

ECONOMIC RECESSION AND ORGANIZATIONAL SURVIVAL VIS-À-VIS SECRETARIAL PERSPECTIVE

by

Dada Olukamisi Sowunmi

Former Director, Centre for Entrepreneurial Development
Moshood Abiola Polytechnic
Abeokuta, Ogun State

What is economic recession?

Recession, according to the National Bureau of Economic Research (NIBER) refers to a situation of “significant decline in economic activity ... lasting more than a few months, normally visible in real gross domestic product (RGDP), real income, unemployment, industrial production and wholesale-retail sales”. The Central Bank of Nigeria defines it as “a business cycle contraction ... a general slowdown in economic activity for two consecutive quarters”. The CBN adds that:

during recession, there is usually a decline in certain macroeconomic indicators such as GDP, employment, investment spending, capacity utilization, household income, business income and inflation with the attendant increase in the rate of unemployment

Recession phase in any economy is not an Act of God and in the words of Roberts (2009), “is not a bolt from the blue; an unpredictable tsunami. Not a random chance event in human development” He adds that it is always a product of the dynamics of the capitalist system which is subject to the laws of motion of capitalist production. According to him, capitalism is a mode of production and human organization that is mostly based on profit. Moreover, it is subject to periodic convulsions of boom and slump.

At this juncture, one may need to distinguish recession from depression. While recession may last for not more than a few months or two consecutive quarters, economists believe that a depression manifests long-term downturn in economic activity and as such it is more severe than a recession. It is characterized by massive or severe unemployment, a drop in available credit, diminishing output, bankruptcies and sovereign debt defaults, reduced trade and commerce and sustained volatility in currency values. Though both recession and depression have certain common indicators, but depression indicators are more severe and more prolonged.

It must be pointed out that recession is not limited to Nigeria. Other

countries in the world had at one time or the other experienced it. Agri et al (2017) cite Chossudursky (2010) and Richard (1960) as giving a list of afflicted countries thus: Korea, Hong Kong and Southeast Asia (1997-1998); USA 1974-1975, double deep recession in 1949 and 1980-1982; Japan in 1993-1994; Thailand 1997-1999, Australia (1931-1932); United Kingdom in 2000 and Venezuela, double deep 2015-2016.

Trigger Factors for Economic Recession in Nigeria

Economic recession in Nigeria has epiphenomenal origin in both immediate and remote factors. Globally, one must be mindful of the fact that economics of different nations are becoming more intertwined than hitherto. A spark here, produces a conflagration elsewhere. For instance, the consumer spending habit in USA and Chinese manufacturing sector sustains the world economy to a very large extent. The USA consumer spending rests on the illusion of rising property values which may not endure indefinitely. The property bubble in USA sometimes bursts and whenever it happens, its devastating impact will rock the world economy. Moreover, recent and current geopolitical tension in some parts of the world has contributed to adverse economic circumstance in Nigeria. Some of these are the American Presidential election of 2016, Brexit, the crisis between Russia and Syria, ISIS factor and the widespread illegal cross-border migration and refugee crisis. The above had triggered off a huge drop in the prices of crude oil and commodity prices in many countries.

To further prove that economic recession is not an Act of God, the following maladjustments in our decision making process have also contributed locally to economic decline. Agri et al (2017) list some of them as:

- our age-long monoproduct economic structure;
- lack of will for economic diversification and over-reliance on imports;
- economic contradiction induced by global oil price shocks, and volatility worsened by oil pipeline vandalism and depletion of foreign reserve by the previous governments;
- massive corruption in public sectors; and
- a drop in government spending and its concomitant negative impact on consumer spending, since governments in Nigeria constitute the highest spender. Any reduction in government spending is bound to have deleterious impact on consumption of products and services by individuals.

