are involved in active sports betting. On average, these punters spend around 3,000 Naira (about \$15) every day on bets. In South Africa, government statistics show more than half of the adult population is involved in gambling activities, predominantly sports betting, on a regular basis. This trend is roughly the same across West, Central, East and Southern Africa. In the 2014 Gambling Outlook Report released by PricewaterhouseCoopers, the combined size of the betting market in Kenya, Nigeria and South Africa is projected to be worth nearly \$37 billion by 2018 (Iwuoha, 2016).

Nigeria with a population of over 200 million people with a huge unemployment rate plus massive recession has opened a way for people to look for ways to make money (Hot Vibes Media, 2017). Sports betting generates millions of naira every day, and has become a very high business in Nigeria. Supporters of sports betting in Africa claim it's a business that offers employment to thousands of young people, provides quick money for ordinary people, generates tax revenue for government and contributes to economic growth in African countries (Iwuoha, 2016).

According to Ajegbile (2016), the sports betting industry has been one of the biggest employers of labor all over the nation and as such the industry has really been impactful on the society. However it is safe to say that the industry has employed over 10,000 people, with thousands having made millions on Nigerian sports betting platforms (Ajegbile, 2016). Adepoju (2017) observed that the big names in the sports betting industry make an average of 1.5-billion naira (over \$4.7-million) per month and about \$2-million in profit every month — which is more than what many Nigerian startups are dreaming to generate in a year.

Betting agent/shop/cafe is the interface between the sports and a punter. There are basically two types of sports betting agents: shop agents and online agents. Shop agents are those that open shops to take bets from the public and the online agents are those that help the platform's customers fund their accounts. Somebody has to be a shop agent before becoming an online agent. There are many betting platforms in Nigeria: bet365naija.com, 360bet.com, nairabet.com, betcolony.com, lovinbet.com, etc. The requirements for being an agent with any of the betting platforms are similar.

According to Castles (2015), the most important requirement to run a sport betting cafe is a sizeable shop space in a residential area with a predominant population of youths. Other requirements are: a computer (desktop or laptop with at-least 1 gig ram or above and 2.0 processing speed or above), a printer that will be used to print match fixtures and odds for the customers to view as well as a thermal printer that will be used to print receipts just as you have in big retail stores and supermarkets. Apart from furniture, also needed is a fast internet browser and a generator with a minimum capacity of 2.5kva for effective access to the betting website and provide constant power supply to the café during the periods of business. After the shop space and equipments have been gotten, a licensing fee is paid to the sports betting platform that will come around to install their software on the computer, create and account for the café and train the owner and staff on how to properly run the business.

According to MRPEPE.COM ( n.d.), the start up cost is estimated at ₦956,000. This is a worst-case scenario budget. In terms of remuneration, the owner of the Café is entitled to 50% of profit (profit means total stakes minus total wins); however in a situation where the total wins are more than total stakes, the betting platform will send money to the agent to pay off the debt (Castles, 2015).



Sport Betting Shop in Nigeria

Source: Gltrends (n.d.).

According to Information Hood (n.d.) and My Top Business Ideas (n.d.), to be a sport betting operator or to have a sport betting company in Nigeria, the requirements are:

- Operation Office: the first thing a sports betting company needs is an office where it can operate from, it should be a very comfortable place
- Business Registration: To be permitted to start a sport betting company in Nigeria, an operator is required to visit the National Lottery Commissions of Nigeria to apply and obtain a license. The National Lottery Commissions is the body regulating the industry in Nigeria.
- Betting Website: an operator must endeavour to have an official website for its company where people can easily visit and know exactly how the sports betting company operates.
- Hiring Programmers: there is need to hire one or two programmers to always work on the company's betting website security.
- Advertisement: there is need to have some advertisement done both online and offline. Advertising on TV channels is considered the best advert to get to the right audience.
- Business Bank Account: an operator is expected to open a business account with any Nigerian bank or banks. In the same vein, a secured and enabling platform should be created where people can make use of their credit cards to place their bets. That is, a secured payment platform is essential.
- Franchise or Open Multiples of Outlets in Different Locations: The numbers of outlets a sports betting company has determines how successful a company can become. Even though it is expensive opening outlets in different part of town, it is very important to do so because majority of those who engage in sports betting in Nigeria prefer to physically visit betting offices to place their bets as against doing it online.

