RECESSION AND LIVING CONDITIONS OF NIGERIAN CIVIL SERVANTS, FOCUS IMO STATE CIVIL SERVANTS, 2016 TO 2020

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Abstract

This paper attempts a critical analysis of the effects of Recession on Living Conditions of Civil Servants in Nigeria with focus on Imo State. The study is earned out to identify the causes of recession in contemporary Nigeria and evaluate government efforts at ending or at least reducing recession to leverage on the living conditions of the masses. Using descriptive survey design, staff of five (5) ministries in Imo State Civil Service which constitute 7,163 formed population of study. The Taro Yamanes formula is adopted to determine the sample size which was calculated to be 379. The data collected from the respondents were later presented using simple percentages and tables. Hypotheses were tested using chi-square (χ^2). The study concludes that the current economic

recession in Nigeria has negative effects on government revenue, employment, income vulnerability, inflation, human health, crimes, infrastructural supply, family relations among others. The study therefore recommends that in order to make economic progress, Nigeria must change the structure of the economy, more away from oil to agriculture; value added entrepreneurship, chemicals, pharmaceutical industry, re-vitalize the iron and steel industries, revamp the machine tools industries for local fabrication of industrial tools. All these will change the structure of the economy to path of sustainable growth. Government and private sectors should partner to promote community based enterprises, innovation, markets, financial cooperatives among other things. Government should also encourage and promote modern agriculture for big and small farm holders, with modern facilities, provided.

Keywords: Economic Recession, Depreciation, Economic Depression, Civil Service, Living Conditions.

Introduction

Recession (Magaji 2016, p.3) is a period of temporary economic decline during which trade and industrial activities are reduced, generally identified by a fall in Gross Domestic Product (GDP) in two successive quarters. The International Monetary Fund (IMF) and Central Bank of Nigeria (CBN) have agreed that Nigeria has plunged into recession. The Nigerian inflation rate currently stands at 18.63% that is extremely high and highest in the last decade. It is therefore no longer news that Nigeria is fully in economic recession. The situation that is being decried as the lowest economic performance in about

twenty five years with over four million jobs lost in one year (Olaoye, 2016, p.2). According to Adeosun, (2016, p.4) attacks by militants on oil and gas facilities in the Niger-delta have further compounded the impact of low oil prices. Experts however have explained that Nigeria's recession is not caused by slump in crude oil prices.

According to Adeniyi (2016, p.6) looters ruled Nigeria for years, politicians became rich, corporate houses became richer and masses in Nigeria remain poor and hungry. However, many public affairs analyst still blame the recession on some of the actions of current Buhari Administration.

According to Nwosu (2016, p.3) at the run up to the elections Buhari and his party claimed to have understood the challenges facing the country and promised to fix the economy and they were overwhelmingly voted into the actions of the government quickened what we now see today.

Statement of the Problem

Nigerians across the geopolitical devices and social strata are terribly feeling the pains of the biting economic crunch as explained in the introductory of the study. To say that Nigerians are literally buckling under the excruciating weight of the current economic recession which has made life miserable for many is certainly stating the obvious. From every nook and crannies of the country, the narrative that resonates everywhere is one of melancholy and dejection. In reaction to the anguish situation, the government kept repeating that the tide would turn once the missing and padding 2016 budget was passed and

second half of that year would be better for the country and its citizens (Ezeudo, 2016, p. 14). However, after granting presidential ascent to the 2016 appropriation bill, President Muhammadu Buhari seemed to had raised the hopes for turn around when he injected government funds into critical sectors of the economy. But for months after the budget was signed till the end of the 2016 fiscal year, Nigerians were yet to get their lives back on an even keel. Organized and petty crimes have been on the rise with different tales both criminality have been on the rise without a change with also different tales both conical and superfluous of mission pots of soups, yam tubers, rubber rice to sale of human blood and organs for economic reasons. Also, there are cases of domestic violence, child abuse, child trafficking, unknown gunmen, bandits, and Boko Haram across the length and breadth of the country are not forgotten. These problems informed the major purpose of this paper. The paper will therefore attempt to address such questions as what are the causes of recession in Nigeria; what are the impacts of recession on the living conditions of civil servants in Nigeria? What efforts have the government made to end recession or at least reduce the hardship on civil servants? And what are the possible solutions to tackle the recession with a view to improving the living conditions of the common Nigerians? These constitute the objectives the paper aims to address.

