

MANAGING WORKERS' WAGES DURING ECONOMIC RECESSION IN NIGERIA'S TERTIARY INSTITUTIONS

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Abstract

Workers are the producers of wealth, indeed they are wealth creators. The surplus value from this wealth most times is appropriated to the detriment of the workers who produce it. The relationship between the workers and their employers is mainly determined by how management meet-up with the workers' wages in an organization. Nigeria as a nation currently experienced a serious economic recession between 2016 and 2017. During this period, money in circulation is few and scarce. It is in view of this reality that this paper looks at the management of funds in payment of workers' remunerations in tertiary institutions during economic recession.

Introduction

In recent years, higher education sector has witnessed a rapid expansion. The number of students in tertiary education in Nigeria has more than doubled in recent history (UNESCO Global Education Digest, 2009). Tertiary education can be referred to as the third stage or the post-secondary education. The Federal Republic of Nigeria (2004), in the National Policy on Education described tertiary education as the education given after secondary education in universities, colleges of education, polytechnics, monotechnics including those institutions offering correspondence courses. The goals of tertiary education according to the policy document include:

- Development of the intellectual capacity of individual to appreciate and understand their external and local environment.
- Encourage and promotion of scholarship and community service.
- Developing and inculcation of proper values for the survival of every individual and the Nigerian society (FRN,2013).

Higher education is taken to include undergraduate and postgraduate education, as well as in the various certificate and diploma programmes. One of the major

requirements in any organization or parastatal is effective management. There is no organization without a management system. Management refers to a special group of people who have the responsibility to run an enterprise. There are three levels of management, namely: top, middle, and low levels. Moreover, management is not all about levels of management, it is also about getting things done through people to achieve organizational goals.

The responsibilities and role of various groups of workers is that every worker in an organization belongs to various departments and they are to perform various duties. The responsibility of every worker is achieving the goals and objectives in an organization. However, the expectation of every worker at the end of his or her service is to be well remunerated, especially through prompt payment of his or her salaries, allowances and other entitlements, either daily, weekly, monthly or annually. Payment of pension and gratuity is also important in this case.

According to Meyer and Peng (2006), as cited in Muogbo (2013), good remuneration has been found over the years to be one of the policies an organization can adopt to increase their workers' performance and thereby increase the organization's productivity. Furthermore, with the present global economic trend, most employers of labour have realized the fact that for any organization to compete favorably, the performance of their employees goes a long way in determining the success of the organization. On the other hand, performance of employees in any organization is vital, not only for the growth of the organization, but also for the growth of the individual employees (Meyer and Peng, 2006). There lies the necessity for workers to be paid as and when due, because when workers are duly paid their salaries on time, it gives them high morale. Workers are motivated when they are well remunerated through timely payment of their salaries and allowances. There are consequences of irregular payment of staff salaries, as Ewuim and Ubochi (2007) have observed; disagreement often occur in areas of employment and condition of services, such as poor working conditions, poor fringe benefits, poor remuneration, management high handedness, and anti-union activities which often impact negatively on productivity

Nwizu (2002) and Obikoya (1996) had observed that dispute arises more from inequitable salaries and wages, unconducive environment, welfare package, fringe benefits and so on. Nonetheless, the current financial downturn could impact on higher education institutions in a wide variety of ways. The economic downturn could affect every sector of the economy, including higher education.

The objectives of this paper, are therefore to discuss management of funds in tertiary education, the concept of economic recession, implications of the current economic recession on the regularity of meeting workers remuneration and the consequences of inadequacy.

Concept of management

Management refers to a set of activities which has come to be classified as planning, organizing, leading (that is coordinating and directing) and controlling. In order to optimally use available resources to achieve desired outcome in the most efficient way. In other words, management is a process concerned with the formulation of strategies, plans, policies and programmes with a view of achieving set organizational goals.

In any organization, there must be effective management system. Ibukun (1997) felt that any useful and meaningful definition should take into consideration the structure, actors, functions, and goals of management. Hence, he defined management as a process of delimiting an organization into structural levels and arranging workers and activities into performance units and coordinating resources and production procedures through appropriate leader's behavior to achieve organizational goals. Management is the effective and efficient utilization of human and materials resources for the attainment of organizational goals through appropriate leader behaviors. In any organization there must be good management system.

