



IMPACT OF ECONOMIC RECESSION ON JOB PERFORMANCE OF ACADEMIC STAFF IN HIGHER EDUCATIONAL INSTITUTIONS IN RIVERS STATE

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Abstract

Economic recession is a significant decline in the economic activities of a country that lasts for more than few months, visible through inflation, real income, taxation and others, without indication of returning to stability. This paper investigates the impact of economic recession on job performance of academic staff in higher education institutions in Rivers State. The study adopted correlation research design; the population consisted of 3,315 academic staff of six higher education institutions in Rivers State. The sample size consisted of 34 academic staff randomly and systematically selected from the population. A five point Likert-type scale was used to elicit data from the respondents. The instruments were validated by two experts in Business Education and one expert in measurement and evaluation. The reliability of the research instruments was tested using test-re-test method which gave a coefficient (r) value of 0.75. The data collected were analysed using mean scores and standard deviation while analysis of variance (ANOVA) and F-ratio were used to test the null hypothesis (H_0) at 2 and 397 degrees of freedom. The null hypothesis was accepted at 0.05 level of significance since the table value of the F-ratio was greater than the calculated value. The study revealed that economic recession has a very high impact on the job performance of academic staff in higher education institutions. The researchers recommended that special trust fund, interest-free loans, and other palliative measures be provided to cushion the impact of economic recession on academic staff in higher education institutions in Rivers State.

Keywords: Economic Recession, Job Performance, Academic Staff, Higher Education Institutions, Trust Fund

Introduction

Economic recession is a reversed growth or decline in the economic activities of any nation for two consecutive quarters. The National Bureau of Economic Research (2016) asserts that it is a significant decline in economic activity spread across the economy and lasting for more than few months, visible through the whole-retail sales, industrial production, employment, real income and gross domestic product (GDP). Economic recession has become a major topic of discussion for the last years for Nigerians within and outside the country. The Central Bank of Nigeria and the International Monetary Fund (IMF) reporting, affirm that Nigeria is on the stage of economic recession, and that Nigeria's economy may not return to stability until early 2017 as it has a low growth rate of 1.5%. Nigeria experienced down-turn growth in her economic activities from the first and second quarters of 2016 which stood at -0.36% and -1.5%. However, Adeyemo (1991) agreed that Nigerian economy



began to show signs of serious structural defects from 1981 and this was worsened by the collapse of the world market price for oil and the decline in volume of crude oil exports due to the oil glut, which was caused by the world wide economic recession of the early eighties. Adeyemo also agreed that the difficulties and problems of the Nigerian Economy can be traced to the drastic change that took place in its structure between 1960 and 1980. During this period the economy was transformed from a predominantly agricultural economy to one that the mining sector became dominant with crude petroleum exploration and exploitation that turned the Nigerian economy to a mono-economy.

Economic recession in any country does not just occur, but may be caused by some socio-economic problems as high level of inflation, which is a general rise in the prices of goods and services resulting to low purchasing power of the individual worker. Inflation is a major cause of economic recession; it has become a household name in Nigeria. Hages (2016) asserts that inflation is an increase in the general level of prices of goods and services over a given period of time across boards resulting to a fall in the purchasing value of the fixed wages and income of the worker. There is no one citizen in Nigeria who does not talk and feel the high cost of living as a result of high prices of goods and services in the market. Ewa and Agu (1989) opined that the lives of all citizens are affected by inflation. Inflation has led to devaluation of the workers' fixed income. Inflation is very dangerous because it allow prices of goods and services to skyrocket even with the persistently fixed purchasing power of the worker that does not allow savings. However, inflation in Nigeria today has dropped from 17.24% to 16.25%. The National Bureau of Statistics in one of its reports released on Thursday June 15, 2017 in *The Punch* affirms that the consumer price index, which measures inflation, dropped from 17.24% in April 2017 to 16.25% year-on-year in May 2017. The report explained that the urban index rose by 1.84% in May 2017 from 1.61% recorded in April 2017 while rural index rose by 1.92% in May 2017 from 1.59% in April 2017. Ifeanyi Onuoha(2017) in the article observed that the rise was caused by increases in the prices of meat, bread, cereal, fish, potatoes, milk, cheese, eggs, vegetables and tomatoes, which are household needs, but in June, 2017 inflation dropped for fifth consecutive month to 16.1%.

