

## Era of Economic Recession in Nigeria: Impacts and Survival Strategies for Managing Private Universities

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### Abstract

The present economic recession cum financial crisis in Nigeria have undoubtedly sent Tsunami ripples and wave shocks across the various sectors of the country, including educational sector. University education which is expected to provide the manpower requirement of the country in adequate quantity and quality are seriously being affected. The Nigerian universities are characterized by incessant strike action as a result of non-payment of staff salaries and allowances, presence of corruption in the system etc. The private universities suffer much because they are not being grant-aided by the government. The enrolment rate in these private universities is extremely low, making it difficult for them to meet up with their financial obligations, the dividends of which led to retrenchment and downsizing in these universities. Some of the private universities in Nigeria are seriously affected due to this economic malady in the country. This is because tuition fees are the major sources of revenue for them. Previous studies have examined the history of private universities in Nigeria, the role of university education in national development as well as prospects and problems of university education in Nigeria. The present study therefore takes a step further to examining the impacts and survival strategies of managing private universities in Nigeria during this era of chronic economic recession. To do this, tremendous efforts were made to examine the concept of economic recession and its history, the concept and goals of university education, the history of private participation in university education; the impacts of the era of economic recession on managing private universities in Nigeria and survival strategies for managing private universities during the era of economic recession. It was therefore recommended that the private universities should diversify into revenue generating businesses so as to utilize the dividends from such to supplement the tuition fees.

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### ARTICLE HISTORY

Received: 17/12/2016  
Accepted: 16/03/2017  
Published online: 26/04/2017

### KEYWORDS

Economic Recession, financial crisis,  
Nigerian Universities, private  
universities, university education.



## **Introduction**

Economic crises or recession involves the growing economic, political, technological and socio-cultural linkages which connect individuals, governments at all level and societies at large and its negative impacts on people. Undoubtedly, Nigerian economy has over the years being facing and struggling with the rippling effects of the economic recession resulting into total breakdown and decline in the country's economic vigor. This is evident in the high rate of unemployment, crashes of Nigerian currency, galloping inflation as well as declining business and unpaid salaries and allowances of workers. Therefore, every sector of the country's economy has had its fair share of the troubles and menace of economic recession. The education sector (University education inclusive) which is expected to train the manpower requirements of the country has shared highest part of the effect of economic recession. The private universities which are majorly financed by the private individuals are finding it difficult to survive in this era of economic recession or malady. In fact, the public (State and Federal Universities) are really suffering from dearth of infrastructures, inadequate funds and others. This contributes to incessant strikes of universities staff, unpaid salaries of universities staff, prolonged academic calendar and a host of others. Many private universities therefore are now finding it difficult too to pay their workers regularly, there are cases of retrenchment and downsizing in some private universities, thereby, improving the unemployment saga in the country. This is because, the private universities in Nigeria are not being grant-aided by the government and the possibility of meeting up with their financial obligations at this tedious era of economic recession is becoming difficult and unrealistic for these private universities in the country.

Therefore, the thrust of this paper examines the impacts of economic recession in Nigeria on the management of private universities in the country and also the survival tips for the management of private universities in Nigeria during the economic recession.

## **Economic Recession: Concept and History**

Economic recession refers to economic slowdown, characterized by low output, illiquidity, poor exchange rate and mass unemployment. It is also characterized by abnormal rise in unemployment rate, fall in the availability of credit, volatile currency value fluctuations, devaluations, decline investment and bank failure. A recession has various attributes which can occur parripasu or

simultaneously and it may include decline in the component measures of economic activity (GDP) such as consumption, investment, government spending and Net export. According to National Bureau of Economic Research (NBER) (2005), recession is a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in a real Gross Domestic Product (GDP), real income, employment, industrial production and wholesale-retail sales.

Historically, the first recorded economic crisis occurred in the Third Century when Roman Empire encountered collapsed as a result of pressure brought by invasion, plague, civil war and economic depression (Babalola, 2016). Records showed that this made the Roman Empire to divide into three comprising Gallic Empire, Palmyrene Empire and an independent Roman Empire.

Furthermore, economic crisis were recorded in the 4th, 17th, 18th, 19th, 20th and late 21st Centuries. Accordingly, the most powerful and serious economic crisis was that of 1930 which greatly affected a good number of countries, including the United States of America (USA). This crisis started in the United States as a result of the fall in stock prices on 4th September, 1929 and culminated in a global World stock market crash on October 29th, 1929.