A renowned economist, Professor Pat Utomi, has in August 2017, stated that our economic recession was “self-afflicted”, since slow economic growth in the country could be linked to “wrong policy choices, inadequate human capital and weak institutions”. He has pointed out in a presentation at a seminar on entrepreneurship in Lagos, that a recent investment report rated Nigeria as the least place to do business in Africa, despite her enormous population and entrepreneurs

(Punch Newspaper, 24th August, 2017).

A business day online newspaper report of 19th January, 2017 gave some factors as the underlying issues for our recent economic recession. They are:

- inadequate investment;
- high unemployment with low productivity;
- heavy fiscal burden at all levels of governments;
- declining competitiveness;
- a sharply depreciated currency and exchange;
- weak energy base; and
- in-efficient transport systems

There is no doubt that the economic recession had really impacted negatively on many areas of our national life. Some of the negative impact are:

- reduction in capacity utilization, GDP, employment, investment capital and household income, all of which had succeeded in eroding quality of life;
- stifling of wage increase, thus expanding the size of individuals on low wage;
- creation of widespread poverty and suffering by the masses;
- restriction of access to qualitative education and affordable health care;
- generation of a contraction of demand and supply of goods and services, thus creating shocks in economic transactions; and
- creation of weak purchasing power, scarcity foreign exchange and job losses. The budget cuts within households and business enterprises also contributed immensely to high unemployment rate.

On the positive side, the economic recession forced many people to patronize home-made products, thus reducing their predilection for imported goods and services; it has encouraged many citizens to discover their hidden entrepreneurial talents and skills; it has helped to reduce medical tourism to India, UK and USA and it also reduced shopping fever in Dubai, China and France.

Good Bye to Recession?

The National Bureau of Statistics recent report on national productivity between April and June, 2017 states that Nigeria was already out of recession. The report was based on the perceived reversal by the Bureau, of the decline in output of goods and services which shoved us into recession in March, 2016. By the report, the negative growth recorded in two consecutive quarters between January and June, 2016 and which prevailed till April-June, 2017 recorded a 0.55 percent increase in GDP for that quarter. This, according to the Bureau was evidential of economic resilience.

However, many Nigerians are still skeptical of the economic recovery. The Punch Newspaper of September 11, 2017 has cited President Buhari as unimpressed by the reported “positive turnaround”, until such “statistical rates translate to food on the table and more jobs, with steadily improving social welfare for more Nigerians”

Moreover, the report remarks that it would be “simplistic to immediately expect a leap in positive impact on cost of living or social welfare, especially when, it required... 12 months to erase just about two percent negative growth in output” In addition, the report says it might take some time before the economy returns to the GDP output level of over \$400bn, before recession from the current “technically adjusted below \$250bn percent GDP”.

Speaking in line with the above, the former Central Bank of Nigeria Governor, Professor Charles Soludo had in 2016 said at a seminar in Lagos that though Nigeria would be out of recession soon, “the scars of the recession will remain with us for a while.” The above shows what can be called the fallacy of statistics and, therefore, a need for individuals and organizations to adopt survival strategies and measures that will make them to overcome the effects of the recession which are still with us.

Organizational Survival during Economic Recession

Business organizations, like any other organizations react to the environment just as the environment reacts on them. Some scholars once held the view that most organizations are closed systems, operating with very little contact with any of the phenomena beyond their boundaries, until they were proved otherwise. Today, the majority opinion is that organizations are open systems, which operations are influenced by their environments and which in turn influence their environment. Besides, they continually receive inputs from the environment and send their output back into it. For instance, the organization imports resources like raw materials, equipment and other fixed assets from the environment. The environment provides opportunities, which an organization can exploit (e.g. new production technology) and it also contains threats which an organization must head off. Examples of an organization's environment are:

- (1) The political and legal environment: This is determined collectively by the government in power. Various economic decisions that can favour or restrict the activities of business organizations are taken by political leaders, while the legal environment creates the legal framework for decisions on minimum wage, labour practice and registration procedures.
- (2) The commercial and economic environment: This includes the state of the economy, which can increase or reduce the purchasing power of Nigerians. It also includes value added tax, monetary exchange rate, competition from related business concerns and high cost of raw materials, among many others.
- (3) The technological environment: this environment is so dynamic to the extent that new technologies are being churned out almost on monthly basis thus rendering previous production techniques obsolete. An organization that fails to react to the technological environment will be left behind by the train of change. Besides, such organization will be less competitive in her

operations.

