

**ECONOMIC RECESSION AND THE IMPACT OF REMUNERATION SYSTEMS ON
PRODUCTIVITY IN NIGERIA CIVIL SERVICE**

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ABSTRACT

The purpose of this research is to consider the relationship between remuneration and productivity and how to match output remuneration plans to achieve organizational objectives. It also considers the variables that motivate the Nigerian Civil service employees. It was concluded that civil service play a key role in the execution of every government policy and that no government can succeed with the officials of civil service.

Keywords: Productivity, Civil service, Bureaucracy, Salary, Wages, Incentives, Fringe benefits, Organization, Workers and Recession.

INTRODUCTION

The National Bureau of Economic Research (NIBER) defined a recession as “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. It can be defined as a negative real GDP growth rate for two consecutive quarters (say first and second quarters).

A recurring problem in organisation and among has been that of promoting and sustaining human productivity over extended periods of time (Ejiofor, 2007). Man has always tried to find better and easier ways of accomplishing tasks with view to improving his productivity. The periods referred to as the stone age, renaissance, and the industrial revolution represented man’s efforts in bringing about change for the better in his environment and in methods of performing and accomplishing work. Workers are being looked upon for better services, yet it is true that their productivity and efficiency depend on the work relationship existing in the organization such as: remuneration and the general working environment. President Muhammed Buhari in his 2016 state of the Economy addressed the nation as follows:

What we are aiding at, and what we should all aim at, is the achievement of higher real wages which can bring about an improvement in the

standard of living. The way to do this is to put considerable emphasis on hard work and higher productivity without which increased' wages only create a mirage of better well-being. The challenge of the economy is cake-baking and not cake-sharing; increase in productivity, stability of prices, including rent, are mandatory, so that "the pay packet in its total form makes sense, to the worker. I enjoin all Nigerians to continue to dedicate themselves to greater volume of production and to higher productivity which alone can guarantee real improvement in welfare.

The present economic recession measures have imposed untold hardship on workers. As a result the- living standard of the people especially the civil servants and other paid workers is constantly falling. As could be seen from the presidential address above, increased productivity by all Nigerians (including the civil servants) will go along way in improving the living standards of workers.

Remuneration in the Nigerian setting, therefore, is an important motivating factor to workers¹ productivity. It determines the efficiency of the average Nigerian worker, since in our own social system a worker is obliged to share his or her income with the extended family relations including sisters, brothers, cousins, aunts,, uncles, nephews and so on.

Management can make workers perform efficiently through the promise of mandatory incentives. As (Onuoha, 1994) rightly pointed out, possible motivators in Nigerian environment are salary and wage increases like the Adebo and Udoji Commission awards and of course increase in fringe benefits.

AN OVERVIEW OF THE NIGERIAN CIVIL SERVICE

The civil service of a country is the body of full-time officers employed by the state in the administration of all civil affairs as distinct from the members of the armed forces (Imaga, 2009). It is also distinct from politicians who may be appointed as heads of executives departments from time to time. In Nigeria as in any other modern country, the civil service are organized in hierarchical structures of offices, powers and duties as it comprises both general administrators and professional, scientific and technical specialists.

In Nigeria the civil service is responsible for the administration of the government of the country. It excludes the legislative, judicial and military branches of the government* As a general rule, members of the civil service have no official, political allegiance and are expected to serve -every government whether military or civil loyally and efficiently carrying out the policies of the government of the day. This is why the civil ..servants are not affected by changes of government.

In Nigeria the civil service provides the staff of all the ministries and government .departments, but does not include the judiciary, the public corporations and the Universities. The civil servants, especially the senior civil servants play a vital key role in the administration of the country. .In addition to guiding and advising ministers, commissioners and other ministerial heads of "government departments, they also play a vital role in shaping government policy and proposing developments as well as in applying and executing policy. The middle and lower grades actually administer and apply the policies of the government of the day. From the foregoing, it is evident that the civil servants infact possess enormous power, which they sometimes abused and misused to the detriment of the government and the country in general. This is why sometimes questions, have arisen, as to the adequacy of the ministerial control arid judicial power to control abuses of power or maladministration by the civil service. The term 'burreaucracy'¹ was coined as popular expression indicating fear that governing power belongs to the civil servants in the offices, not the ministers or members of parliament, or the ruling council by whatever name it is known (Flippo, 1980).

