
The Need to Reengineer Education in the Era of Economic Recession for Sustainable Knowledge Economy

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Abstract

The country is currently witnessing economic recession which is characterized by high cost of commodities, low purchasing power, losing of jobs and relocation of industries to other countries amongst others. This means that the education sector is also caught in the web. This paper therefore examines reengineering education in the era of economic recession for sustainable knowledge economy. It further examines oil as the main source of national revenue and how invariably

it affects the gross domestic product (GDP). It discusses the effect of recession on education, the implication of recession on managing education and how education can be reengineered for sustainable knowledge economy. Recommendations will also made

Keywords: Reengineering, Education, Economic recession, Sustainable knowledge, Economy

Introduction

Economic recession or economic meltdown has been persistent for many years. What took off in few banks in America was later transmitted to the entire world through the contagion effect and later rolled into a global economic recession. Gadu(2009) observed that their frequency in recent decades has doubled that of the Bretton Woods period of 1945 and that of the Gold Standard Era of 1880-1993 comparably only to the period during the great depression. Notwithstanding, the recession that started in the summer of 2007 came as a great surprise to most people. What started initially as difficulties in the US subprime mortgage market rapidly escalated and spilled over first to financial markets and then to the real economy. The difficulties were business circle contraction which resulted in general slowdown in economic activities macro indicators such as (Gross Domestic Product) (GDP) investment spending, capacity utilization household income, business profits, and inflation fall, while bankruptcies and unemployment rate raise.Cause fall in commodity price declined in export; fall in equity market, declined in remittance from abroad.

The recession has changed the financial landscape worldwide and its full costs are yet to be evaluated. The world economy has from time to time been hit by crisis and the current crisis is most probably not the last. However, several factors combined to make this one the most severe crisis since the great depression. At the dawn of the new millennium before the recession African leaders adopted the new partnership for Africa's development (NEPAD) and pledged to change the way they managed their economies, improve governance and lay the foundation for sustainable growth and poverty alleviation. The recession affected African economy especially education from teacher salaries to loss of jobs occasioned by the closing down of many companies, devaluation of naira, culminating in government inability to find education.

Nigeria is a middle income mixed economy and is regarded as an emerging market with expanding manufacturing, financial service, communications, technology and entertainment sectors.it was ranked as the 21st largest economy in the world in terms of nominal gross domestic product (GDP) and the 20th largest in terms of purchasing power parity. It is the largest

economy in Africa; its re-emergent manufacturing sector became the largest on the continent in 2013 and it produces a large proportion of goods and services for the west African sub-region the debt –to-GDP ratio is 11%, which is 8% below the 2012 ratio(National Bureau of Statistics,2017)

Meanwhile, oil revenue accounts for 2/3 of state revenue. In other words, oil contributes about 9% to the GDP. Nigeria produces only about 2.7% of the world’s oil supply as compared to Saudi Arabia which produces 12.9%, Russia produces 12.7% and USA produces 8.6%. Although, the petroleum sector is important as government revenues still heavily rely on this sector, it remains a small part of the country’s overall economy (National Bureau of Statistics 2017)

The largely subsistence agricultural sector has not kept up with rapid population growth, and Nigeria, once a large net exporter of food now imports some of its food products, though mechanization has led to a resurgence in manufacturing and exporting of food products and the move towards food sufficiency. In 2006, Nigeria successfully convinced the Paris club to let it buy back the bulk of its debts. Owing to them for a cash payment of roughly US\$ 12 billion(Ahmad, Alan &Naidoo, 2011)

The scenario above indicates that the country is in recession. According to Gbonye (2014) every nation of the world is interested in improving its wealth, the living condition of its people and the discovery of new ways of producing goods and services. In this regard, there is a continuous attempt by government at exploring new natural resources and making better use of the already discovered ones. The resources available to nations are not equal, therefore nations vary in the amount of wealth they possess and the conditions of living the citizens are exposed.

Nigeria as a nation depends largely on crude oil as a major source of deriving its wealth. In years past, the price of crude oil was quite favorable to the nation and as such could adequately take care of all sectors of its economy education inclusive. But in this recent time, it is not adequate and that has exposed all sectors to harsh economic condition. Many families do their best to carry on as if nothing is wrong with the world, recession have a profound effect on their day to day lives and their children education is not left out. For instance, education is usually one of the last budget areas to be cut, but most schools today are suffering declines in tuition fee payment by parents and guardians.

Many schools have cut their expenditure with minimal impact on students by referring maintenance and construction projects and laying off staffs. Some schools have had to make cuts that affect students more directly. This is why Ekpoki(2018) identifies the immediate effects of recession on education to include;laying off teachers which in turn increase class size, cutting extra-curricular activities, cutting subjects not required for graduation, eliminating field trips, cutting instructional programs and professional development for teachers and staffs. It is against this backdrop that this paper attempts to discuss

economic recession and its impact on education and the need to reengineer education in the era of economic recession for sustainable knowledge economy, that is, the economy that can prioritize knowledge, information and cognitive skills to help the society acquire, create, disseminate and apply knowledge in facilitating economic and social development in Nigeria.