As noted by Information Hood (n.d.), starting a sport betting company require some good amount of start up capital, at least having up to N10,000,000 in other to keep pushing even when loses are experienced (Makinde, 2014). However, according to Afeez Adigun, an agent for 1960 Bet Company, Lagos, a betting company can generate up to N20 million monthly and use between N5 million and N7 million to meet winners obligations in terms of payment (Makinde, 2014). Similarly, Lanre Gbajabiamila, Chief Executive Officer, Lagos State Lottery Board, said the lottery industry was very risky but also lucrative. Gbajabiamila said that the board generated about N1 million in 2013 from about 11 sport betting companies in the state (Makinde, 2014). The board urges the Federal Government to create a more enabling environment for operators in the industry to increase revenue and create jobs for youths.

## **5. Hindrances to the Development of Viable Viewing and Betting Centre Businesses in Nigeria**

### *5.1. Viewing Center*

The business prospects in football viewing center in Nigeria is high, however, there are some challenges:

- The greatest challenge of setting up a football viewing center is space. Those who have the opportunity of space have an edge over others. Very often the room or building is not properly ventilated so as to make viewers feel comfortable. The recent ugly incident at a viewing centre in Calabar, Cross River State where no fewer than 30 Manchester United Club fans died of electrocution while watching Europa Football league match between Manchester United and Anderlecht has once again raised the questions (Ezea, 2017); why do people prefer watching football matches at viewing centres than their homes? How safe and healthy are the viewing centres?
- Most often, the viewing center is a one-man business (sole proprietorship) and lack training and capacity building. No prior apprenticeship through which they acquire managerial skills. Most people go into the businesses without adequate knowledge or entrepreneurial skills on how to run businesses. Many of the staff employed in some viewing centers are not well trained in managing viewers in given situation. Issues and attitude of some viewers could be rowdy and they must learn to tolerate different attitude of persons because with their excitement and fanaticism they can talk carelessly or rudely at another viewer and it is expected that the staff of the viewing center should be able to ensure it does not get out of control (Ezea, 2017). Unfortunately, some of the staff do not often treat customers with respect.
- The poor state of infrastructure in the country, especially electricity has been a major obstacle to the growth of SMEs like sports viewing center. The epileptic or irregular power supply has contributed significantly to the high cost of doing businesses in the country. Only few entrepreneurs can survive without power. That means, they must have a standby generator and running the generator could be costly given the fluctuating price of fuel in the country.
- Most SMEs find it difficult to access funds or capital. Most Nigerian banks don't support start-ups and even existing businesses don't have the required collateral. For SMEs that go to non-conventional banks, the high interest rate is always a burden. The issue of funding or finance, therefore, is a major challenge for SMEs in Nigeria including sports viewing center businesses.

- Crowd violence is a problem associated with football, and other team sports. However, in recent weeks, people have clamored for the closure of some viewing centers because it has been alleged that they attract people who are prone to violent conduct. There was the case of the Arsenal fan who was stabbed about two years ago while watching a live match in one of these viewing centers (Aeiromoon, 2009). Viewing centers are also seen to be synonymous with drinking, smoking and even gambling. It was reported also that five people were shot by policemen in Igando (a suburb of Lagos) after watching a Wigan vs Manchester United match. The police alleged that there was reported fighting among the viewers after the match and they received a distress call to come quell the violence (Aeiromoon, 2009).
- There are other challenges associated with viewing centres which has to do with cost implications, because if the operator does not have facilities like television, hall, seats and others, the cost of setting it up could be huge. Similarly, there is the challenge of breaking even considering is given to the payment of DSTV subscription monthly, electricity bill, fuel for generator, allowances for the staff and others. If the monthly turnover weighed side by side with the cost of running the place, an operator may end up satisfying customers in most months than breaking even.