Objectives of the Study

The broad objective of this paper is to identify the effect of recession on the living conditions of civil servants in Nigeria, while the specific center on the following

1.   To identify the causes of recession in Nigeria,

2.   To assess the impacts of recession on civil servants in Imo State,

3.   To examine the efforts of government to end the recession or at least reduce the hardship on the civil servants and other common Nigerians.

Research Questions

The paper poses the following questions to guide in achieving the above objectives.

1.   What are the causes of recession in Nigeria?

2.   What are the impacts of recession on the living condition of civil servants in Imo State?

3.   In what ways have government attempted to end the recession or at least reduce the hardship on civil servants and other common Nigerians?

Hypothesis

Tested in this study are the following hypotheses.

Hi   Lack of economic diversification and high taxation as some of the identified causes of the recession in Nigeria.

Ho   Lack of economic diversification and high taxation are not part of the identified causes of the recession in Nigeria.

Hi   The recession had a negative impact on the living conditions of civil servants in Imo State.

Ho   The recession had no negative impact on the living conditions of civil servants in Imo State.

Hi   Government had made efforts to end the recession or at least reduce the hardship on the civil servants and other common Nigerians.

Ho   Government made no efforts to end the recession or at least reduce the hardship on the civil servants and other common Nigerians.

Review of Related Literature

Conceptual Review

Concept of Economic Recession

Recession is commonly defined as a decline in Gross Domestic Products (GDP) for two or more consecutive quarters. GDP is the market value of all goods and services produced within a country in a given period of time (McKinney: 2015, p.2). Although, recession has been commonly defined as two consecutive quarter of negative GDP growth, the truth is more complicated.

Okoye (2009, p.4) states that for more than a year barely a day that we have not heard dire economic news about the United States, Europe, Africa. Unemployment has been without rising, company profits have been falling, financial markets have been

tumbling and the housing sector has been collapsing. The single word to describe these ugly incidents is "Recession".

Umezulike (2008, p.32) states that there is no official definition of recession but that it is general recognition that the term refers to a period of decline in economic activity and that very short period of decline is not considered a recession.

Oladapo (2016, p.40) holds that recession is a business cycle contraction and it refers to a general slowdown in economic activity for two consecutive quarters. During recession, there is usually a decline in certain macro-economic indicators such as GDP, employment, investment spending, capacity utilization, household income, business income and inflation with the attendant increase in the rate of unemployment, technically when an economy records two consecutive quarters of negative growth in rent GDP, it can be said to be a recession. GDP is the market value of all legitimately goods and services produced in the country in a given period of time, usually one year (Ezeudo, 2016, p. 8).

Smith (2010, p. 96) opines that although, it is commonly thought that a recession is defined as two consecutive quarters of negative GDP growth. Recession is officially declared by a committee of economic professionals. The committees decisions are typically based on four months economic indicators and it is often hesitant to declare a recession until the evident is overwhelming political considerations may have also contribute to the committees reluctance to declare a recession in most cases.

Generally, speaking a recession is a significant decline in economic activities spread across the economy, covering more than a few months. Most commentators and analysts see a practical definition of recession as two consecutive quarters. A quarter in a country's real Gross Domestic Product (GDP), (Ode, 2014, p. 71). A recession is a general downturn in any economic Gross Domestic Product and high inflation rate.

Isa (2007, p. 51) defined economic recession as a period of general economic decline in the housing market. Generally, a recession is less severe than a depression.

Theoretical Framework

The paper is based on Keynesian theory of fiscal policy and economics. The theory was founded by Maynard Keynes, later Lord Keynes (Charles, 2006, p.2)a British economist in 1930s when the economics of the world were mixed in deep and prolonged recession, known as the great depression.

METHODOLOGY

This study adopted a descriptive research method. Descriptive research gives a picture of a situation or a population. It is a systematic collection of data in standardized form from identifiable population or representative.

Sources of Data

The research utilized two types of data collection which are primary and secondary source of data collection.

Location of the Study

The research took place at some selected government ministries in Imo State.

Population of Study

The population of this study is made up of the staff of five selected ministries from Imo State. The population is therefore seven thousand and one hundred and sixty three (7,163) at the time of this study.

Sample Size Determination

In determining the sample size of the study, the author noted that population of the staff of five selected ministries in Imo State Civil Services was considered large enough, and as such the researcher adopted Yamene (1904, p. 280) statistical formula. The formula was applied as shown below:

$$n = \frac{N}{1 + N(e)^2}$$

where n   =   sample size

N   =   population size

E   =   error margin allowed

1   =   constant.