Conceptual Clarification

Economic Recession

Recession is defined as a period of temporary economic decline during which trade and industrial activities are reduced, generally identified by a fall in the GDP in two successive quarters (Ahmad, Alan, Naidoo, 2011). This period is characterized by news about companies closing down; unemployment figures take centre stage while the families dealing with the recession suffer, often quietly. In economics, economic recession or meltdown is a negative economic growth for two consecutive quarters. Economic recession is a situation in which the economy of a country experiences a sudden downturn brought on by a financial crisis. Babalola (2009) defined Global economic meltdown as a situation where there is slowing growth across the world economics resulting in a lower demand for commodities and subsequent fall of the firms in an economy. According to Awonyi (2007) it is also a business cycle contraction which results in a general slowdown in economic activity. Macroeconomic indicators such as (Gross Domestic Product) investment spending, capacity utilization household income, business profits and inflation fall, while bankruptcies and the unemployment rate rise.

Akintade (2013) on the other hand, refers it to a situation where there is a widespread drop in spending (an adverse demand shock) this may be triggered by various events such as a financial crisis, an external trade shock an adverse supply shock or the brushing of an economic era.

Recessions have many attributes that occur simultaneously and this includes decline in component measures of economic activity (GDP) such as consumption, investment, government spending and net export activity. These summary measures reflects underlying drivers such as employment levels and skills, household savings rate, corporate investment decisions, interest rate demographics and government policies. A financial crisis can occur as a result of institutions or assets being over-hauled and it can be exacerbated by investor behavior. A rapid string of string of sell offs can further result in lower asset prices or more saving withdrawals. From the discussion, we can say that economic recession is a situation in which the economy of a country experiences a sudden downturn brought on by a financial crisis. An economy facing recession will most likely experience a falling GDP, a drying up of liquidity and rise /fall in price due to inflation/deflation. An economic crisis can take the form of a recession or depression and may affect the management of education.

Causes of Economic Recession in Nigeria

- **High inflation:** General rise in price of goods and services which leads to low purchasing power
- **Accumulated debts:** Servicing especially foreign debts caused by keeping interest rate well below the inflation rate for too long. Political leaders in Nigeria keep the interest rate on lending too low this causes bankruptcy. Babalola, Oni and Atanda (2014) described this as a high bankruptcy and fore closure rates that accomplished the economic recession led to the closure of many outfits that just happened in the banking sector.
- **Poor banking policies and financial imprudence:** According to Akintade(2013) the banking sector do not help matters as bankers connived with government officials in money laundering activities. Banks also engage on activities that lead to unprofessional conduct and brazen fraud.
- **High taxation:** Government charge high tax rate which affects business. Both high interest and tax rate has lowered Nigeria aggregate demand which has resulted in fall in wages and income.
- **Policy conflict:** High interest rate and high tax rates are tight monetary policy measures which make the economic policies appear conflicting. But government told the public it is adopting.
- **Poor economic planning:** Poor economic planning and no concrete implementation of her economic planning is a major cause of Nigeria current recession. Budget delay, exchange rate policy. Economy diversification, improving manufacturing/ mining sector and raising agricultural output.
- **Excessive spending by politicians:** Unnecessary oversea trips, allocation of huge sum of money as allowances and salaries of politicians, fictions contracts and so on. (kulbir, 2009).

Implication of Recession on Education

The current economic downturn has been threatening the education system by reducing the ability of both household and government investment in education. The recession has led to expenditure cuts as income fall and domestic fiscal revenues drop sharply. On the demand side, school revenue from students and contributions from the community and partners could decline as employment and family incomes fall, making schools more dependent on statutory allocation which has also declined. There may be pressures for children and youth to help augment family incomes, resulting in more school absences or higher dropout rates. Although this effect may be countered by the fact that the opportunity cost of schooling is also lower due to a shortage of jobs for youths. On the supply side, teacher salaries may be delayed more than usual, staff vacancies may not be declared promptly and would remain unfilled, allocation for school repairs and school inputs may be greatly reduced, with undesirable consequences on learning.

According to School Software Pro (2017) belt-tightening measures include downsizing of staff, eliminating nonessential travel, deferring maintenance, reducing consumable supplies, and cutting down training costs. However, these have their limits with growing budget gaps, schools are now forced to look at areas that have a more direct impact on student achievement. These include: increasing class size, cutting extra -curricular activities, cutting transportation some schools have reduced transportation programs because maintenance cost increased and they can't increase transport fee. In addition many schools also modified procurement contracts with their vendors to save costs in such areas as food services, textbook and technology processes. Despite these cost saving measures most schools still had to eliminate jobs to balance their budgets for the current school year.

