

Lottopreneurship: the Prospect of an Emerging Sector in Self Reliance Development in Ibadan, Southwest, Nigeria

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Abstract

Lottery has been an instrument for community development by various developed country around the world. Notable places around the world like the Great Wall of China, Harvard University and the European architectural center were all built with the proceeds from lottery. Many countries experiencing economic downturn has used lottery to boost their internal generated revenue without increasing tax. The lottery sector is one of the fastest growing industries in Nigeria today. This study x-ray lottopreneur and the prospect of an emerging sector in self reliance development in Nigeria using Ibadan as a case study. The research adopted a descriptive survey design. The target population for the study consisted of all lottopreneurs in Ibadan. Thus due to the small number of the population, the study employed a purposive technique to obtain data from the respondents. Both questionnaire and interview were used to gather information from the population. Based on the findings from the study, lottopreneur in Ibadan have contributed to employment creation to some extent as each of them created a minimum of five jobs both in the lottery industry and other sectors that aids the lottery business. They also contribute to the government purse in no small measure. Even though some of them are not aware of the 20% for the good causes while some that are aware have not been remitting. The study therefore suggests that the National Lottery Regulatory Commission should embark on a massive awareness campaign and make its function known to all lottopreneurs as this will bring sanity to the lottery industry and in compliance with the World Lottery Association (WLA) standard.

Keywords: *Lottopreneurs, Emerging sector, Self-reliance development.*

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Background to the Study

Lottery industry has experienced a rapid growth all over the world and its use by national and local/regional governments to raise funds for public sector and charity projects is now commonplace across the world. Lottery business involves raising money by selling numbered tickets and giving out prizes to the holders of particular numbers that were randomly selected (NLRC 2015). It is a well regulated industry with different requirements in every country (World Lottery Association, 2006).

Lottery exists in many forms, which vary in popularity among different groups and classes of people; broadly, it may take various forms which include promotional competitions, sports lottery, online lottery, lottery concierge services, SMS lottery, charitable lottery and traditional lottery. Lottery proceeds are divided between players, administrative costs and beneficiaries. The proportions are roughly 40-50 percent (winners) 15-20 percent (administration) 30-45 percent (beneficiary) (Clotfelter & Cook, 1989).

Lottery is a highly regulated industry with different requirements in every country. Lottery operators range from government agencies to private corporations, licensed and regulated by government. A recent survey of 70 lotteries worldwide found that about a third of the lotteries were government agencies and two-thirds were private corporations (Tony and Abdur 2003). Considering the prospect of lottery, the united nation proposed to establish a global lottery in 1994, Erskine Childers and Brian Urquhart proposed that: 'One possibility for income moving more directly to the UN—but still with government licensing in each country—would be an annual United Nations Lottery, administered by a special authority under the Secretary-General' (Childers and Urquhart 1994: 155). The idea of a global lottery has recently been given a major impetus by a former President of Finland, Mr. Martti Ahtisaari (Tony and Abdur 2004).

Lotteries are now a big business, involving at least 100 countries and 200 jurisdictions, and worldwide sales of lotteries are estimated to amount \$224.3billion in 2007 (LaFleur's 2008 World Lottery Almanac 2009). Given the scale of this revenue, it is not an overstatement to say lotteries can also be used to provide funds for global development programmes. It can be justified that lottery is now a significant revenue earner for government at all levels, due to its relative ease of implementation, popularity and high real tax rates upon it (up to 40%). Undeniably, in most countries in Europe, the lottery industry has generated substantial resources to fund government priorities and created jobs (LaFleur's 2008 World Lottery Almanac 2009)

It is worthy to note that several Nigerians have benefited from the national lottery since its inception. "Some youths have won trips to watch matches outside the country, a final-year student in 2012 won an aircraft but received N64 million, its monetary equivalent, instead. Also a professor from Ambrose Ali University won the sum of N58 million plus from sport betting in 2015. Several Nigerians have also won houses across the country and many others have benefited in one way or the other from the lottery (www.nigeriaobservernews.com Nov. 2015).

The national lottery had, over the years, helped in distributing and re-distributing wealth, creating employment and funding certain government projects. The contributions of lottery to Despite the immense contribution of the lottery industry to national development, the

industry is still perceived as one of the unexploited potential tax bases that could be tapped. It is strongly believe that the worldwide lottery market today perform below its potential. This study therefore attempts to access lottopreneurs and the prospect of an emerging sector in self-reliance development in Ibadan. The study will also affirm or refute the report of previous little study that stressed that, lottery if well harness can contribute immensely to the growth of a nation because the more self-reliant the people are, the stronger a nation become.

