

Implication of ASUU Strikes on the Performance and Survival of Small Medium Scales Business in Selected Public University in South West Nigeria

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Abstract

This study examines the implication of the Academic Staff of Universities Union (ASUU) strike on the performance and survival of Small and Medium Scale Businesses (SMEs) in selected public Universities in South West Nigeria. The ASUU Strike action was identified as the discord that occurs when the Federal government's goals, interests, or values and the Academic Staff Union of Universities are incompatible. Strike, however, becomes inevitable when attributes such as a refusal of union recognition, public policies, failure of collective bargaining, etc., were identified as some of the reasons and causes of the ASUU strike. However, the paper identified that the ASUU strike has significantly impacted the performance and survival of businesses in and around the environment of Nigerian universities because, during these strike actions, students often leave for their respective homes. Therefore, the paper recommended that all stakeholders involved in industrial relations adopt systematic and sustainable mechanisms, which include collective bargaining and industrial understanding, in addition to political solutions toward arresting the embarrassing, incessant, and recurring spate of ASSU strikes. Government and other stakeholders should comply with the content of the agreement made with academic unions to avert strikes, as this not only cripples the academic calendar but also affects businesses and other economic activities within the environs of the universities.

Keywords: Strike; ASUU; SMEs; Development

Introduction

The term strike is a common phenomenon that cuts across sections of the labour force and affects developing and developed countries. Hornby (2001) describes a strike as when an organized group of employees stop working because of a disagreement over pay or conditions required for effective service delivery and job satisfaction. It can be seen as an action/attitude exhibited by a group of people (i.e. employees) to express their level of disagreement to attract favourable responses from those concerned. Strike actions over time have been used as a tool by union leaders to register their grievances concerning pay and conditions of service. The intensity of strike actions often varies from one sector to another and from one country to another. Strike actions have been a recurring phenomenon in

Nigeria's education subsector. As such, strike actions have led to several grievous consequences, especially on the performance and survival of Small Medium Scale Enterprises that reside around or within the confinement of the striking institutions.

The first ASUU strike in Nigeria was observed in 1988, with the reasons of pursuing fair wages and university autonomy. This aligns with the view of Egbegi and Iheriohanma (2018), he informed that since 1988, the Academic Staff Union of Universities has embarked on strike actions of different duration with the justification of adequate funding of Universities, provision of good teaching and learning facilities and equipment, and university autonomy. It is worthy of note to mention that frequent ASUU strikes in Nigerian universities have contributed to the crippling and poor performance of Small Medium Scale Enterprises. The prevalence of strikes in the country perhaps prompted Okene (2008) to remark that "what was once thought to be a British disease seems to have become a Nigerian disease." The strike could be seen as a threat that has bedevilled the survival of Small Medium Scale enterprises because they are critical to the transition of developing nations. According to studies, SMEs typically account for more than 90% of all enterprises outside the agricultural sector; it provides significant employment and generates significant domestic and export earnings Oladimeji, Eze and Akanni(2018). As a result, SME development emerges as a critical tool in poverty reduction efforts. According to Yusuf and Adesanya (2021), the productivity of any business depends on the environment.

In light of this, universities and academic environments are one of the best avenues to provide opportunities for SMEs to develop as the campuses are recorded with more students and lecturers, providing a market for sales of commodities and exchange of business interests and needs. Among the SMEs found on campuses are those engaged in businesses like restaurant, café, bookshops, salon, laundry services, artisans and other business interest etc., who, while engaging in business transactions, contributes significantly to economic activities, earn income and provide employment.

However, in recent years, Nigerian Education institutions have been characterized by incessant strike actions at all levels of the educational system. A series of ASUU strikes occurred in Nigeria, which has had an adverse effect on the survival of SMEs in the affected areas and the country at large. Most of the ASUU strike is a result of a reactionary measure against the failure of the Nigerian government to implement and honour agreements with ASUU and change specific government policies in the administration of university education in Nigeria.

According to Olakunle (2011), the educational sector has taken the most significant hit. In order to get the government's attention on the issues that have bedevilled the nation's educational system, the Academic Staff Union of Universities (ASUU) has considered several industrial measures. One of the most well-known activities is the strike, an abrupt cessation of work by the entire academic staff at the nation's public institutions. Strikes are primarily meant to pressure the government to alter policies and enhance worker welfare.