One major factor to consider in a recessing economy as in Nigeria is the wages and income of the workers. The labour force of any country is the working population that is paid wages and salaries as rewards, according to Udenwa (1998) wages means payment made for the services of labour. Academic staff of higher institutions in Rivers State forms part of the labour force of the Institutions that are paid salaries as rewards. In Nigeria salaries are paid at the end of every month, while casual or temporary workers are paid wages weekly or daily. Ewa and Agu (1989) assert that the take home of the worker is what remains after deduction of income tax, provident fund, and other levies, which are called statutory deductions, the take home therefore, becomes the workers' real income. Real income is the measure of the purchasing power of the worker, and the purchasing power determines the amount of goods and services that can be bought for consumption at a given time by the worker, (Owhondah (2017). Lyman and Carlo (1981) assert that business has the responsibility to pay its workers a living wage. A living wage does not mean just a



subsistence income, but a sustainable income for the worker and his household, which is the fixed price of the worker, (Akpomi, Kaizer & Kazier, 2010). This real income has great implications for the worker and his household, particularly during a period of recession.

Taxation is also another major variable worthy of consideration in a recessing economy as in Nigeria. This is a statutory payment deducted directly from the worker's salary every month paid into government account. These statutory deductions are called income tax, levies, provident fund, among others. Ewa and Agu assert that tax is a compulsory payment made by each eligible citizen towards the expenditure of the state. The primary purpose for taxes payment is to raise fund or revenue for the state to be able to provide social services, amenities or infrastructures for the welfare of its citizenry. Taxes are calculated in percentage and deducted accordingly. Taxes are paid in two major categories, the direct and indirect taxes, which the individual worker is involved in all the payments, this implies that the worker is involved in double tax payment. Nnadi & Akpomi (2009) assert that a lot of controversies regarding taxes and dividend policy have attracted much academic interest, and that taxes affect organisational corporate dividend policy; in like manner has implications for the worker and his household income.

There are other variables to be considered in a recessing economy as in Nigeria include, but not limited to accumulation of debt servicing of the country, especially foreign debt; high interest rate charge by the banks which discourages research works and lack of savings by the academic staff. There is generally very low investment rate in the country, a fall in the aggregate demand of goods and services resulting from fall in the real wages and income of the worker; and high rate of unemployment. Other factors that could lead to economic recession are poor economic planning, high taxation, and policy conflict. The Nigeria's Minister of Finance Kemi Adeosun in one of her articles avers that Nigeria is technically in recession, this statement gave a clear indication that the economy of Nigeria is not healthy(Adeosun, 2016). The Central Bank of Nigeria (CBN) and the International Monetary Fund (IMF) in their various reports on the economy of Nigeria assert that Nigeria is on the stage of economic recession, and that Nigeria's economy may not return to stability until early 2017 as it has a low growth rate of 1.5%. Nigeria today is in the last lap of the second quarter of the year, yet there is no sign of return of the economy to stability. This is therefore, the basis for this paper, to investigate the impact of a recessing economy on the job performance of academic staff of Higher Institutions in Rivers State.

Statement of the Problem

Economic contraction, simply known as economic recession results from serious decline in the economic activities of the country that could not be controlled immediately for two consecutive quarters. It is visible through inflation, high taxation, industrial production, employment, real income of the worker and gross domestic product. The economy of Nigeria slipped into recession in 2016. This was epitomized by high inflation, fall in real wages and income of the worker, high taxation, massive unemployment and high rise in the number of people who are poor and hungry in the



country. The Central Bank of Nigeria and the International Monetary Fund assert that Nigeria may not return to stability until early 2017. Economic recession became a household name in Nigeria with great economic burdens on the worker and the household and there are no signs of return to stability even as we advance to the end of the second quarter of 2017. Economic recession in Nigeria is visible through high prices of goods and services, taxation, fallen value of the workers' income. This invariably has implications on the real income and job performance of academic staff in higher education institutions in Rivers State. These consequences need to be empirically identified, so that measures can be taken to mitigate the consequences, hence the need for this study.