The problem with Nigerian civil service in present day Nigeria is not so much its enormous powers, but rather the fact that we are having an increasing number of delinquents in civil service whose corruption, laziness and incompetence have tended to ruin the reputation of an otherwise sophisticated and highly dedicated crop of civil servants. The ideal Nigerian civil servants must not show any of the traits of the delinquent civil servant as described earlier. He must not be corrupt, lazy, tribalistic and unproductive. The official who will hide a useful file until he is given a bribe, or deprive citizens of their rights be of his tribalistic disposition .or one who will adopt a negative and unproductive attitude to his work should be

identified and removed from the service. The same treatment should be given to the unpatriotic civil servant who will collude with unscrupulous foreigners to sabotage the Nigerian economy in one way or the other.

In view of the enormous powers enjoyed "by the civil service arising from the fact that it is responsible for the execution of every government policy and programme affecting the life of every Nigerian, it is certainly in the interest of all Nigerians that we should have an efficient, dedicated, honest, detribalised, disciplined, patriotic, courteous and productive civil service (Maduabum, 1980). Furthermore, the management of Nigeria's vast resources from oil and the execution of government policies especially during the period of the boom "between 1970 and 1976, was handled by the civil service, and given the manpower and technological limitations of that period, the civil service did not perform badly at all. In spite of the points made above in favour of the civil service, a lot still has to be done to improve on its overall performance so that it will be better-equipped to cope effectively with the challenges of the future in the country's march towards economic emancipation and industrialisation.

It is the responsibility of the civil service to execute governments' economic policies and programmes. If these programmes and policies are not properly executed the economy will suffer and no government can succeed without the support and co-operation of the officials in the civil service (Onuoha, 1998).

Code of Conduct for civil servants

The civil service is a machinery the Government uses to render service to the people and as such civil servants should think of how they can constantly and consistently improve themselves to give better service. The rendering of this service must conform to prescribed code of conduct* The constitution of the federal Republic of Nigeria provides general code of conduct for public officers and should also be read.

ECONOMIC RECESSION IN NIGERIA: CAUSES AND EFFECTS ON REMUNERATION AND PRODUCTIVITY.

The present economic crisis in Nigeria stems from the very sharp decline in the receipts from the sale of petroleum as a result of a fall in the demand for the commodity. With a given fall in the demand for oil, assuming a constant price, there is a fall in the foreign exchange earnings and consequently a decline in the foreign exchange reserves. These reserves were accumulated over the years mainly from the sale of petroleum oil. Between 1979 and 1981, for example, oil production fell by about 38 per cent while oil export fell by 46 per cent. Before the oil boom the foreign exchange reserves were quite relatively at exports which were managed by the export monopolies of the marketing boards. As Nigeria, is an importer of many commodities, a fall in the foreign exchange earnings and a depletion of foreign exchange reserves imply a reduction in the ability to import goods and services and consequently a fall in the standard of living. A decline in the receipts from oil has implications for domestic revenues since the former constitute a large proportion of these revenues. The ability of government to maintain existing services or to create new ones would, therefore, be adversely affected. No doubt, the government has taken some steps like the elimination of dollar purchase privileges for importers of 40 items. Such as rice, cement, toothpick, private planes, poultry, meats, margarine, wheelbarrows, textiles and soaps. The government has on the other hand, caused serious poverty in the land by herself by widening the gap between rich and poor creating more economic hardship. For instance, when the CBN was selling dollar at N315 and people were buying at N480, the highly placed individuals in the country were putting calls across the banking industry to get dollars at the official rate, this they resell at the parallel market rate of N480 and make huge profit.

Public sector managers popularly known as administrators "Save ""been accused of mismanaging the economy or misdirecting the economy through disjointed and fragmented policies that have never been allowed the test of their time. In fact the present economic situation is attributed largely to the cumulative effect of the wrong policies, especially in areas of investment where oil wealth was drained through white elephant projects, over-invoicing, kick backs and illegal contracts. (Noko, 2016).