Nigeria universities have recently witnessed incessant closure due to industrial actions by the Academic Staff Union of the Universities (ASUU). The industrial action most times is caused by the non-fulfilment of an agreement made between the Federal government of Nigeria and the Union. Since the inception of ASSU, Records have it that many strike actions have been called for by members of ASUU in Nigeria, which crippled business activities around and within the public universities. However, before embarking on a strike, demands or concerns to be addressed by governments are always articulated, which often need to be more attended to, making the union down-tool. This industrial action by ASUU disrupts the business activities of those within and outside the university environment.

The ASUU strike has unintentionally impacted business owners, which has negatively affected their operations. As much as the SMEs played a critical and positive role in economic growth and development in the university environment, it faces numerous challenges ranging from ASUU strikes, end session breaks, riots, power shortages, poor management skills and competencies, and inadequate information.

ASUU strike has become a regular occurrence in all public universities in Nigeria, particularly in South West region, and the Union's right has been constantly abused, which directly or indirectly has affected the performance and the demand and supply chain of the small-scale businesses in the affected campuses. However, on this basis, there is a need to examine the implication of the ASUU strike on the survival and performance of small-medium scale businesses in selected public universities in South West Nigeria.

Concept of Small Medium Scale Enterprise

SMEs play a crucial role in national economies worldwide, generating employment and value-added and contributing to innovation. SMEs are central to achieving environmental sustainability and more inclusive growth. However, these contributions vary widely across firms and countries and sectors. Better access to global markets and knowledge networks can strengthen SMEs' contributions. However, trade and investment barriers undermine SME

participation, and poor environment and physical infrastructure prevent SMEs from operating efficiently at competitive costs.

SMEs can be segregated into three main sectors: general business, manufacturing, and agriculture. SMEs are diverse and can be established for any business activity in an urban or rural area. It can be considered the backbone of the national economy. A business that is therefore defined as a small or medium enterprise in a developed country can be regarded as a large enterprise in a developing country. Even in developing countries, this definition changes over time (Ifekwem & Adedamola, 2016).

The European Commission defines SMEs using three broad parameters: micro-entities, small companies, and medium-sized enterprises. By comparing data from a company, one can decide if it is a micro, small, or medium-sized business (European Commission, 2005).

In a related view, the Central Bank of Nigeria(2005) describe SMEs as any enterprise with a maximum asset base of 200 million naira (excluding land and working capital) with no lower or upper staff limit. *Productivity* in business can be defined as a state of being productive. The output rate per unit of input measures SMEs' productivity. As stated in the study of Yusuf and Adesanya (2021), the productivity of SMEs is determined by various environmental factors which influence their productivity. These factors include; technological, social, economic, and political factors.

Causes of the ASUU Strike

Non-implementation of Agreements: Workers and employers usually reach agreements after negotiations, but sometimes, one party may refuse to honour the agreements. This has always been the case with the Nigerian government. For Example, in March 2022, ASSU recently went on strike following the Federal Government's failure to honour the agreements it reached with ASSU over proper funding and the IPSS saga.

Challenge to Union Legitimacy: It occurs when an individual grievance, such as termination of the appointment of an employee, becomes a collective grievance if the employees perceive the action as a challenge to union legitimacy. For Example, in 2001, the University of Ilorin management terminated the appointment of 44 lecturers for participating in the 2001 ASUU nationwide strike. To ASUU, this was a challenge to the Union's legitimacy. ASUU had to go on strike; the FGN had rescinded the decision by restating the sacked lecturers but planned to post them to other universities.

Government failure: Lack of good governance and transparency in the government policies towards universities administration, arbitration of the rule of law, poor political leadership,

unpredictability in government behaviour, and absence of sound management of natural resources.

Obnoxious Policies: ASUU embark on strike when the government makes obnoxious policies that sometimes affect the Union's fundamental human rights.

Changes in the offer of Appointment: It is a process when the government attempts to alter the direct compensation package and other conditions of service. This was found to be the most prevalent cause of strikes in Nigeria as often government change agreements were made with the workers after negotiation.

Differential in compensations package and conditions of service: Sometimes, different payment scales and other conditions of service are applied to workers in the same organization because of differences in tasks. However, the un-favoured group always raise a grievance. For Example, in Nigerian, with effect from 2001, the FGN approved a new salary scale for the academic staff of the universities, called the University Academic Staff Scale (UASS), while the non-academic staff union is to remain on the old scale- Harmonized Tertiary Education Salary Scale (HATTIS).

Unnecessary Delay in Payments of Salaries and Other Emoluments: The government often delays or refuses to pay ASUU members their salaries and other emoluments even when the government has sufficient funds to pay. For Example, in the just suspended ASUU strike in Nigeria, the government has refused to pay the salaries of the affected ASUU members claiming to adopt the no work, no pay policy, which could also trigger another conflict.