Sustainable Knowledge Economy

Sustainable knowledge economy is seen as the economy that can prioritize the concept of knowledge, information and cognitive skills. Knowledge economy can be defined as a way of creating and expertise that contribute to the creation of scientific and technological progress. The fundamental determinants of the knowledge economy include a more significant ratio for the dependence of the economy on intellectual abilities than physical inputs or natural resources in the context of the integration of new knowledge at each level of the production process (Powell, 2004)

Knowledge economy could be seen as an economy where knowledge is the main source of economic growth. According to World Bank (2007) it is of the opinion that countries should invest in education, innovation, information and communication technologies as well as establish a good institutional environment where investment should lead to a radical societal transformation to achieve both higher and sustainable economic growth, and as a way out of the predicament of increasing resource scarcity and climate disruption. Sustainable knowledge economy as seen by Elena, Roman, Ivana and Rastislav, (2020) is the economic system that uses knowledge as a means of production, driving growth and sustainability by the use of knowledge capital, human capital and social capital.

Knowledge economy supports the system of consumption and production that is bases intellectual capital. It refers to the ability to capitalize in scientific discoveries and applied research. It emphasizes the importance of skills in a service economy. It describes the commodification and economic value derived from research and development and as well as academic pursuits. A sustainable knowledge economy talks about a long-term future which is largely unknown questions about the knowledge that can ensure the country's long term stability. In today's turbulent world that is influenced by globalization, knowledge is becoming a key factor in the market; every economy if it wants to be successful

and competitive must pay more attention to knowledge and its creation, transfer and preservation. In this respect, it is a key element in ensuring a country's sustainable position in a competitive environment. (Elena et al 2020) The economy of sustainability is usually based on the idea of resource efficiency, since a sustainable economy is about a long term future which is largely unknown; questions about the knowledge that can ensure the country's long term stability and growth need to be answered.

Knowledge economy is not just a new theoretical concept but a new epoch, which has a fundamental difference from the era of agrarian and industrial economies. Although it appeared only in the 1990s but it has already had an impact and caused changes in all spheres of economic and social life and this influence is constantly growing. The primary objective of a knowledge based economy was for European country's to catch up with America in technological development. (Metaxiotis, 2010). The Nigerian system of education at all levels should be reordered, redesigned and repositioned in such a way that it will result to a sustainable knowledge economy so as to survive the pervasive economic recession or meltdown.

Reengineering education

To reengineer education means to redesign, reorder, and reposition education system to fit into the current changes. It is the application of technology and management science to the modification of existing systems, organizations, processes and products in order to make them more effective efficient and responsive.

Ways Education Can Be Reengineered in Time of Economic Recession.

Education can be reengineered in the following ways according to (Madumere-Obike, Ukala & Nwabueze, 2017)

- ✓ Educational administrators should involve in entrepreneurial projects to support their institutions
- ✓ Administrators of schools should seek aid from grants from agencies for the development of their schools.
- ✓ Staffs are to be supported with required assistance for personal growth by their school administrators
- ✓ Good policy formulation and implementation that will help in development of education by the government should be supported by all stakeholders.
- ✓ All stakeholders and parents should be involved in the management of educational facilities in the school.
- ✓ School administrators should be actively involved in the management of information communication technology facilities for knowledge transfer and networking

✓ School environment should be conducive for both staffs and students to work in. remuneration; conditions of service, teacher work environment should be adequate.

✓ Funding of education is essential as remarked by Adepoju(2002) that money is an absolutely input of any education system.it provides the essential purchasing power with which education acquires its human and physical inputs.

Conclusion

The paper highlights the meaning of economic recession or economic meltdown its impact on education and how education can be redesigned in era of economic recession for a sustainable knowledge economy. History has it that economic meltdown came about as a result of a strong financial regulatory law coupled with the fact that the prices of crude oil which is Nigeria's major export product has fallen drastically. A lesson from the global financial and economic crisis is that policies for economic growth which have prevailed over the past three decades need a rethink. The recession has made teachers to engage in vast majority of jobs which has not been favorable to the education system because the quality of teaching and learning has been negatively impacted upon. Despite the risks economic recession poses to educational progress, the crisis may offer some opportunities to improve the education system over the longer term. Adequate resources are essential for attaining education goals but the efficiency of its uses matters a lot during an economic downturn. Resources leakages has to be reduced and implementing results that increase system efficiencies is important to achieve the desired educational system that can increase the chances of sustainable knowledge economy in Nigerian education system.

Recommendations

Based on the discussion above the following recommendations are made:

- ❖ There is need for tax waiver for importation of educational materials and resources.
- ❖ Scholarship should be provided for the vulnerable group of children to enhance access to education
- ❖ There is need for insurance coverage for all educational institutions particularly the private ones
- ❖ The scarce resources at the disposal of the school administrators should be prudently managed.
- ❖ There is need for subsidy for educational materials both for teaching and learning in the country.

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