In these days of world-wide economic down-turn, "when different countries (particularly in Africa) are battling with the consequences of economic recession, it has become necessary to constantly review this monstrous phenomenon. All over Africa there are low standard of living, a high level of illiteracy, inadequate shelter, growing unemployment, low incomes; and negligible savings Demola (1999). The concern

of the African countries with this problem could be demonstrated by the meeting of Economic Community of West Africa states (ECOWAS) in quick succession at new Nigerian capital, Abuja in 1987 alone.

The Nigerian public service which is the single instrument for implementing public-policy and national objectives was saddled with more responsibilities than it could possibly manage. This, as attested to by Olugbemi (1997) continues to overstretch the thin skill resources of the public service.

The present economic recession measures have imposed, untold hardship on workers. With the introduction of the economic stabilization Act at the federal level and other measures aimed, at revamping the economy, many businesses followed by introducing cost-saving measures to the detriment of workers. As Ugwuala (2003) rightly observed, in the wake of economic recession, many companies and the Nigerian Civil service embarked on massive retrenchment of workers. This was one episode in which there was no discrimination on the ground of positions of grades held by the retrenched -workers. Hence managers and junior workers were all " affected for once.

In the public sector we have watched with dismay and apparent helplessness and demoralisation caused by lack of adequate pay in many organisations in the country. This is very evident in the civil service, the Udoji salary scales have to be reviewed every two years. As a general review creates excitement and the raising of prices, we need not review the salaries of all civil servants in the whole country at the same time, as long as the period of review in each case is two years.

DETERMINANTS OF GOOD REMUNERATION

The aim of every successful organisation should "be to adopt a remuneration system which will "be satisfactory and equitable, and which, will limit or stop complaints and dissatisfaction among workers which normally degenerate • into strike actions and lost of working days.

Research has shown that remuneration is of a great importance to a typical Nigerian worker as he depends on this for his living and that of his dependants. It, therefore, "becomes very important, that Nigerian organizations .adopt good and equitable remuneration systems to ensure that jobs are adequately remunerated and on time to avoid discontent among workers.

The factors of a good remuneration system, that is, the actions to be performed to ascertain what is to be paid, how to pay it, and who is to "be paid what, will be examined. Remuneration systems within the organisation are determined by a flow of events including job analysis, job description, wage survey, and analysis of relevant organisational problems, wage, structure, and collective bargaining.

THE EFFECT OF BENEFITS AND INCENTIVES ON PRODUCTIVITY:

Cunning (2005) says incentives are anything which entice or attract or motivate a person to work harder, urging him to some forms of actions at the same time satisfying his subjective desires.

On the other hand, Tinu Idowu defines it as "all forms of encouragement used to attract an employee's effort and productivity in an organisation. "They are based on performance and their sizes depend on particular contributions made by individuals.

But, "benefits according to Tinu Idowu (1987) are "derived simply from an individual's membership of a company, They are his entitlements unlike incentives, which vary due to personal efforts, benefits grow in relation to one's position, status or rank". These benefits represent an extra income, additional security. Such benefits always satisfy employee needs that are not satisfied by wages and thus help in promoting employee's morale.

These benefits consist of such items as life' and medical insurance coverage, vacations with pay, birthday holidays, sick leave, educational benefits, price concession on the company's products or goods, retirement plans (pension) and other benefits which accrue to workers in addition to their wages.

EMPLOYEE PURCHASE

Many firms do make available to their e., own products at discount prices. This provides return in moral and also stimulates the employee to use and "identify with" the products on which him or she works.

Incentives, and benefits are necessary "because every worker experience an internal struggle "between his "Capacity to work" and "the will to work. A very few employees really, work to their full capacity. An organization is more likely to incite its employees to higher performance when specific goals are established.

Some industrialists have also upheld that incentive and benefit schemes which entail sharing and competition . lead to rivalry and envy which can disintegrate well-founded organisations. Other pitfalls associated with incentives includes waste, greed and destruction. All these have adverse effect on productivity.

Despite all odds it is noted that the remuneration policy adopted by a firm can influence the level of morale of some of its employees, and consequently, their performance. Ezekiel Umoren comments by saying.

Inadequate remuneration brings job dissatisfaction which lead to frustration. The first sign of dissatisfaction is frustration. Frustration refers to a state of being -disappointed. Frustration occurs when a person is prevented from obtaining a valued benefit and incentives. A frustrated worker cannot perform in an organization hence dissatisfaction leads to poor performance by means of apathy, absenteeism, turnover, sabotage and strike.