Purpose of the Study

The purpose of this study is to find out the impact of a recessing economic on the job performance of academic staff of Higher Education Institutions in Rivers State. The study specifically attempted to:

1. Determine whether a relationship exists between inflation and job performance of Academic Staff in Higher Education Institutions in Rivers State University.
2. Determine whether a relationship exists between wages and income and job performance of Academic Staff in Higher Education Institutions in Rivers State.
3. Determine whether a relationship exists between taxation and job performance of Academic Staff in Higher Education Institutions in Rivers State.

Research Questions

The following research questions were used to solicit responses from the respondents

1. To what extent does inflation affect job performance of academic staff in Higher Education Institutions in Rivers State?
2. To what extent does wages and income impact job performance of academic staff in Higher Education Institutions in Rivers State?
3. To what extent does taxation impact job performance of academic staff in Higher Education Institutions in Rivers State?

Null Hypothesis

One null hypothesis was formulated and tested.

There is no significant relationship between economic recession and job performance of academic staff of Higher Institutions in Rivers State. igher H



Method

The study adopted the correlation research design. The population consisted of 3315 (three thousand, three hundred and fifteen) academic staff of six higher institutions in Rivers State (see table below).

Table 1. – Population of the Study.

S/No	Higher Institutions In Rivers State	Number of Academic Staff
1.	University of Port Harcourt, Choba, Port Harcourt	
	1,465	
2.	Rivers State University, Nkpolu, Port Harcourt	519
3.	Ignatus Ajuru University of Education, Rumuolumeni, Port Harcourt	439
4.	Rivers State Polytechnic, Bori	350
5.	Port Harcourt Polytechnic, Rumuola, Port Harcourt	250
6.	Federal College of Education (Technical) Omoku	292
	Total	
	3,315	

The sample size consisted of 34 (thirty) academic staff randomly and systematically selected from every one hundred members of the population. A five point Likert-type scale instrument entitled Impact of a recess economy on the job performance of academic staff of Higher Institutions in Rivers State was used to collect data from the respondents to investigate the relationship between inflation, income and taxation and job performance of academic staff in Higher Education Institutions in Rivers State. The instrument was validated by two experts in Business Education and one expert in measurement and evaluation. The instruments’ reliability was determined using test-retest method which gave a reliability coefficient (r) value of 0.75 with Pearson Moment Correlation Coefficient. The data collected were analysed using mean and standard deviation, while statistics of analysis of variance (ANOVA) and F-ratio were used to test the only null hypothesis at 2 and 397 degrees of freedom and P > 0.05 level of significance.

Results

Research Question 1

To what extent does inflation affect job performance of academic staff in Higher Education Institutions in Rivers State?

Table 2: Computed mean score and standard deviation on what extent Inflation affects Job Performance of Academic Staff of Higher Institutions in Rivers State. (N = 34)

S/No	Responses	Scores (x)	(x - π)	(x - π) ²	Mean (π)	Standard Deviation (SD)	Decision
1.	Very Large Extent	100	95.77	9171.89			Very
2.	Large Extent	24	19.77	390.85			High
3.	Moderate Extent	15	10.77	115.99-			Extent
4.	Low Extent	4	- 0.23	10.43			
5.	Very Low Extent	1	- 3.23				
	T o t a l	144		9668.25	4.23	2.89	



Table 2 show the calculated mean and standard deviation scores on what extent inflation relate to job performance of the academic staff of higher education institutions in Rivers State. The table reveals that the mean score for what extent inflation relate to job performance of the academic staff stood at 4.23 with a standard deviation of 2.89, while low extent has a mean of 0.3. This implies that inflation has very high implications on the job performance of academic staff in higher education institutions in Rivers State.

Research Question 2:

To what extent does wages and income impact job performance of academic staff in Higher Education Institutions in Rivers State?

Table 3:

Computed Mean Score and Standard Deviation on what extent Wages and Income impact Job Performance of Academic Staff of Higher Institutions in Rivers State (N=34)

S/No.	Responses	Scores (x)	(x - π)	(x - π) ²	Mean (π)	Standard Deviation (SD)	Decision
1.	Very High Extent	115	110.42	12,192.57			
2.	High Extent	32	27.42	751.85			
3.	Moderate Extent	9	4.42	19.53			Very
4.	Low Extent	0	0	0			High
5.	Verylow Extent	0	0	0			Extent
T o t a l		156		12,963.95	4.58	3.34	

Table 3 shows the calculated mean score and standard deviation on the extent to which wages and income relate to job performance of academic staff in Higher Education Institutions in Rivers State. The table reveals that the extent to which wages and income relate to the job performance of the academic staff is very high with a mean score of 4.58 and standard deviation of 3.34. The explanation here is that wages and income has very high extent implication on the job performance of academic staff, which means that a decline or increase in the wages and income of the worker affects his job performance negatively or positively.