Statement of the Problem

Despite the prospect of this emerging sector, it is faced with so many challenges which are; public perception of lottery is still negative and viewed as a venture not for decent members of the society. Many Nigerians see lottery as an immoral adventure. They consider it a social taboo which should not be encouraged in any decent society. Hence, with this erroneous believe by some people, when most people play lottery, they did so in street corners or avoid friends, family members and acquaintances from seeing them. The misconception of lottery with gambling is also a major problem. There are those that venture into the business of lottery as a quick source of making money, they know little or nothing about lottery or claimed ignorance. These are shylock lottery operators who are used to making money without remitting a percentage of it to the government as stipulated by relevant laws which is adversely affecting the growth of the business of lottery in Nigeria

Research Objectives

The general objective of this research is to x-ray lottopreneurs and its prospects in self-reliance development in Ibadan. The specific objective of the study include to,

1. Assess the contribution of lottery in employment generation in Ibadan
2. Determine the contribution of lottery in internal generation revenue in Ibadan, and
3. Examine the effect of lottery in creation and redistribution of wealth in Ibadan

Research Questions

This research will attempt to answer the following questions:

1. How can lottery be used to generate employment?
2. How does lottery contribute to internally generated revenue?
3. What are the roles of lottopreneurs contribute to creation and redistribution of wealth?

Operational Definition of Terms

1. **Lottopreneurs:** Lottopreneurs is a coined word i.e. it is a combination of both lottery and entrepreneur. Lottopreneur are the enterprising individuals who usually with considerable initiative and risk, organize and manage the business of lottery.
2. **Lottery:** Is a prize game in which an organizer accepts bets on the chances which several numbers have of being extracted at random from a defined series of numbers or symbols. The winning numbers are determined by public draw. The prize money is divided into several winning categories and equally apportioned among the winners within each of these categories

Review of Literature

Development of Lottery in Nigeria

The concept of a National Sport Lottery was first discussed by the federal government in 1999, following the recommendation of Vision 2010, which recommended Government's support for a National Lottery initiative (NSL, 2008). The aim was primary to provide fund outside the

public budget for the promotion of sports, a veritable unifying factor in the otherwise diverse society of Nigeria, and other worthy community good causes. The National Lottery Regulatory Commission was established by the federal government to oversee the business of lottery in Nigeria due to the redundancy of the National Sport Lottery (NLRC, 2006)

According to the National lottery act (NLA), it defines "Lottery" or Lotteries" as any game, scheme, agreement, system, plan, promotional competition or device for the distribution of prizes by lot or chance, or as a result of the exercise of skill and chance or based on the outcome or sporting events, or any other game, scheme, agreement, system, plan, competition or device, which the President may by notice in the Gazette declare to be lottery and which shall be operated according to a License (NLA 2005)

Lottery as a Vehicle for Job Creation

Lotteries by their nature are relatively labour intensive which implies that they tend to use a higher proportion of labour to other input resources than other industries do. For example, compared to some other industries, lottery requires substantially more labour to operate in order to make accessibility more possible. In terms of worker per naira of revenue, however, the intensity of labour in lottery relative to other industries is not so straightforward. In any case, in countries that are potential sites for lottery may be more concerned with the net number of jobs created, rather than jobs the amount earned (Deval & Timothy, 2008).

The Lottery industry is a lucrative sector, directly and indirectly, creating jobs in various support sectors such as market research companies, printing manufacturers, suppliers of instant tickets, fraud detection ICT, and security services. Therefore lottery requires unimpeded access to significant sources of labour that cut across various fields, as well as levels of experience and education. This would require some level of training, and coordination with government and non-profit organizations, including colleges, that assist in job training and career development.

To this effect, lottery has contributed immensely to the growth of employment across the world. According to the WLA, direct full-time employment from the 73 reporting lotteries was in excess of 37,000 for 2013 (WLA 2014).

In Nigeria, the lottery industry has contributed in no small measure to job creation. According to an interview carried out by city people magazine 2015 on the Chairman/CEO of Premier lotto (the biggest lotto company in Nigeria). It was discovered that the company has employed over 400 members of staff with almost 300 principal agents supervising over 35,000 sub agents across the country.