### 5.2. Betting Center and betting Company/Operator Challenges

There are some teething problems currently faced by operators of betting centers in Nigeria:

- Access to electricity and its accompanied high tariffs poses a greater challenge to betting company's growth and performance in Nigeria just like other SMEs. The epileptic or irregular power supply has contributed significantly to the high cost of running their businesses operations in the country. Accord to PROJECT CHAMPIONZ.COM.NG (2017), the effect of electricity power outage on SMEs in Nigeria posited that, the current electricity crises in the country were costing the SMEs over US \$686.4 million of annual sales. This electricity challenge makes SMEs continued to record a huge loss day by day as a result of poor electricity supply. These have been partly blamed on market and state failures, which have led to the poor electricity supply.
- Another major need of the sports betting operators is internet provision to boost the business. The growth of internet in Nigeria is limited, compared to what is obtainable in developed countries. According to recent surveys conducted by one of Nigeria's foremost technology research and content management companies E-shekels limited on effective engagement of the Internet for development, has revealed that there were great demand for the Internet facilities in Nigeria, but due to numerous obstacles those demands could not be adequately met. For instance, with very unreliable power in the country, internet operators are left with no choice but to acquire and rely constantly on generators; expending huge gallons of fuel daily, in order to distribute internet to offices, homes, or cafes for subscribers (Media Blog, 2015).
- While presenting Nigerian startups with a brighter chance for profitability, the difficulties in entering, surviving and profiting in the betting company/operator market are discouraging many startups from even trying.
- Indigenous tech development companies have shielded away from creating home-grown solutions for this billion-naira betting industry. Nigerian tech companies have the capacity to develop local technologies but it is just that local innovators are not looking in that direction. The betting giants spend millions of dollars on technology including those that could be locally sourced (Adepoju, 2017). All of them are focusing on fintech, no one is exploiting the opportunities in lottery technology.
- The recent foreign exchange crisis resulting in the weakening of the Nigerian naira has placed a severe strain on businesses in Nigeria. The software and hardware solutions for gaming, used by operators are mostly sourced from foreign providers and as such, operators tend to pay more than previously negotiated due to fluctuations in the currency (Brandspurng, n.d.).
- There are also the tough regulatory conditions and multiple bodies. In Lagos state for instance, to operate legally any betting company would have to register with the Lagos State Lottery Board and the National Lottery Board. A betting company can be sanctioned for many things including upgrading or changing software without information the regulator. In addition betting companies are required to remit 20% of their earnings to the regulator and should keep about 50% of earnings aside as prize (Adepoju, 2017). In essence, if an individual plays a lottery for 100 naira, it will be split into several components. In sum, there is overlap in the regulatory function between the Federal and state levels in Nigeria. However, the National Lottery Regulatory Commission (NLRC) also regulates lottery activities in Nigeria leading to the operators being levied twice most times. This discourages entrance of new operators and future investments (Nairametrics, 2017).



- Cyber criminals may compromise a platform by installing malicious software (malware) to gather information about players from within their account. This information could include cardholder data, login details, bank account details, betting history and other personal information (Brandspurg, n.d.). Also, a denial of service (DoS) attack could be carried out which could disrupt the performance of the betting platform or even make it unavailable, leading to customer dissatisfaction, service downtime and loss of betting revenue.
- A number of companies that make up the betting space evolved from the old pool culture, and these businesses were managed with limited financial knowledge depending on the clientele base (Nairametrics, 2017). Without good management structures or clearly defined strategies for the business, operators struggle to fulfill obligations, expand and attract foreign direct investment at the right price.
- It is easy for sport betting in Nigeria to be used as a means of money laundering especially under Nigeria's unregulated regime due to the fact that all transactions in an online betting is unaccounted for (Ekpeyong, 2017). The punters cannot be traced for verification. Furthermore, a person may launder money through a sport betting operator because it is difficult for financial institutions and law enforcement agencies to determine whether the money transferred to the bank account of a sport betting operator is for payment of winnings on genuine bets or not.