Research Question 3:

To what extent does taxation impact job performance of academic staff in Higher Education Institutions in Rivers State?

Table 4: *Computed Mean Score and Standard Deviation on what extent Taxation impacts Job Performance of Academic Staff of Higher Institutions in Rivers State. (N= 34)*

S/No.	Responses	Scores (x)	(x - π)	(x - π) ²	Mean (π)	Standard Deviation (SD)	Decision
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1.	Very High	105	100.62	10,124.38		
2.	Extent	32	27.62	762.86		
3.	High Extent	9	4.62	21.34		Very
4.	Moderate	2	- 2.38	- 5.66		High
5.	Extent	1	- 3.38	- 11.42		Extent
	Low Extent					
	Very Low	149		10,891.5	4.38	3.06
	Extent					
	Total					

Table 4 shows the computed mean score and standard deviation on what extent taxation relate to the job performance of the academic staff in higher education institutions in Rivers State. It shows that the mean score and standard deviation of the extent to which taxation relate to job performance of academic staff was 4.38 and 3.06 respectively. This means that taxation has very high extent implications on the job performance of academic staff of higher institutions in Rivers State. The explanation here is that tax deduction in addition to other levies deducted from the worker's salary has the purchasing power of the worker, which makes it difficult for the worker to satisfy his personal and demands of his household.

The Null Hypothesis

There is no significant relationship between economic recession and job performance of Academic Staff of Higher Institutions in Rivers State.

Table 5

Summary Table of the Statistical Analysis of variance (ANOVA) and F-ratio of Impact of economic recession on Job Performance of Academic Staff in Rivers State University

Sources of Variance	SS	df	MS	F- cal	F. Crit	Decision
Between Group	2.13	2	1.065	1.047	3.32	Null
Within Group	31,545.09	31	1,017.58			Hypothesis accepted at 0.05 level of significance
Total	31,547.22					

F- cal. = 1.047; F-Crit = 3.32; df. 2 and 31. P > 0.05

Table 5 shows the analysis of variance of the impact of recessing economy on the job performance of academic staff in higher education institutions in Rivers State. The F- ratio calculated and F- ratio table value are 1.047 and 3.32 respectively at 2 and 31 degrees of freedom. This means that since the F-ratio Table value is greater than the F-ratio calculated the only null hypothesis is therefore accepted. The explanation is that there is no significant relationship between Economic Recession and Job Performance of Academic Staff of Higher Education Institutions in Rivers State. This implies that economic recession has very high significant impact on job performance of the academic staff in higher education institutions in Rivers State.



Discussion

The economy of any country is in recessing stage the moment every economic activity begins to decline and work in reversed growth for a given period, it may be for two consecutive quarters without signs of return to stability. This situation witnesses such economic problems as high rise of cost of goods and services, unemployment, high taxation, low industrial output, low gross domestic product (GDP), decline in the real income of the worker, among others. The researchers after a careful investigation of the impact of a recessing economy on the job performance of the academic staff of higher institutions in Rivers State, revealed that inflation, once it occurs it cannot be separated from the workers real income. This implies that the incidence of inflation falls directly on the income of the worker. The explanation is that inflation has very high extent impact on the job performance of the academic staff. Inflation is an increase in the general level of prices of goods and services over a given period of time across boards resulting to a fall in the purchasing value of fixed wages and income of the worker. Inflation therefore, not checked over a given period devalues the purchasing power of the worker. During inflationary period prices of goods and services rise over time, put differently, as prices of goods and services arise, the workers' real income reduces in value and buys smaller quantity of goods and services in the market. Inflation affects different people in different ways with some persons benefiting from it at the expenses of the others. In this case the worker who has a fixed income, which does not rise along with inflation, is worst hurt as the purchasing power of his real income declines against the rising prices of goods and services. The worker is under pressure to carry out his research works and perform his job effectively and efficiently, and at the same time satisfy his household needs, while trying to resolve the problems of economic recession.