Another interview granted by Managing Director of The winners Golden Chance Lotto revealed that the company has created over 30,000 jobs across Nigeria. It was also made known that the company has about 1500 principal and each of them has over 500 sub agents under them. In the regulatory sector, The NLRC that started with 11 number of staff as at the time of inception now has over 1400 number of staff in 14 states of the federation (NLRC 2015) while her sister organization the National Lottery Trust fund has an over 500 number of staff across the six geopolitical zone of the country. With the above statistics, it is clear that without lottery, larger percentage of these employees would have been jobless or wandering aimlessly around.

Contribution of Lottery to the Internally generated revenue and Developments of Communities

In the late 1700s before the establishment of taxation and the existence of many banks, lotteries were common sources for public and private funding. Today, 43 states and the District of Columbia offer a state-sponsored lottery. The main purpose continues to be for achieving public policy priorities including funding state education costs, infrastructure maintenance, and state operations. Admittedly, not all people are supportive of state sponsored lottery to raise funds for the state.

The only form of betting that is allowed in mainland China is the lottery which operates in accordance with China's Regulations on Lottery Management. Profits are allocated to three areas: winnings, management fees and public-welfare funding. Sales within public-welfare lottery amounted to RMB 85.3 billion (USD 13.9 billion) in the first half of 2013 (January – June), an increase of 13 per cent over the previous year.

Lotteries have been seen as "implicit taxes" by various scholars. That means that they are not of course taxes because no one is obligated to pay them. But lotteries are similar to taxes because they raise money for public purposes. Some critics would argue that lotteries are not wholly voluntary because of the coercive nature of the advertising and the fact that people buy them on impulse. The counter argument is that it is in fact a voluntary purchase. Even if purchased on impulse, so are candy bars and lottery tickets do not cost much more.

A feasibility study of the Lottery market in Nigeria was carried out by GTech (2002), which is one of the world's biggest Lottery Company. It was discovered that the companies can attain annual lottery revenues of N35 billion per annum. This was seen feasible because Nigeria has the potential market to drive the business of lottery to an attainable height. In most part of the world, State or National Lotteries are operated and supported by Governments because they are not considered to be gambling (National Sport Lottery, 2008). Lottery is not gambling but an organized way of pooling resources together from the people to help the same people while compensating participants with weekly incentives by way of price winnings. The NLRC has however only been able to remit over 5 billion the NLTF for the execution of good causes projects due to lack of proper regulating and monitoring. The former president Goodluck Jonathan approved the sum of N500 million from the fund generated for the development of grassroots sports in the country (NLRC, 2015). In Oyo state, the state government generate immensely from the lottery industry with each lottery company paying N100, 000 monthly with a renewable fee of N250, 000 as annual subscription (Oyo state pool, lottery, casino commission).

Using Lottery for the Creation and Redistribution of Wealth

Adam Smith, described wealth as “the annual produce of the land and labour of the society”. This “produce” is, at its simplest, that which satisfies human needs and wants of utility. In popular usage, wealth can be described as an abundance of items of economic value, or the state of controlling or possessing such items, usually in the form of money, real estate and personal property.

Redistribution of wealth is the process of sharing something such as money, property or other resources among people or organisation in a different way from the way that it was previously. By creation and redistribution of wealth in lottery, it is a way of pooling resources together,

while through an organized draw, those resources are distributed to winners. For example, two thousand people could play in the lottery scheme, that is, you are generating the wealth. Maybe four or five people will win, you are re-distributing the wealth while the organizers or operators of such lottery scheme retain the profit.

In 2010, consumers in the United States spent \$58 billion on the lottery. The amount indicates how much consumers' buy-in to games of chance, the excitement of winning, and the hope that a small ticket could help them achieve the American Dream. With decreases in average household income and wealth, especially for middle and low income Americans, sometimes the only hope for change is the chance of a big win that could make a real economic difference (Consumer Federation of America). From 2002 to 2015, 28 players have won \$300 million and above each in the US (Kearney and Melissa S 2002).

Methodology

This study employed the descriptive survey design to describe a process and mechanism in a careful and systematic way. The survey component of the design was employed since not all respondents were investigated from the population for the purpose of generalization. The population of the study includes the thirty-five (35) lottery operators in Ibadan but twenty-seven (27) of the population was assessable. The population was chosen because all lottery operators located in Ibadan Metropolis as they all share some common features in terms of their activities and prospects towards self-reliance development in Ibadan. Data was collected using both interview and questionnaire in order to illicit respondent opinion. The validity and reliability of research instrument was also carried out. The correlation coefficient was 0.875 which is more than the recommended 0.85 and therefore the instrument was deemed as highly reliable in data collection.