There is indeed a positive correlation, "between 'positive incentive and benefit plans and productivity since satisfaction and performance are related. Where good performance is seen to lead to high pay, it can "be inferred that there "would "be high productivity where good pay plans leads to efficiency.

If benefits like bicycle, motorcycle, car loans-now car refurbishing loan due to high cost of cars, and bus services are provided for the worker, these will on the other hand boost his performance.

FRN once said, "policies and procedures regarding promotion, working condition, discipline and grievance affect the mood of the worker. Successful companies have a deeply ingrained philosophy that respects the individuals, make them winners and really cares for them... Get incentives right and high productivity will follow. If we give adequate incentives, the basic productivity problems will be eliminated or at least minimized".

OUTPUT OF A REMUNERATION PLAN:

It has been noted earlier that the pay check to the worker who is receiving it is a basic income from which he pays his bills, feeds the children, buys his clothes, car and housing. His societal status also depends on this.

However, from the management point of view It is the cost of doing business, that is, cost of production and also a means of stimulating workers to excel. Between these two extremes a, good remuneration plan should be the one that is geared towards the achievement of the following goals-equitable remuneration, competitive remunerations and have motivational effects.

Equity:

Equitable compensation means that the pay received by individual workers will stand a comparison test with other workers or managers inside the firm, and also with others outside of the organization. It means that the workers pay in one department doing identical work with a worker in another department, will be the same. It will produce pay checks which reduce discontent a from comparison. When one worker notes that another gets more pay than he does, the system which is equitable will have a rational explanation to explain the difference.

Competitive Remuneration:

This means that the company pays enough to attract adequate or better than adequate candidates for new positions. It means that they are making the pay attractive enough to . a sufficient-number of qualified candidates that the positions needed to operate at all levels will be found. It also means that those already on the pay roll when making comparisons of their own pay with that of persons doing similar work in other organisations, will not be attracted away by higher wages or salaries.

Motivational Effects:

A remuneration plan should be directed to reward excellence, high output, high contributions to objectives, and to withhold such rewards from those whose contribution is lower.

PRODUCTIVITY AND ECONOMIC DEVELOPMENT

In broad terms productivity can' "be seen as the ratio between output and factor inputs, such as men, machines, materials, technology and management. However, "because of the difficulty in the measurement of the contribution "of the various factor inputs in quantitative terms, measurement of productivity has been confined to specific factors. Nigerian employees are said to have a poor work resulting in low productivity. Commenting the low productivity of Nigerian' employees, Eze observed that.

Many achievement-oriented, shrewd observers of Nigerian people at work have always come out with a common impression that generally Nigerian workers are lazy, slow, sleepy, reluctant-to act, -unconcerned, and deceitful in their approach. These workers are said to lack the zeal, the briskness and the moment-urn of hard working people; and generally, they dislike to hear anybody talk about efficiency, dedication, honesty, competence, determination and productivity- all of which characterise achievement people in a production oriented society.

Employees are known to have worked to defeat an otherwise good decision for lack of; involvement. Important decisions are made in seclusion "by people who have no intimate knowledge of the problem on hand. With characteristic detachment from employees, such decisions have minimal chance of success and fail for lack of commitment, A false sense of security may also result from the fact that the employees in the civil service tend to enjoy guaranteed employment even in the face of gross or criminal negligence.

Productivity is not quantifiable, and the government does not attempt to maximize profit; instead engaged in social welfare redistribution. Redundant employees are retained, management engages in "feather-bedding" while non-existent positions are created, jobs overlap and many man-hours are wasted in the futile effort to determine in whose" jurisdiction a particular task belong.

In Nigeria, the issue of Increased -productivity has attracted the attention of the productivity, price and Incomes Board (PPIB), with as much concern as that of wage development, although productivity awareness in Nigeria is not a recent event. The various wage commissions, have examined the subject to some extent-However, these efforts tended to preclude the organisational machinery necessary for a national or sectoral campaign to stimulate productivity consciousness among firms and -industries.