In 2014, Russia also started to experience a financial crisis brought as a result of International Sanction imposed on the country due to its annexation of Crimea and the decline in the price of oil.

### **The Concept and Goals of University Education in Nigeria**

Traditionally, a university is an academic community of students, teaching staff and non-teaching staff. It can also be regarded as an organization empowered by law to manage its activities and it is characterized by a long standing tradition of academic freedom and operational autonomy. According to Eze (2000), university is a separate community of masters and students isolated from the immediate environment. To Livingstone (1974), as referenced by Babalola (2015), a university is a set of buildings, an idea, a concept or even a society. Corroborating this, Sanda (1992) saw university as an organization being essentially a social grouping of human beings whose activities are co-ordinated and directed towards the achievement of specific goals. It is a community, a bureaucracy, a monastery, an institution, a political entity or even a business outfit (Babalola, 2015). It is an institution of higher education, learning and research which grants academic and professional degrees in a variety of disciplines or professions. It provides courses of

instruction and other facilities for the acquisition of knowledge in all fields, to encourage the advancement of learning, culture and character, encourage and promote scholarship and to conduct research in all fields of learning and human endeavour and ultimately to relate all its activities to the social, cultural and economic needs of mankind (Omoregie, 1997).

Therefore, university education is regarded as a specialized and higher form of education. Specifically, Section 5, Sub-Section 86 of the Federal Republic of Nigeria National Policy on Education (2013) states the goals of university education to include, to:

- a. Intensify and diversify its programmes for the development of high level manpower within the context of the needs of the nation;
- b. Make professional course contents reflect our national requirements;
- c. Make all students part of a general programme of all round improvement in university education to offer general study courses such as history of ideas, philosophy of knowledge, nationalism and Information Technology (IT); and
- d. Make entrepreneurial skills acquisition a requirement for all Nigerian universities.

### **The History of Private Sector Participation in University Education in Nigeria**

Private sector participation in university education refers to the process of deregulation of university education. According to Ajayi and Ekundayo (2008), deregulation of university education implies the process of breaking the government's monopolistic power or influence on the provision and management of university education by way of giving free hand to private participation in the provision and management of university education in the country.

Historically speaking and according to Oloyede and Adekola (2010), private universities are recent developments in Nigeria compared to the public counterparts. However, these developments evolved during two historic phases. The first being during the Second Republic under President ShehuShagari's administration (1979-1983) and the second phase being during the Fourth Republic under President OlusegunAremuObasanjo (1999-2007). Therefore, the first private university in Nigeria was Tandem University, Owerri, founded by Basil NnanaUkaegbu in 1980 (Adeogun, et al., 2009 and Gabriel, et al., 2006). Though, the establishment of the

university witnessed judicial contest, notwithstanding, the victory of the founder at the Supreme Court enhanced the private individuals and organizations to establish private universities in the country. During this time, a total of 26 private universities were established in the Southern part of the country (Osagie, 2009). In December, 1983 under General MuhammaduBuhari, Decree No 19 of June 1984 was enacted, abolishing and prohibiting the establishment of private universities in the country (Obasi, 2007).

Nevertheless, the establishment of private universities in Nigeria was redeemed with the inauguration of the Commission on the Review of higher education by the Head of State, General Ibrahim Babangida in 1991. The recommendation of the Commission (Longe Commission) therefore made the government to reverse the former Decree on the establishment of private universities. Thus, this allowed private individuals to establish and run private universities in the country on the ground that they meet the standard guidelines and obtain government's approval. Arising from this, the National Universities Commission (NUC) established in May, 1993, the Standing Committee on the establishment of private universities (SCOPU), which was saddled with the responsibility of evaluationg the process of establishing private universities in the country (Okojie, 2008).

Meanwhile, with the emergence of democracy in 1999, under President OlusegunAremuObasanjo, private universities rose drastically. Hence, the first set of private universities which gained approval in 1999 were: Igbinedon university, Okada; Babcock University, Ilisan-Remo and Madona university, Okija (Omuta, 2010), with Igbinedon university, Okada being the first licensed private university in Nigeria (Owoye, 2012). Presently therefore, the number of private universities in the country has increased fantastically.