Types of Strikes

Several forms of a strike are documented in different works of literature. In this context, the following types of a strike are examined:

A jurisdictional Strike occurs when two unions argue about which one has jurisdiction over a type of work and attempt to pressure the employer to allocate it to one or the other (Clark, 2012). This strike is a 'fallout' from the multiplicity of unions in a given profession or discipline.

Recognition Strike: This is primarily aimed at forcing the employer to recognize and deal with the Union (Clark, 2012). In a country, there are several unions. Some unions are more recognized than others. The perceived less recognized unions will result in embarking on a strike to draw the attention of their employers and the general public to recognize and deal with them.

A sympathy Strike is a strike embarked upon as solidarity for another union. It is described as a sympathy strike because other unions not party to the original strike consent to strike in sympathy with the original Union (Clark, 2012). It is an attempt to exert indirect pressure upon the employer.

Economic Strike: This is one of Nigeria's most popular forms of strike. It is the typical strike based on a demand for better wages, hours, and working conditions than the employer is willing to grant (Clark, 2012). It is sometimes called the 'bread and butter strike'.

Wildcat Strike is described as a quick, sudden, and unauthorized type of work stoppage. It is not approved by union leadership. It is often masterminded by a subgroup of employees who have yet to achieve. Ajayi (2014) further noted that this strike violates the contract and is not authorized by the Union because no reason or notice is given to an employer before embarking on it.

The Implication of Strike on Small Medium Scale Enterprises

The incessant stoppage of work due to the ASUU strike has had many effects on the survival of small, Medium Scale enterprises. No matter the logic behind strike actions, it is evident that there are attendant socio-economic misfortunes, especially around the affected areas. While to an economist, the ASUU strike causes an economic fracture, which has serious negative economic consequences, to a sociologist, a strike causes a dislocation in the sociological importance of work and the socialization process. The educational sector is also included in the negative implications of strike action.

Economic Implications: ASUU strikes and other work stoppages obliterate the desired growth and development in Small and medium-scale enterprise survival. This effect is two-fold: while it hinders national productivity, on the other hand, it scares away the needed foreign investment. Human productivity is an essential index in calculating national productivity. This is because the human element transforms all other resources toward achieving increased national productivity. However, trade disputes and conflicts instigate work stoppages, resulting in lost person-days. Thus, when labour productivity depreciates, in the form of person-days lost, it automatically reduces and loses productivity, which affects the nation's Gross Domestic Product (GDP) and the Gross National Product (GNP). Incessant ASUU strikes reflect the unhealthy nature and structure of our industrial society. Thus, foreign investors are scared away and are not encouraged to invest in an environment of unstable industrial peace and harmony, where their return on investment will be distorted due to strikes and work stoppages.

Sociological Implications: ASUU strike has serious consequences. Foremost, we need to understand that work is a fundamental connection among humans, creating the basis for social integration. Grounded on the demonstrable societal significance of work as an elementary human condition and as a principal means to fashion and preserve mores (socialization), we could concur, therefore, that: Beyond the mere provision of income to cover basic needs, it is through the social bonding of work that links individuals to society, gives them social standing and status, serves as a basis for the construction of their identity. Given our cultural heritage, work is, for most, an existential necessity) providing livelihood and meaning in life (Mohammad et al. 2009). Analysis of the above reveals that work is a necessary social activity that provides a sense of societal belonging, a sense of self-worth, and a sense of living to a worker. In line with Armstrong (2009), he posits that "to most people, to work is to earn a living and to make money. But they also work because of the other satisfactions it brings such as doing something worthwhile, a sense of achievement, prestige, recognition, the opportunity to use and develop abilities, the scope to exercise power, and companionship".

Strike actions across Nigeria, particularly the ASUU strike, have become perennial and disturbing so much that it affects students' performance. It was noted (Ojielo. 2002) that strikes consume so much time and attention that organizations are starting to look like it is their primary business. The Union's leadership usually authors Official strikes, while unofficial strikes are without the authority of the leadership. Fajana (2000) stated that such a strike usually occurs because the members need confidence in their leaders and are, therefore, willing to exert direct pressure on the employer without the authorization of the leaders.

The Theoretical Model of the Effect of Strike on Economic Development

As stated earlier, the ASUU strike hurts the performance and survival of small-medium scale enterprises. A growth accounting model, especially the Solow model (1956 and 1957), can be used to analyze the effect of strikes on economic development. The growth accounting model consists of decomposing growth into output growth, capital growth, labour and technical change (Boschini, 2002).