There is, nevertheless, a popular opinion, not entirely subjective, that in recent years wages in the public sector have advanced ahead of productivity, Realistically, the need for improved productivity applies to all sectors, including the unorganized, given the prevailing disequilibrium between supply and demand for "both agricultural and non-agricultural goods. In advancing the PP1B view Obasanjo told leaders of the Nigerian labour congress in 1989 that-

The most effective way of increasing income is through increase in productivity. Effort to Increase Income and general welfare must therefore be grounded very firmly in productivity increases. If increases in incomes are not related to productivity

increases they will be shortlived as increases in prices will result in lower real Incomes, and rapid rates of Inflation and inflationary expectation will affect the course of economic development adversely.

There is undoubtedly a strong case for improved productivity in all sectors.

Future, of Productivity In Nigerian Civil Service:

The civil service in Nigeria today *is* of the-human relations type. It should, be seen and regarded as such. It has its obvious draw-backs and to a large extent commendable areas of performance. The federal Military Government having realized these facts has introduced the 1988-1990 reforms in the public service with special reference to the Civil service and the local Government service to, among other things pave the way for further advance. Consequently, no effort should be spared everywhere to see the reforms fully implemented "in time. When Udoji Reform came, Civil servants took the financial benefits but carefully avoided the operational aspects of the reforms. The result is still fresh in our memories.

This time around, the public service should behave differently. The rising incidence of industrial unrest -in recent times shows that a communication-gap exist between 'employers and labour. This must be bridged as a matter of urgency in order to keep the wheels of economic development in the right track.

SUMMARY

This research has shown that remuneration is of great importance to a typical Nigeria Civil servant⁵ as he depends on this for his living and that economic recession facing Nigeria has made the existing remuneration systems inadequate in meeting the basic needs of civil servants. As a result, the Nigeria Civil Service is presently facing an increasing number of delinquents, whose corruption, laziness and incompetence have tended to ruin the reputation of an otherwise sophisticated and dedicated group of civil servants.

It is evidenced that living condition of the average Nigerian civil servant is not good enough, especially, the Junior staff. The low standard of living invariably has contributed to his fruitless effort to work hard and increase productivity. The problem of the Nigerian civil servant is no clear that there is no need for any prophecy or external theories which may not even be related to the condition to solve the problems.

In view of the enormous power enjoyed by the civil service arising from the fact that it is responsible for the execution of every government policy and programme affecting the life of every Nigeria, it becomes certain that in the interest of all Nigeria, there should be efficient, dedicated honest, detribalized, disciplined, patriotic, courteous and productive civil service. No government has succeeded without and cooperation of the officials of the civil services.

From the foregoing, it is evident that the civil service can become efficient and productive if there is an improvement in the existing remuneration system. The government should consider and identify ways to implement decisions which will not only improve the attitude of workers but also increase their zeal to work. A zealous worker is the worker who can produce, hence, he puts in his best on-the-job, not only because of his interest for the job. However, there can be no such zeal unless the workers pay packer is increased so that he can at least meet the daily needs in face of the current economic recession.

CONCLUSION

The Nigerian Civil Service is responsible for the execution of governments economic policies and programmes. If these programmes and policies are not properly executed, the economy will suffer and no government can succeed without the support and cooperation of the officials in the civil service. In other to motivate civil servants to higher productivity, it is expected that there should be an improvement in the remuneration system to reflect the prevailing economic condition.

RECOMMENDATIONS

A lot has to be done to improve the overall performance of this Nigerian Civil Service, so that it will be better equipped to cope effectively with the challenges of future in the country's march towards economic emancipation and infrastructuralization.

- (i) Government should adopt good and equitable remuneration systems to ensure that jobs are adequately remunerated and on time to avoid discontent among civil servants.

- (ii) The output of a civil servant be tied to the amount he receives. The present situation whereby civil servants are mass promoted at the end of a given period encourages laziness in the work-place.
- (iii) The Nigerian Civil service Commission should adopt a good collective bargaining process whereby workers union and the employer's associations set collective goals and agree on how workers ought to be paid.
- (iv) Government should ensure that civil servants are paid promptly because people who are paid promptly show a lot of commitment in the work and this increases productivity.
- (v) Other incentives and fringe benefits like provision of health facilities, housing allowance or staff quarters, transport aids and retirement benefits should be provided fully to civil servants to motivate them.

Finally any step taken to improve workers ambition and hence increase productivity is a step to the right direction.

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