Data Presentation and Analysis

The data collected were analysed using descriptive statistics and it was aided through the statistical package for social sciences. Data were presented in form of frequencies and percentages.

Research Objective One: Accessing Lottopreneurs as Vehicle for Employment Generation

Table 1.1: lottery as vehicle to Employment Generation

How long have you been in this business	Frequency	Percent
1-5	13	48.1
6-10	09	33.3
11-20	4	14.8
20 and Above	1	3.7
Total	27	100.0
What is the number of your employees		
1-10	9	33.3
11-20	7	25.9
21-30	5	18.5
31-40	2	7.4
51 and Above	4	14.8
Total	27	100.0

How many agents do you have (both principal agents and sub-agents)		
1-5	3	11.1
6-10	6	22.2
11-20	2	7.4
21-30	3	11.1
31-40	4	14.8
41-50	2	7.4
50 and Above	7	25.9
Total	27	100.0
How often do you recruit		
Monthly	4	14.8
Every 6 months	6	22.2
Yearly	5	18.5
Others	12	44.4
Total	27	100.0

From the table, it show long the respondents have been in this business; the respondents with 1-5 years were 13 (48.1%), 6-10 were 9(33.3%), 11-20 were 4(14.8%), and 20 and above were 1(3.7%).It was evident in the responses that the lottopreneurs have be able to gainfully employed many who would have been jobless which shows as follows 1-10 with 9(33.3%), 11-20 with 7(25.9%), 21-30 with 5(18.5%), 31-40 with 2(7.4%), and 51 and above with 4(14.8%).

Aside the direct employment, they engages many agents (both principal agents and sub-agents), some of the respondents has 1-5 with 3(11.1%), 6-10 with 6(22.2%), 11-20 with 2(7.4%), 21-30 with 3(11.1%), 31-40 with 4(14.8%), 41-50 with 2(7.4%), and 50 and above with 7(25.9%). The frequency of recruitment was inquired, this was presented in monthly with 4(14.8%), every 6 months was 6(22.2%), yearly was 5(18.5%), and others was 12(44.4%).

Research Objective: Lottery as Instrument for Creation and Redistribution of Wealth
Table 4.2: Lottery as Instrument for Creation and Redistribution of Wealth

Type of house you reside	Frequency	Percentage
Duplex	4	14.8
Bungalow	20	74.1
Traditional face to face	3	11.1
Total	27	100.0
Highest winning so far		
50000-100000	4	14.8
100000-500000	5	18.5
500000-1million	7	25.9
1million-10million	6	22.2
10million and Above	5	18.5
Total	27	100.0
Frequency of players winning such amount		
Daily	5	18.5
Weekly	6	22.2
Monthly	8	29.6
Yearly	8	29.6
Total	27	100.0

The above table shows what type house do the respondents reside. It was reviewed that majority of the respondents reside in bungalow with 20(74.1%), followed by duplex with 4(14.8%), and traditional face to face were 3(11.1%). It also presents what the highest winning was. Majority of the respondents were of 500,000 - 1 million with 7(25.9%), followed by 1 million – 10 million were 6(22.2%), followed by 100,000 – 500,000 and 10 million and above were 5(18.5%) respectively, and finally 4(14.8%) recorded 50,000 – 100,000 which implies that through lotteries, wealth has been created and income redistributed among individuals. It further reviewed the frequency of the highest winning so far, it shows how often the players win such amount. Majority of the respondents were of monthly and yearly with 8(29.6%) respectively, followed by weekly win with 6(22.2%), and daily win were 5(18.5%).