In tertiary institutions we have management system and it comprises of the top, middle and low level managers. The tertiary institution is managed by the academic and non-academic staff. The Governing council makes policy decisions and work towards achieving the goals and objectives of the institution, The Management performs the functions of general overseeing like planning, organizing, coordinating, controlling, reporting, leading and budgeting. The teaching and non-teaching staff need to perform their duties. The school authority assigns duties to workers and work towards achieving the goals of the organization in term of allocation of resources, provision of buildings and infrastructures, furniture, fittings and offices. Managing the funds in payment of staff salaries and allowance is very important.

According to Aliche (2009), management is the act and practice of using the natural wisdom that is inherent in man to effectively and efficiently direct to balance the affairs of human and material resources in achieving the needed challenges of organizational goals. Working in alliance with the above definition, one of the challenges of an organization is how to manage funds. Thus, management of funds involve the act or practice of using the natural wisdom that is inherent in man to effectively and efficiently disburse and ration the available funds in an organization in achieving organizational goals. Management of funds is also synonymous with financial management within an organization. It is defined as an "expert employment of funds and resources including all available assets bought with money in achieving the desire of a corporate objective (Aliche, 2009, P 29)". Financial management is thus an area of organization setting that deserved a very special attention by any company, organization or institution.

Personnel management is a challenging unit that determines the workings and structures of every business. It is a factor of production that determines the life, growth and consolidation of any establishment. No educational organization can think about how to achieve organizational goals without adequate manpower. For any educational organization to maintain acceptable credibility, the personnel and human development department must not be taken for granted by the Chief Executives. Personnel administration is a critical area, which requires the wisdom of one-minute manager in the overall promotion of the organization. For instance, many blue-chip organizations have a great respect for staff training, incentives and motivation. According to (Aliche, 2009, P.20), "business management is not feasible as a science if the growth concept of personal and human welfare is not given a priority".

According to Adam Smith, human resources and land are the two highest factors of production, but Carl (2009) in his treatise as it affects the wealth of nations stated that personal management is the only key factor of production. His argument was based on the fact that man is the only institution that empowers both land and materials in producing complementary factor of production. This is why industrial psychology, industrial relation and factory organization maintain a scientific and management chair on how to handle human resources (Aliche, 2009). At this point, it is clear to state that any tertiary institution in Nigeria can hardly achieve a lot in the area of goal accomplishment, if the human resources are not considered highly important and treated appropriately, especially in the areas of their salaries or wages. According to Aliche (2009), the rise and fall of any organization is not dependent on the lack of raw materials but it starts when the personnel department is not in unison to its human obligation. It is here that business management is scientific on the administration of man as a mover and shaker of institutions and as the only marginal and cardinal force that determine the life wire of any organization. Thus, because of the pivotal place of workers in tertiary institutions, such things as their remuneration, salaries and other incentives must not be taken for granted.

Concept of Economic Recession

Economic recession is a period of general economic decline and is typically accompanied by a drop in the stock market, an increase in unemployment, job loss, salary cut and a decline in the housing market. Generally, a recession is less severe than a depression. The blame for a recession generally falls on the Federal leadership, often either the president himself, or the entire administration. The following in literature are the causal factors of economic recession across the globe.

- (a) **High interest rates:** are a cause of recession because they limit liquidity, or the amount of money available to invest.

- (b) **Inflation:** refers to a general rise in the prices of goods and services over a period of time. As inflation increases, the percentage of goods and services that can be purchased with the same amount of money decreases.
- (c) **Reduced consumer confidence:** if consumers believe the economy is bad, they are less likely to spend money. Consumer confidence is psychological but can have a real impact on any economy.
- (d) **Reduced real wages:** refers to wages that have been adjusted for inflation. Falling real wages means that a worker's salary is not keeping up with inflation. The worker might be making the same amount of money, but his purchasing power has been greatly reduced.