The table below shows the lists of private universities in Nigeria, location and year of establishment between 1999 and 2017:

**Table 1: List of Private Universities in Nigeria as at 2017****Source: National Universities Commission (NUC) - Google Search, 13/2/2017**

<b>S/N</b>	<b>Name of University</b>	<b>Location</b>	<b>Year Established</b>
1.	Fountain University	Oshogbo, Osun State	2007
2.	Bingham University	New Karu, Nassarawa State	2005
3.	Wukari Jubilee University (Kwarafa University)	Wukari, Taraba State	2005
4.	American University of Nigeria (ABTI)	Yola, Adamawa State	2003
5.	Pan Atlantic university	Lagos State	2002
6.	Caritas University	Amorji-Nke, Enugu State	2005
7.	Western Delta University	Oghara, Delta State	2007
8.	Wellspring University	Evbuobosa, Edo State	2009
9.	University of Mkar	Mkar, Benue State	2005
10.	Salem University	Lokoja, Kogi State	2007
11.	Oduduwa University	Ipetumudu, Osun State	2009
12.	Obong University	Obong Ntak, Akwa Ibom State	2007
13.	Novena University	Ogume, Delta State	2005
14.	Renaissance University	Enugu State	2005
15.	Nigerian Turkish Nile university	Abuja	2009
16.	Madona University	Okija, Elele	1999
17.	Lead City University	Ibadan, Oyo State	2005
18.	Baze University	Abuja	2011
19.	Landmark University	Omu Aran, Kwara State	2011
20.	Igbinedion University	Okada, Edo State	1999
21.	Redeemers University	Ede, Osun State	2005
22.	Joseph Ayo Babalola University	Ikija, Ilesha, Osun State	2006
23.	Crawford University	Igbesa, Ogun State	2005
24.	Covenant University	Ota, Ogun State	2002
25.	Caleb University	Imota, Lagos State	2007
26.	Afe Babalola University	Ado Ekiti, Ekiti State	2009
27.	Bowen University	Iwo, Osun State	2001

28. Benson Idahosa University	Benin City, Edo State	2002
29. Bells University of Technology	Ota, Ogun State	2004
30. Babcock University	Ilisan, Ogun State	1999
31. Ajayi Crowther University	Oyo, Oyo State	2005
32. The African University of science & Technology	Abuja	2007
33. Achievers University	Owo, Ondo State	2007
34. McPherson University	Seriki Sotayo, Ogun State	2012
35. South Western University	Okunowa, Ogun State	2012
36. Evangel University	Akaeze, Ebonyi State	2012
37. Samuel Adegboyega University	Ogwa, Edo State	2011
38. Adeleke University	Ede, Osun State	2011
39. Elizade University	Ilara Mokin, Ondo State	2012
40. Al – Hikman University	Ilorin, Kwara State	2005
41. CETEP City University	Lagos	2005
42. Godfrey Okoye University	Ugwuono-Nike, Enugu State	2009
43. Gregory University	Uturu	2012
44. Paul University	Awka, Anambra State	2009
45. Rhema University	Obeama Asa, Rivers State	2009
46. Tansian University	Umunya, Anambra State	2007
47. Wesley University of Science and Technology	Ondo, Ondo State	2007
48. Crescent University	Abeokuta, Ogun State	2005
49. Varitas University	Abuja	2007
50. Al-Qalam university	Katsina	2005
51. Augustine University	Ilara, Lagos	2015
52. Chrisland University	Owode, Ogun State	2015
53. Christopher University	Mowe, Ogun State	2015
54. Hallmark University	Ijebu-Itele, Ogun State	2015
55. Kings University	Ode-Omu, Osun State	2015
56. Michael and Cecilia Ibru University	Owhrode, Delta State	2015

57.	Mountain Top University	Ogun State	2015
58.	Ritman University	Ikot Ekpene, Akwa Ibom	2015
59.	Summit University	Offa, Kwara State	2015
60.	Edwin Clark University	Kiagbodo, Delta State	2015
61.	Hezekiah University	Umudi, Imo State	2015
62.	CrownHill University	Baallah, Ilorin, Kwara	2016

### **Impacts of Economic Recession on Managing private universities in Nigeria**

The emergence of private universities in Nigeria has been explained in terms of several factors. These include: the public failure theory, the demand absorption theory and choice theory. Therefore, it is justifiable to say that private universities have contributed immensely to the development of higher education in the country. This is evident in terms of the boost in the number of students admitted into the universities, quality of infrastructures and facilities, assurance of the quality of programmes offered, quality of graduates produced, maintenance of stable academic calendar and effective check on the menace of secret cults among others (Fapounda, 2012).

Private universities have been placed at the center of public debate as a result of the present financial collapse and economic recession in the country. It is therefore very germane to say that the economic recession has serious impacts on the management of private universities at large. Thus, private universities are not immune to the hard times in the country.