Research Objective: Lottery as a Source of Internal Generated Revenue

Table 4.3: Lottery as a Source of Internal Generated Revenue

Is your company register with the national lottery regulatory commission/state lottery board	Frequency	Percentage
No	10	37.0
Yes	17	63.0
Total	27	100.0
If "No" give reasons		
The license fee is too high	3	3.7
Not aware of the agency	4	14.8
Due to financial constraint	2	7.4
Others	1	3.7
Total	10	100.0
Are you aware of the 20% for good causes		
No	13	48.1
Yes	14	51.9
Total	27	100.0
"Yes", have you been contributing		
No	16	48.1
Yes	11	51.9
Total	27	100.0

From the table above, it shows if the lotto company of the respondents was registered with the national lottery regulatory commission/state lottery board. Some of the respondents were of no opinion with 10(37%), and on the other hand were of yes opinion with 17(63%) thereby reducing the amount accruing to the government coffers. A further look into why company did not register with the regulatory bodies. The reasons some of the respondents gave include that “the license fee is too high” and the number of respondents was 6 (22.2%), some were not aware of the agency with 10 (37%), some were due to financial constraint with 5(18.5%), finally others were of different reasons with 6(22.2%). The table also reviewed if the respondents were aware of the 20% for good causes. Majority of the respondents were of positive opinion with 17(63%), on the other hand those with negative opinion was 10 (37%). It was inquired whether the respondents with the “yes” option with respect to the “20% for good causes” has been contributing. The table showed that 11 (41%) of the respondents were on the affirmative while the number of respondents with negative position stood at 16(59.0%).

Summary of Findings

The first major objective of this study was to assess the contribution of lottery in employment generation in Ibadan. Data analysis and interpretation revealed that all the lottopenuers have a certain number of employees both skilled and unskilled with the minimum of ten employees including principal agents and sub-agent. Bellringer (2008) posit that the Lottery industries are big business, directly and indirectly, creating jobs in various support sectors such as market research companies, printing manufacturers, suppliers of instant tickets, fraud detection and security services. It is not an overstatement to say that the lottery industry is one of the highest employers of labour in Ibadan in recent times. Also there is a low staff turnover as some of the employees have been with their bosses right from inception of the business which is not unconnected with the attractive salary and other working condition.

The second objective of the study was to assess the contribution of lottery in internal generation revenue in Ibadan. Data analysis and interpretation shows that the lottery industry contribute to some extent to the state internally generated revenue and also to the federal government. This is in line with Walker and Jackson 2010 that lottery is an attractive option to state governments facing tightening fiscal constraints. Even though not all the lottopreneurs are registered with the National Lottery Regulatory Commission as they complain of the fees being too high, non-awareness and financial constraint. Hence those that are not registered do not pay the 20% statutory fee as stipulated by the National Lottery Act 2005, also not all the registered ones pay the statutory 20% for good causes, but majority of them pay certain dues to the state government. Some of these dues are paid weekly.

The third objective of the study was to examine the effect of lottery in the creation and redistribution of wealth in Ibadan. This was done by assessing how often players win big amount and the average amount made daily by lottopreneurs. Data analysis and interpretation shows that people win daily and majority indicated that the highest winning so far ranges from five hundred thousand (N500,000) and above, while majority also indicated that such amount is being won within the maximum period of one month as revealed in the data analysis and interpretation. Out of the entire population, only two respondents complained of low patronage while majority indicated average and high patronage.

Conclusions

The study assessed the prospects of the business of lottery in self-reliance development in Ibadan. This was in relation to the growing number of lottery outlets in the city. It is evidence that with the increasing number of lottery outlets in the city on a daily basis, it is not an overstatement to say that the lottery industry is one of the fastest growing industries in the city. It is therefore advisable that government at all levels tap into this opportunity to boost their internal generated revenue and also put in place appropriate measures to prevent the menace associated with the addictive nature of lottery.

The growth of the lottery industry has been hampered by so many factors in Nigeria, ranging from religion and societal believe as some still view lottery as gambling, low publicity by the National Lottery regulatory. Lotteries have been with us for a long time and it is likely that they will remain with us for a long time to come. There is thus a need for the protection of people who are vulnerable, such as youth and older adults, from the adverse effects of lottery.

Recommendations

This research study x-ray lottopreneurs and the prospects of an emerging sector in self-reliance development in Ibadan. Following the analysis of the data obtained from the respondents, the following recommendations are made:

1. The national lottery regulatory commission should embark on awareness campaign to make its existence and functions known to all lottery operators. This will ensure sanity in the industry and compliance with the World Lottery Association (WLA) standard.
2. Lottery should be organized in a way that will suit all classes – low, middle and high.
3. The national lottery regulatory commission should develop a cloud technology to monitor the flow of income of all lottery operators so as to ensure proper remittance of the mandatory 20% as stipulated by the NLA 2005 and in accordance to world practices.

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