The study also revealed that the real income of the worker is inevitably and unconsciously devalued in a recessing economy. This situation does not encourage saving either, and basically every demand of the worker and household up-keep are to a very high extent affected. The period witnessed scarcity of money, high exchange rate and others, which results to instability of the worker's salary and household income that no doubt to a very high extent impacts on the job performance of the academic staff. Tax Act, 284 (1964) provides that income and wages means salary, pay or emolument given as compensation for work done or services rendered either in cash or in kind including, but not limited to bonuses, commissions and fees. Wages and income to a very high extent reflects on the quality of work done by the worker and a major component of his household income. The International Labour Organisation (ILO) examined the causes and consequences associated with fallen wages and income and related same to both aggregate demand and labour productivity and agreed that fallen value of the wages and income of the worker reduces his economic growth and stability. The implication here is that the workers economic power is reduced and unstable; the worker therefore, is under pressure and consequently, may lose concentration on his or her job performance. His emotions and physical disposition becomes unstable, his depression and distress reflects on his



job performance as he struggles to resolve his economic crisis. (Akpomi, M. E., Amesi, J. & Adolphus, T. (2008).

The study further revealed that high taxation is also another factor that has very high extent impact on the worker's salary and job performance. Tax deduction further reduces the value of the real income of the worker. Maslow (1954) Hierarchy of Needs Theory of Motivation cited in Nwachukwu (1988) agrees that motivation is the energizing force that induces or compels and maintains behaviour. Ubulom (2001) assert that need is a hypothetical force that serves to organise and motivate the actions of the individual and that when physiological needs are deprived for a long period of time, all other needs fails to appear until the first need is satisfied. The implication here is that the worker has personal and household needs to satisfy, but with a declined value of his real income as a result of continued deduction of direct and indirect taxes and other levies from his salary that has remained fixed even in a recessing economy that on its own had inevitably devalued the general value of the currency of the country.

The worker's salary is unstable and has failed to satisfy the needs of the worker and his household. It is obvious that in a recessing economy as in Nigeria, the incident of high and double taxes fall directly on the worker, which affects his job performance because his expectation is cut short and lacks the money to conduct his research works, which is the bane of academic job. Vroom (1964) cited in Koko (2009) avers that human behaviour responds to expected results and that positive efforts leads to performance.

Conclusion

Economic Recession is a decline in the economic activities of any nation for two consecutive quarters without indications of return to stability. It witnesses such economic problems as inflation, which is high cost of goods and services, high and multiple taxes payment among others, which the incidence falls directly on the income of the academic staff. The result of this unfortunate situation is that income is unstable; ability to save is difficult, conducting research almost impossible and meeting up with the demands of household, as real purchasing power declines, which inevitably to a very high extent impacts on job performance because the ugly economic situation has impeded on research works.

Recommendations:

Based on the findings, the researchers recommended that some palliative measures be provided to cushion the negative impact of economic recession on the job performance of academic staff of tertiary institutions in Rivers State.

1. Special Trust Fund:- That special trust fund should be created to cater for special needs of the academic staff, including, but not limited to research works.
2. Car Loans: - That academic staff be given interest free car loans from the trust fund to ease mobility need.
3. Housing Loan: - That interest free Housing loan from the trust fund be given to academic staff of tertiary institutions to relief them of the problem of rent



payment and reduce the burden of debt accumulation especially in a recessing economy. Today efforts are made to build quarters for workers of other sectors, Judges, Police, Army, Legislators, etc this should be replicated in the Universities.

4. That existing infrastructures, staff quarters, etc should be renovated, upgraded and new ones built to accommodate more staff, because such facilities as laboratories, learning studios, libraries, and Staff quarters could enhance the job performance of the academic staff.
5. That effort should be made to ensure prompt payment of salaries to reduce the problem of debt accumulation of the worker. The salary is a major source of income for household and should be paid prompt as not to put the worker and his household under pressure and tension.
6. That the current state policy regulating tax deduction should be reviewed to ease the effect on the worker and increase his purchasing power in a recessing economy as ours.



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