Starting from the general neo-classical production function with a Hick's -neutral productivity or technical change and strike taken as a factor of production.

$$Y = F (A, K, L, S)..... (1)$$

Where Y represents the output (GDP), A is the level of technology, K is the capital, L is the labor and S is the strike.

Since production function is only derived for non- negativity of input and output levels and depending on the level of output required and efficiency.

Hence (1) is defined as $k > 0$, $L > 0$ and $S > 0$

At time t , equation (1) may be written as:

$$Y_t = A_t F(K_t, L_t, S_t) \dots \dots \dots (2)$$

Where

Y_t represents the output in time (t),

A_t is the level of technology in time (t),

K_t , is the capital in time (t)

L_t , is the labor in time (t) and

S_t , is the strike in time (t).

Production function is assumed to single valued continuous function with continuous first and second order partial derivatives. Since the general production function (1) is not linear, in applied empirical work a specific type of production function is estimated: a Cobb-Douglas (CDPF) or Constant Elasticity of Substitution (CES).

Assuming CDPF, (since we are using Solow Framework (1957), which assumes constant to scale, increasing the inputs by a factor of c) results in an increase in output by a factor of c ., with first and second order partial derivatives, and proportionate change in both sides of the equation, equation (2) can be written as:

$$X_{t..} = A_t + a K_t^b L_t + c S_t \dots \dots \dots (3)$$

$$Y_t A_t K_t L_t S_t$$

Where Y/y_t is growth rate of output,

A_t is the rate of change of technical progress,

A_t

$K_t L_t$ and S_t

$KI L_t S_t$ are the growth rate of capital stock, labor services and strike respectively, the coefficients a , b and c are elasticity of the change in output with respect to the changes in factor inputs.

Thus from equation 3 economic growths depends on the rate of technical progress, contribution of capital to output, labor to output and level of strike.

Technical change was not easy to measure as a result; Solow (1957) derived an equation (4)

$$A_t = Q_t - a K_t^b L_t + c S_t \dots \dots \dots (4)$$

$$A_t Q_t K_t L_t S_t$$

Where

A_t is the value of Total factor productivity (TFP), Q_t is the change in the value of quantity A_t
 Q a is the factor coefficient of capital, K_t is the change in the value of capital b ,
 K , is the factor coefficient of labour and L_t is the change in the value of labour.

L_t

Thus output growth is equal to the weighted average of capital and labor growth plus growth technology (TFP).

In our case, the technical progress and effect of strike on economy can be calculated by:

$$A_t = Q_t - a K_t b L_t + c S_t \dots\dots\dots (5)$$

$A_t Q_t K_t L_t S_t$

$A I Q I K I L I S I$

Where

A_t is the value of TFP, Q_t is the change in the value of quantity

$A_t Q_t$

a is the factor coefficient of capital, K_t is the change in the value of capital b ,

K_t is the factor coefficient of labour, L_t is the change in the value of labor is the .

L_t factor coefficient of strike and S_t is the change in value of Strike. S_t

Thus, output growth is equal to the weighted average of capital, labour and poverty growth plus growth technology (TFP).

The significant of Solow equation 4 and our equation 5 is that they help to understand the growth in technology and the effect of strike on economic growth in a particular firm, country and comparison among firms and countries.

Conclusion

There is no perfect human being. Thus, conflict must occur. Strikes have been identified as an offshoot of an imbalanced, exploitative relationship between parties involved in an employment relationship. Though the causes of strikes are complex, pinpointing the leading causes is often difficult. However, a strike is generally an expression of grievance, mainly attributable to the failure of collective bargaining. A strike is a weapon of last resort that is to be employed when other means of achieving an agreement or resolving disputes have failed (Okene, 2008). The socioeconomic effects and challenges of strikes should be considered. While it hinders national productivity, education, and economic development, it alienates man from the social interactions obtainable in his workplace and hinders the socialization process.

Recommendations

Government and other stakeholders should comply with whatever agreement is made with the striking union (ASUU) to avert strikes, as this not only cripples the academic calendar but also affect businesses and other economic activities within the environs of the universities.

The government needed to address factors that often led to strikes in the universities by providing the infrastructure needed for teaching, learning and research and training to improve university global visibility in South West Nigeria.

There is a need for legislation that will give legal backing to a collective agreement. and make it enforceable within a legal framework.

There should be specifying political re-arrangement, restructuring, and re-organization of the country to reflect the meaning and spirit of true federalism. The issue of having a centralized trade union within a supposedly federal republic is uncalled for. This will end a situation whereby trade unions respond to the central labour union's dictates without recourse to their locality's industrial situation.

There should be room for collective bargaining between or among government representatives and workers on issues of common interest relating to economic and social policy.

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