- (4) The social and ethical environment: this comprises the customs, attitudes, beliefs and the education of society, the concern for justice and respect for the law.

For a business organization to survive in a period of economic recession, it must therefore react appropriately to these environments. It may adopt some or all the strategies below in order to survive:

- i. It must position itself strategically in a hostile business environment by using the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis device to identify and prioritize its business goals. The analysis may help business organizations to scan the environment for information in recessionary period and thereafter use the information to decide on what may assist it in achieving its goals, in knowing what opportunities to be exploited, what threats to overcome and how the information gathered can be used advantageously to maximize its strengths and reduce its weaknesses.

For instance, a recession period provides an opportunity to re-adjust business goals in line with the reality in the macro-environment. It may also be a period to re-position the organization strategically for exploitation of local resources which may reduce cost of production, in preference to imported ones. Generally, it may also be a period to adapt business processes and products. However, to use the information obtained from SWOT analysis effectively they must be appropriately categorized into IFE (Internal Factors Evaluation in relation to Strengths and Weaknesses and EFE (External Factors Evaluation in relation to Opportunities and Threats) (Ommani, 2011).

- ii. It must seize the opportunity of economic recession time to shake off organizational inertia: Since business leaders must have the ability to adapt to environmental shocks in order to survive, a recessionary period provides the opportunity to innovate, since most firms tend to be complacent in buoyant times.

According to Kitching et al (2009), the “Pit-Stop” theory of business behaviour in recession” treats firms as more willing to innovate during recession as against the school of thought which says that most organizations easily slip into inertia during difficult economic conditions. Though recession destroys creativity, it is also a time for smart and intelligent managers to come up with new ideas that will be a driving force for growth. Moreover, a recession period may induce a structural break or phase shift for most businesses, the outcome of which may be the emergence of new-economic order.

- iii. Since there is no single best way for adaptation during recession in view of differences in business focus, size and structure, some organizations may choose to adopt the usual adaptation strategies like retrenchment strategies, investment strategies and ambidextrous strategies (Kitching et al: 2009).

The strategies are fully discussed below:

Retrenchment Strategies: These comprise of cutting operating costs and divestment of non-core assets. Though a common strategy in recession period, an organization that does its SWOT analysis periodically may have got early warning signals that will avert retrenchment. In other cases, closure of establishments, reduction in staff employment, expenditure cuts on Research and Development marketing and employee training also constitute favourite resorts of some business managers.

Investment Strategies: This involves committance of funds to innovation and markets diversification in order to take advantage of economic recession for strategic change introduction. This innovation path had been treaded by many world-known businesses. However, a major hindrance to this strategy is that most organizations consider the recession as inauspicious for execution of innovation strategies as they always busy themselves with short-term survival strategies. Some of them may also lack the required capitals to implement such innovation measures at such period.

Ambidextrous strategies: These are admixture of retrenchment and investment strategies. For instance, some organizations can manifest cost of asset pruning behaviour, while at the same time invest in new products and market development. Market pressure can force them to cut costs in some areas and thereafter invest carefully in certain strategic business windows.

Apart from the above, there are other tips for survival during economic recession. They are given thus in www.mytopbusinessideas.com:

- Follow the capital investment by gaining stronger control of cash flow. Ensure that customers meet their credit obligation, but the organization may tactically delay payment to its own creditors. This is required in order to maintain a healthy cash flow in period of difficult economic conditions;
- Reduce unnecessary expenses by avoiding monetary commitment to vacations, bonuses, social functions, incentives and other things that do not affect business growth directly;
- The organization may withdraw interests in other investments and concentrate energy on a business that is likely to yield more profit during recession. For instance, interest in stocks may be withdrawn since reduction in stock prices and value follows closely after recession in many countries. This may be re-purchased after economic recovery on a large scale. We may lean on the instructive comments of Warren Buffet that “should you find yourself in a chronically leaking boat, energy devoted to changing vessels is likely to be more productive than energy devoted to patching leaks”
- The organization must be courageous. A coward may not achieve much during economic recession for the fear of taking bold actions that may affect

the business and human resource negatively. Thomas Edison said to Americans “Be courageous. I have seen many depressions in business... yet America has emerged from these, stronger and more prosperous. Be brave as your fathers before you. Have faith! Go forward”.

- The organization should run its business on pay as you go to ensure business survival, payment on miscellaneous business matters must be paid from on-going, daily sales. Avoid taking money from your reserve to settle such recurrent bills. Payments must be made from sales generated within that period. Marketing efforts must be stepped up to ensure adequate sales are made to cover miscellaneous expenses.
- Business organization should take care of their customers because they are the organization's greatest assets. Without customers the business will become extinct. The business may not survive if it is abandoned during recession. Sam Walton reportedly states:
There is only one boss; the customer. And he can fire everybody in the company, from the chairman down, simply by spending his money somewhere else

James Cash was also cited as saying that 'courteous treatment will make a customer a walking advertisement.

Secretarial Personnel Contributions to Organizational Survival

The first major step in ensuring organizational survival by secretarial personnel during difficult economic conditions is for us to engage in self-discovery, through role awareness. Our job description as secretarial personnel behoves us to support management, including executives wholeheartedly using our keyboarding and communication skills appropriately in times of economic prosperity and adversity.

The professional secretary, also regarded as office manager in modern times, must deploy his coordinating skills towards maintaining a vibrant and efficient secretariat that constitutes the engine room of any organization. The new designation places more responsibilities on his desk and therefore more expectations from his boss. For instance, the functions as executive or administrative assistant with the expectation of monitoring the paper and workflow in the office. As the modern day administrative gatekeeper in the emerging electronic office, his digital astuteness must also be unquestionable. He must be a master of Microsoft office application; Word, PowerPoint and Excel, among others. He must be a suave overseer of prestige conferences and routine meetings and must be a reliable custodian of official documents

The above roles which constitute only a tip of what the professional secretary does are evidential of the key contributions expected from him in order to assist his organization to withstand the headwind of economic recession. For instance, the

professional secretary has the onerous task of developing knowledge, competencies and communication skills in both himself and his subordinates in order to provide efficient supportive role in the administration of the organization he works for. He does this through the following measures

- (1) He must perform his coordinating, organizing and controlling functions appropriately within the limits of available resources in a recessionary period. This requires efficient allocation of men, material, and funds to areas of utmost need in order to avoid waste and leakages. The period of economic difficulty requires belt-tightening measures in terms of judicious redeployment of talents, abilities and even in-house re-training of secretarial staff for new tasks based on the exigency of a critical moment. Nepotism, sycophancy, backslapping and undue privileges towards staff, all of which often hallmark period of economic buoyancy in most organization, should be shoved aside, since economic recession calls for economic adjustment and self-discipline. Close supervision of subordinates becomes necessary at such period, too, to avoid indolence, since certain old privileges may not be forthcoming any longer.
- (2) The professional secretary office manager must keep a tab on information flow within the organization in order to maintain cohesion among the various departments. Upward, downward and horizontal information flows must be coordinated properly to create synergy of effort and action. Proper coordination of information is bound to reveal to the office manager whether any of the departments is losing its focus on organizational goals, part of which may be to make profit and to project the image of a responsible corporate citizen. Moreover, a grip on information flow is bound to position the office manager advantageously for crisis management in terms of proactive decision. Since the economic recession period calls for strategic management, proper handling of information flows will ensure that urgent needs of each department and unit are addressed pronto. An apt solution is to make good use of communication feed processes, which comprises the following: feed forward, feedback and feed within strategies.
 - Feed forward means anticipating likely reaction or response of employees, and even the external publics to the organization's planned communications and actions. This will enable the organization to cope with contingencies, by anticipating what may happen and plan effectively well ahead.
 - Feedback means the reaction of the internal and external publics to the message sent and action manifested. Feed forward comes before and it is anticipatory, while feedback is consequential. Public reactions to the organization's products and services must be acted upon without delay.