Workers and Wages

Remuneration is simultaneously used with such words as wages, salary, fee and so on. Wages are the payment for the service of labour, whether mental or physical. However, in ordinary language, an office executive, a minister or a teacher is said to receive salary; a lawyer or a doctor a fee; and a skilled or unskilled worker a wage. Yet in economics, no such distinctions are made for different services and all of them are said to receive wages. In other word, wages include fee, commission and salary. Wages may be paid weekly, fortnightly, or monthly and partly at the end of the year in the form of a bonus. Wages may be task wage if a work is finished within a specified period or before that. Wages can also be paid in accordance with the amount of work done, say in a shoe factory a worker will be paid according to the pairs or parts manufactured. This will be piece wages. Sometimes wages are supplemented by wages earned by working extra time. They are overtime wages, that is a minimum wage which ensures a minimum standard of living. An organization must know who its outstanding workers are, those who need additional training and those not contributing to the efficiency and welfare of the company or organization. Also, performance on the job can be assessed at all levels of employment such as: personnel decision relating to promotion, job rotation, job enrichments and so on. (Aidis,2005; Meyer and Peng, 2006). In Nigeria, interest in effective use of rewards to influence workers performance to motivate them began in the 1970's. So many people have carried out researches in this area, some of which are Oloko (2003), Kayode (2003), Nwachukwu (2004), Meyer and Nguyen (2005) and Egwurudi (2008). The performance of workers has become important due to increase concern of human resources and personnel experts about the level of output obtained from workers due to poor wages. This attitude is also a social concern and is very important to identify problems that are obtained in industrial setting due to non-challant attitudes of managers to manage their workers by rewarding them well to maximize their productivity.

Management of Tertiary Institutions to Ensure Payment of Workers During Economic Recession

Economic recession is a critical period in any nation. Because of recession, money in circulation becomes relatively low. Take for example; the money allocated to education will gradually face a decrease. It will witness a cut in the national budget. Even when there is bulk money allocated to the education system, one of the most pronounced problems has always been the payment and increase of salary for both academic and non-academic workers. When there is shortage of funds, the managers of the higher institution must up their management skills in the areas of funding in order to meet up with payment of their workers' salaries. However, these are some of the suggested ways on how the managers of the institutions can manage funds during the time of recession.

- The management must ensure that capable and experienced and qualified persons are employed. Such person must be versatile in the area of financial management.
- Trained accountants should also be considered and employed. It must not only be trained but have a huge corporate experience and background in fund generation and disbursement.
- There is need to also equip the financial units with the latest and necessary facilities in the areas of financial management e.g. internet management of funds
- The management must also ensure that they maintain a balance and adequate decorum with the accounting staff.
- Payment vouchers must be controlled. Cheques and tellers that are used for banking transactions must be kept at the custody of an honest financial management.

Conclusion and Recommendations

Management is an act or practices of using the natural wisdom that is inherent in man to effectively and efficiently to balance the affairs of human and material resources in achieving the needed challenges of organizational goals. Personnel in any organization plays a very pivotal role that if proper attention is not given to them, they might bring the overall aims of the organization into jeopardy. One of the ways to motivate workers towards achieving the organization goals is paying their wages. Thus, this particular motivation determinant must not be taken for granted if any organization must achieve much in its area of specialization.

Tertiary institutions in Nigerian are saddled with the responsibilities of passing the bulk of knowledge within the country to the up-coming generations, embarked on research and made available new knowledge for the present population to enjoy and predict future events and strategies. To achieve this, the workers are needed to a great extent. During an economic recession in a country, the payment

of the workers' remuneration could be under threat. There is need for a proper managerial skill to manage the available funds to ensure that worker's salaries are well attended to. There is need to properly manage how money is coming in and out of the institution so that any waste, loopholes and other financial irregularities can be seen, observed and managed accordingly. For tertiary institution to succeed in the long run, Governing Councils, and their Management of institution to re-examine how workers will be paid as and when due. Government should allocate more resources and funds to the institutions, so as to enable them motivate workers so that they can work effectively towards achieving the goals and objectives of the institution.

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