The researcher chooses five percent (0.05) as error margin allowed, and the translation of the formula is shown below:

$$n = \frac{7,163}{1 + 7163(0.005)^2}$$

$$n = \frac{7,163}{1 + 7163(0.0025)}$$

$$n = \frac{7,163}{1 + 17.9075}$$

$$n = \frac{7,163}{18.9075}$$

$$n = 378.443739 = 379 \text{ by approximate.}$$

Therefore, the sample size for the study is three hundred and seventy nine (379).

Sampling Techniques

The random sampling technique is used in selecting the sample of this study.

Method of Data Collection

Data were collected for this study through the use of questionnaire and was supplemented by use of journals,

magazines, textbooks, internet resources and other compiled materials existing in the libraries.

Validation of Instrument

The author employed a pilot test technique to establish the validity of the study instrument. In testing the validity of the instrument, the researcher administered the questionnaire to twenty (20) persons other than the sample respondents. This was done in order to note similarity in response.

Method of Data Analysis

The author used the simple percentage method of data analysis. The analysis was represented in tabular form for easy understanding and chi-square (χ^2) was used as the statistical tool for testing the hypothesis.

Chi-square formula was used as follows: $\chi^2 \quad = \dfrac{\Sigma(O–E)^2}{E}$

χ = Calculated chi-square value

E = Expected frequency

O = Observed frequency

Σ = Summation sign.

Level of significance = 5%

Degree of Freedom = (df = 1)

Presentation and Analysis of Data

This section of the paper provided for the presentation and analysis of our research questions and the test of hypothesis. Simple percentages and frequencies were used in the analysis of our research questions while chi-square (χ^2) was used for the hypothesis.

Table 4.1 Causes of Current Recession in Nigeria

Responses	Very High Extent	High Extent	Don't Know	Low Extent	Very Low Extent	Total
Poor economic planning	175 57%	65 21%	13 4%	34 11%	21 7%	308 100%
Policy conflict	169 55%	55 18%	21 7%	50 16%	13 4%	308 100%
Accumulation of debt, especially foreign debt	175 57%	65 21%	13 4%	34 11%	21 7%	308 100%
Discouraging investment through high interest	175 57%	65 21%	13 4%	34 11%	21 7%	308 100%
High taxation	222 72%	47 15%	12 4%	19 6%	8 3%	308 100%
Lack of economic diversification	219 71%	43 14%	19 6%	16 5%	11 4%	308 100%
Deregulation and subsidy removal in the downstream sector	201 65%	39 13%	14 5%	44 14%	10 3%	308 100%

Sources: Research Data 2021.

Showing the responses of the respondents regarding causes of recession.

Table 4.2 Impacts of Current Recession on the Living Condition of Civil Servants in Imo State

Responses	Very High Extent	High Extent	Don't Know	Low Extent	Very Low Extent	Total
High inflation rate	226 73%	34 11%	9 3%	12 4%	27 9%	308 100%
Friction among families as a result of income losses	132 43%	55 18%	21 7%	72 23%	28 9%	308 100%
Increase in crime rate	163 53%	62 20%	16 5%	36 12%	31 10%	308 100%
High interest rate making credit facility difficult	215 70%	48 16%	10 3%	19 6%	16 15%	308 100%
Increase in transportation	203 66%	56 18%	19 6%	21 7%	9 3%	308 100%
Lack of prompt salary payment	172 56%	62 20%	14 5%	34 11%	26 8%	308 100%

Sources: Research Data 2021.

Showing the responses of the respondents regarding the impacts of recession on the living conditions of civil servants in Imo State.

Table 4.3 Various ways the government has attempted to end the current Recession in Nigeria

Responses	Very High Extent	High Extent	Don't Know	Low Extent	Very Low Extent	Total
Paris Club refund	211 69%	53 17%	20 7%	16 5%	8 3%	308 100%
Empowerment programmes	204 66%	55 18%	16 5%	23 8%	11 3%	308 100%
Nigerian government scouting for investors	193 63%	48 16%	19 6%	32 10%	16 5%	308 100%
Increase Agriculture produce and export	212 69%	42 14%	20 6%	9 3%	25 8%	308 100%
Relieve bonds by federal government	137 44%	79 26%	34 11%	30 10%	28 9%	308 100%

Sources: Research Data 2021.

Showing the responses of the respondents regarding efforts of government to end the current recession.

Test of Hypothesis I

Using chi-square χ^2 = $\dfrac{\Sigma(O–E)^2}{}$

E

Hi   Lack of economic diversification and high taxation are some of the identified causes of the recession in Nigeria.