### *5.3. Suggestions to Achieving a Viable Viewing and Betting Centre SMEs in Nigeria*

- Concerning the viewing centres, effort should be made by government to encourage new TV provider (indigenous cable companies) with the Hybrid Broadcast Broadband (HBB) technology that combines both satellite and internet service for TV services to enter the pay TV market and challenge the monopoly of Digital Satellite TV company like DStv so that subscription rate can be reduced. For most Nigerians, multi-channel TV is a big dream. Apart from Nigerians living in Lagos, Abuja, and maybe Port Harcourt, most Nigerians have access to less than five free terrestrial TV channels. This means that most Nigerians rely on terrestrial, satellite, or cable Direct-to-Home DTH TV for multi-channel TV (Marketing Edge, 2017).
- Government must put the necessary infrastructure in place and ensure adequate implementation of the country's broadband policy in order to boost actual fixed and mobile broadband penetration in the country (This Day, 2017).
- Effort should be made by owners of viewing centers and as well as government to beef up security around viewing centers to avert harassment and clashing of fans.
- Managerial training should be provided by government organizations in order to assist owners of the sport viewing and betting centers
- The Federal Government should create a more enabling environment for operators of sport viewing centers in the industry to increase revenue and create jobs for youths by putting in place the necessary infrastructure like electricity to help cut back on the cost of doing business.
- Standards should be enforced by the appropriate authority on the structure of viewing centers to avoid any collapse of facility or suffocation of viewers. The football viewing center building should be safe from any hazards, crime, high tension cable and other unforeseen incidences (Ezea, 2017). Indiscriminate building of football viewing centers should be disallowed.
- Provision of soft loans at low interest rate to viewing center SMEs would help improve the standard of equipment and facilities employed in setting up the business. It will help those who would want to upgrade from small scale to medium scale.
- Regarding betting centre businesses, large bets should be placed through the bank accounts of punters and not in cash. This will allow financial institutions, the Commission and law enforcement agencies to trace and investigate the source of suspicious huge bets for purpose of detecting fraud or money laundering.
- Betting content providers should partner with local betting companies to participate in the growing success of the betting industry by providing technology services and support. Such technology should be able to support all forms of bank cards, enabling the purchase of betting or lotto tickets through its secure terminals. In the same vein, betting companies should partner with mobile payment platforms, to offer attractive bonuses on stakes, thus attracting more customers.
- State government should come up with some far-reaching policies aimed at regulating the operations of betting service providers and also generating revenue. This can be done by instructing all operators to update their licenses and offset any outstanding tax liabilities.

### **6. Conclusion**

Given Nigeria's high unemployment and poverty figures, the creation of jobs by the private sector is critical and in this regard, the impact of sport betting has been profound. With some big companies running nationwide operations, while other focus on maximizing their reach regionally, the industry has created thousands of jobs directly and indirectly. Big companies have staff strength running into hundreds but through their associate networks, they offer

agents a source of livelihood through affiliate partnerships as they earn money through commissions (Kazeem 2015). Also, with the proliferation of viewing centres in Nigeria, millions of fans of some of the big leagues, such as the English Premier league, and the Spanish La Liga can view live matches, nonetheless, betting provides Nigerians the opportunity to earn from what they love. Hence, promotion of these professional sports viewing and betting enterprises in developing economies like Nigeria will bring about great distribution of income and wealth, economic self-dependence, entrepreneurial development and a host of other positive economic uplifting factors (Aremu, 2004).

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