The first and immediate shorter-term impact of the economic recession has been at the institutional micro level. Lower students' enrolment on certain programmes- the most expensive programmes and those with lower job prospects have led the private universities' administrators to prepare for the worst by making plans to reduce staff at all levels and rationalise their portfolio of programmes. Also, this has made many private universities to impose severe cut on their provision by cutting academic programmes that are not competitive.

Also, the era of economic recession has made it difficult for many parents to pay their children school fees. It should be noted that these universities largely rely on the fees remitted by parents as well as the goodwill of other donours whose economic buoyancy has been seriously affected by the downward trend globally. Corroborating this, the Vice-Chancellor of Redeemer's University, Prof. Adeyewa was reported to have said that in many private universities in Nigeria, parents have



been unable to pay fees as due and there have been numerous plans to allow students to defer payment while some even ask institutions to allow their wards to sit for examinations and pay the fees later (Punch Newspaper, July 26, 2016). Also, the Vice-Chancellor of Al-Hikmah University, Prof. Mohammed Ibrahim lamented that some students could not sit for the last semester examinations following the non-payment of their tuition (Punch Newspaper, July 26, 2016).

More so, the economic recession has seriously affected the provision of needed materials, equipment and conducive environment for enhanced pedagogical activities in many private universities in the country. The running costs of these universities have risen drastically due to increase in the cost of diesel, fuels and other laboratory and technical equipment. The high cost of materials perhaps as a result of crashing of Naira has made the procurement of equipment impossible. Thus, these are impeding factors to the provision of conducive environment for both students and staff.

Furthermore, the present economic recession has seriously impacted on the recruitment process in many private universities in the country. Many private universities have put on hold the recruitment of additional staff in order to ensure that the salaries of the existing ones are paid. Some cannot even afford to recruit competent and academically inclined personnel and therefore place some staff on contract, adjunctship, associateship or part-time basis. This undoubtedly negatively affects the instructional delivery and subsequently the products of the system.

### **Survival Strategies for Managing Private Universities in Nigeria during the era of Economic Recession**

It is very germane to emphasise the fact that the emergence of private universities in the Nigerian educational system is a welcome development that must not only be encouraged but sustained. In spite of the challenges and vicissitudes witnessed by these universities during the era of economic recession, certain strategies need to be put forward by the private universities so as to favourably compete, survive and exist during this era of economic malady or imbroglio. Some of these survival strategies are:

Introduction of market-driven curricular/ programmes- Private universities should introduce market-driven programmes in form of entrepreneurship programme to all students, irrespective of their chosen field of study. This programme should involve theory, practical and local internship in Entrepreneurship Development Studies within the university. It does not only help the private universities to make their graduate to be self-reliant but also enables the universities to sell the proceeds

from such programmes, thereby serving as another source of revenue generation. This programme may include but not limited to the following:

1. Fish pond including fish mills
2. Snail farm unit
3. Grasscutter rearing unit
4. Soap making, including disinfectant and air freshners
5. Bead making unit
6. Hat-making unit
7. Paint making unit
8. Fruits and juice including water production unit
9. Tie and dye (Textile) unit
10. Printing and publishing unit
11. Production of bottled water and ICT Solution software

Old boys/ Alumni Associations- The relevance of alumni associations in the provision of financial supports for the private universities becomes very important in this era of economic recession. The alumni association from time to time can donate funds and other teaching and learning equipment to universities.

Other strategies include: forming of Stakeholders forum of Parents and Teachers Association within the university and procurement of external aids from outside the country. It is also important than private universities mount some other programmes that are productive and capable of generating more funds to the universities. This may include: floating of Sandwich or Part-Time Programmes for on-the-job workers who are yearning for university Degree and Top-Up/HND Conversion programme for the graduates of Polytechnics. This is considered lucrative as more polytechnic graduates are likely to enroll due to discrimination between university and polytechnic graduates.

### **Conclusion and Recommendations**

This paper has vividly discussed the impacts of economic recession on the management of private universities in Nigeria and suggested strategies to be adopted by the private universities. It is there conclusive to say that economic recession has impacted several sectors of Nigerian economy, with education having its shares. Thus, managing private universities in this era of economic doldrums is a difficult task. It is therefore recommended that the government should endeavour to enact

policy that will establish the allocation of funds to private universities in the country. This will enable the private universities to supplement such funds with the little they are able to realize at the individual institutional level. When government enacts the law for allocation of funds to private universities in the country, it will better improve the government's control and influence on the universities.

### **Disclosure statement**

No potential conflict of interest was reported by the author.

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