- Feed within refers to conscious efforts made to gather information and data within the organization. Such information can be gathered via closed circuit electronic monitors or through faceless intelligence officers within the organization. This will enable us as secretarial personnel to be on top of events.
- (3) Since the period of economic recession calls for renewed action towards customer retention, the professional secretary cum office manager must refine his public and human relations skills in order to build and sustain the tolerance level of the organization's internal and external publics, comprising customers, suppliers, shareholders and others, in view of the prevailing business downturn. The recession period calls for proper management of feedback from these publics. Mails, phone calls, social media messages relating to the organization's business interests must be attended to promptly in concert with the Chief Executive. Internally, he must show good working relationship with his boss and other workers.

Conclusion

The paper has examined the concept of economic recession pointing out its causes and effects on individuals, organizations and the general economic climate in Nigeria. It also discussed the environments of business organizations in Nigeria viz: the political and legal environment, the commercial and economic environment, the technological environment and the social and ethical environment and how organization must react to their environments in view of the openness of their operations and existence. Since economic recession is a product of poor political and economic decisions by the political leadership, organization were enjoined to engage in proper SWOT analysis in order to enhance their macro-environmental adaptation and re-invest their operation to suit both foreseen and unforeseen developments in the environments. The secretarial personnel's contributions to organizational survival were also examined in view of their advisory and supportive roles as executive assistants. The paper has acknowledged their indispensability to organizational survival and how they can adapt their role for the achievement of organizational objectives.

Recommendations

Based on the above, the following recommendations have become imperative for organizational survival in economic recession period:

- i. Business organizations must realize that economic recession is a concomitant of any given economy and must therefore do periodical SWOT analysis in order to be alerted to early warning signals in their micro and macro environments. A close monitoring of events in these environments is

- bound to reveal likely future spasms and hiccups.
- ii. The governments as major actors and policy initiators in the wider political environment should seek at all times to make policies that will make the business climate conducive for existing business organizations and the numerous small scale startups by doing the following:
- making reasonable and discriminative foreign currency allocation to business organizations;
 - providing critical infrastructure like regular and reliable electricity, strong energy base, good transportation system, good road networks and safe waterways;
 - eliminating the current policy of multiple taxation of business activities in many states of the federation;
 - making policies that will eradicate smuggling and product imitation currently threatening the existence of many business organizations;
 - ensure the sustenance of current war against corruption and other sharp practices in the political and business sectors;
 - empowering the numerous unemployed youths in the country by introducing productive skills acquisition programmes and provide access to realistic business finance;
 - by ensuring that the economic base of the country is sufficiently diversified to reduce our current reliance on crude oil as major foreign exchange earner;
 - encouraging widespread consumer spending by paying workers reasonable living wages and creating conducive business atmosphere that will empower private sector organizations to pay workers' salaries as and when due; and
 - efforts must be made to lasso spiralling inflation so that workers' purchasing power will not be weakened continually.
- iii. Business organizations must realize that economic recession period is always a season of contrapuntal episodes. While it brings adversity, it also brings blessings for the creative individuals and organizations in terms of new product initiation and product adaptation.
- iv. Secretarial personnel may need to embrace these measures to cope with the corollaries of economic recession in their organizations:
- They must reduce their requests for bonuses, annual leave, special rewards and other incentives during this period;
 - They must continually scan the internal business environment for opportunities and threats that can be exploited and averted as the case may be and report same to the Chief Executive Officer in furtherance of their duties as Executive Assistants;
 - They must be thrifty and realize that economic recession period is not

a time to be gripped by shopping fever, wasteful spending and misappropriation of office stationery.

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