Ho   Lack of economic diversification and high taxation are not part of the identified causes of the recession in Nigeria.

Constructing the test statistics for hypothesis (I)

Frequency	O	E	O – E	$(O – E)^2$	$\frac{(O – E)^2}{E}$
Very High Extent	222	61.6	160.4	25728.16	417.66
High Extent	47	61.6	–14.6	213.16	3.46
Don't Know	12	61.6	–49.6	2460.16	39.94
Low Extent	19	61.6	–42.6	1814.76	29.46
Very Low Extent	8	61.6	–53.6	2872.96	46.63
Total	**308**				**537.15**

Computation of Degree of Freedom (Df)

df   = $(R – 1)(C – 1)$

R   =   Row

C   =   Columns

$$= \quad (5–1)\,(2–1) \quad - \quad (4)(2), \text{df} \quad = \quad 14$$

$$\text{df} \quad = \quad 5 - 1 = 4$$

Therefore, the calculated $\chi^2 = 537.15$

The degree of freedom is 4, while the level of significance is 0.05. The critical value at 4 degree of freedom and 0.05 level of significance is $\chi^2 = 9.488$. Since the calculated value is greater than the critical value, therefore, the null hypothesis is rejected and the alternate hypothesis is accepted which implies that "lack of economic diversification and high taxation are some of the identified causes of recession in Nigeria".

Test of Hypothesis II – Using chi-square (χ^2)

Hi The recession had negative impact on the living conditions of civil servants in Imo State.

Ho The recession had no negative impact on the living conditions of civil servants in Imo State.

Constructing the test statistics for hypothesis (II)

Frequency	O	E	O – E	$(O – E)^2$	$\dfrac{(O – E)^2}{E}$
Very High Extent	226	61.6	164.4	27027.36	438.76
High Extent	34	61.6	–27.6	761.76	12.37
Don't Know	9	61.6	–52.6	2766.76	44.91
Low Extent	12	61.6	–49.6	2460.16	39.93
Very Low	27	61.6	–34.6	1989.16	32.29

Extent					
Total	**308**	–	–	–	**568.26**

df   =   5 – 1 = 4

Therefore, the calculated $\chi^2 = 568.26$.

The degree of freedom is 4, while the level of significance is 0.05. The critical value at 4 degree of freedom and 0.05 level of significance is 9.488. Since the calculated value from the above is greater than the critical value, therefore, the null hypothesis is rejected and the alternate hypothesis is accepted which implies that "recession had a negative impact on the living conditions of civil servants in Imo State".

Test of Hypothesis III – Using chi-square

Hi   Government had made efforts to end the recession or at least reduce the hardship on the civil servants and other common Nigerians.

Ho   Government made no efforts to end the recession or at least reduce the hardship on the civil servants and other common Nigerians.

Constructing the test statistics for hypothesis (III)

Frequency	O	E	O – E	$(O – E)^2$	$\dfrac{(O – E)^2}{E}$
Very High Extent	212	61.6	150.4	22620.16	367.21

High Extent	42	61.6	–19.6	384.16	6.24
Don't Know	20	61.6	–41.6	1730.56	28.09
Low Extent	9	61.6	–52.6	2766.76	44.91
Very Low Extent	25	61.6	–36.6	1339.56	21.75
Total	**308**				**468.2**

df　　=　　5 – 1 = 4

Therefore, the calculated $\chi^2 = 468.2$.

The degree of freedom is 4, while the level of significance is 0.05. The critical value at 4 degree of freedom and 0.05 level of significance is $\chi^2 = 9.488$.

Since the calculated value is greater than the critical value, therefore, the null hypothesis is rejected and the alternate hypothesis is accepted which implies that "government had made efforts to end the recession or at least reduce the hardship on civil servants and other common Nigerians".

Conclusion

The current economic recession in Nigeria is caused by both endogenous and exogenous factors. No doubt, there have been existed symptoms of recession in the Nigerian economy just that it became fully-blown under the President Muhammadu Buhari's civilian administration due to certain drastic actions taken to solve perennial domestic economic problems. It impacts negatively on government revenue, employment, income vulnerability, inflation, human health, crimes,

infrastructural supply, family relations, poverty and access to credit facilities.

As a lasting solution to the Nigerian economic crisis, the country's federalism should be restructured to grant states financial autonomy. This will end the idea of state relying on federal government for funding. They will use local content resources to innovate, produce, collaborate and compete for self reliance and economic independence.

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