



# **Economic recession and infrastructural development in Ikare, Akoko, Ondo State, Nigeria; what implications?**

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**Abstract:** This paper investigates the implication of economic recession on the infrastructural development using Ikare, Akoko, Ondo state as a case study. The study posits that infrastructural facilities are a potent indicator of socio-economic performance of a region and could be understood from the perspective of economic recession, which undoubtedly affects and determines both the welfare, advancement, economy and political sphere of a region. The first stage in the collection of primary data was the reconnaissance survey of eleven wards of the city. Fifteen copies of the questionnaire were administered in each ward, making a total of one hundred and sixty-five questionnaires; on the whole, 153 questionnaires were retrieved for the analysis. The study also adopted secondary sources of data and analyzed them both descriptively and inferentially. The research revealed that economic recession had impacted negatively on access to power supply, transportation and health status of the respondents. Furthermore, the paper found out that economic recession had an unpleasant effect on the housing and educational facilities in the study area. Moreover, the research showed an unpronounced effect of the economic recession on portable water supply and telecommunication of the respondents. The Chi-Square test carried on the effect of economic recession on infrastructural facilities, revealed the calculated value 48, while the tabulated Chi-Square value is 0.1036. This shows that economic recession makes significant impacts on the infrastructural facilities of Ikare Akoko, Ondo State. Also, it was vivid from the research that the government's efforts to alleviate the problems of economic recession on

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infrastructural facilities are commendable. The paper recommends more tripartite governmental investment at local, state and federal levels in the infrastructural sector of the economy, also, the existing infrastructure should be adequately maintained by the concerted efforts of the populace and governments.

**Keywords:** economic recession, infrastructural facilities, development, Ikare Akoko

**JEL codes:** H54, F63, F64, Q56, Q58

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## 1. Introduction

Economic recession is a period of economic showdown caused by financial crises; the true economic recession can only be confirmed if GDP (Gross Domestic Product) growth is negative for a period of two or more consecutive quarters. During recession there is a significant decline in economic activity, usually lasting longer than six months and affecting industrial production, employment, real income, and trade. Unemployment is particularly high during a recession; the full impacts of recession may not be felt for several quarters. Research in Britain shows that low skilled, low educated workers and the young are most vulnerable to unemployment in a downturn. Productivity tends to fall at the early stage of a recession, and then rises again as weaker firms close down. The variation in profitability between firms rises sharply. Recessions have also provided opportunities for anti-competitive mergers, with a negative impact on the wider economy (Lipsky, 2008; Lester, 2004). The living standards of people are affected especially, that is of those who are dependent on wages and salaries, fixed incomes or welfare benefits.

The role of infrastructure, such as good roads, effective transportation, good health facilities, efficient power supply and communication system, clean water, housing infrastructure has a pronounced effect on societal welfare. When it (infrastructural facilities) functions efficiently, the whole society benefits and the resultant effect is manifested on the growth and development of the community, when it functions below expectation, everybody pays in kind and cash (Akeem, 2010). For instance, transportation infrastructure is critical to sustain economic growth, transportation system enhancement is in turn a means of maintaining or improving economic opportunities, quality of life and ultimately income for people in a particular region Lucas (1998). The contribution of infrastructural facility to the economic development is enormous, since it provides the environment for productive activities to take place, encourages investment, allows wider movement of goods and people, facilitates information flows and helps commercialize and diversify the economy (World

Bank, 1996). Nevertheless, infrastructure provision enhances the production and distribution network of key sectors in the economy and promotes overall economic growth.

Infrastructure investment and development are of key strategic importance and constitute the bedrock and catalyst for sustained economic growth and development. Inadequate infrastructural development will have an inverse relationship with industrial activities, productivity, operational cost, job creation, income generation, wealth creation, poverty reduction, new ventures and business opportunities. Considering the immense importance of infrastructural facilities on social economic development of a region, this paper seeks to examine the effects of economic recession on infrastructural facilities, positing that economic recession could be understood from the perspective of infrastructural development, using Ikare Akoko, Ondo State, Nigeria as a case study.

## **2. Conceptual issues/ Literature review**

The national bureau of economic growth research (NBER) defines a recession as a significant decline in economic activity lasting more than a few months. During recession there is a significant decline in economic activity, usually lasting longer than six months and affecting industrial production, employment, real income and trade. According to Mandel, G.W. (2009), economic recession does not just occur; certain factors which include dollar collapse, oil price rise, inflation, loss of consumer confidence, excess buying and global economy are responsible for it. Efficient functioning of infrastructural facilities has tremendous advantages and the resultant effect is manifested on the growth and development of a region, while the performances of infrastructural facilities below expectation have a negative consequence on the regional economy (Akeem, 2010).

Inadequate infrastructural facilities are the bane of underdevelopment, unemployment, low productivity and regional economic malaise Fagbohunka (2016). Infrastructure has a potent influence on the incidence and level of poverty by supporting inclusive growth, i.e., economic growth that can facilitate a meaningful and sustainable poverty reduction (World Bank, 2009). Infrastructural facilities developments also are a significant factor in socioeconomic survival, rejuvenation and advancement Fagbohunka (2016). Investment in infrastructure has an impact on socioeconomic measures of welfare, such investment is part of the capital accumulation required for economic development. World Development Report

(1996), Ahluwalia (1991), Ayeni, A.J. (2012) and others have identified infrastructure problems as a main factor threatening the sustainability of economic recovery.

### **3. Study area and the methods**

Ikare Akoko is a major commercial town in Ondo State, and the seat of Akoko North East Local Government, situated about 120km from Akure, the State capital. It is located between latitude 4° and 5° north of the equator and longitude 3° and 4° east of the Greenwich Meridian. According to the population census conducted in 1991, Ikare has a population of 84,000. The study area (Ikare) is surrounded by chains of hills including; Ale, Reje, Urere, Otado, Belu and Gudegbe which render the town as a valley. It is bounded by Arigidi Akoko to the North and to the South by Akungba Akoko and Ogbagi-Akoko, respectively. Ikare Akoko has several industrial bases, (especially small scale business) and markets such as Oja Oba, Osele, Okore, Jubilee and several other markets in adjoining villages. Currently Ikare Akoko is growing at a faster rate and the population characteristics include an increase in birth rate, high migration rate, which have greatly contributed to an increase in human activities, such as commercial banking, business centers emergence of shopping complex and small scale industries like block industries, bakery (bread baking industries) garri processing industries, oil palm processing.

The first stage in the collection of primary data was the reconnaissance survey of eleven districts of the city. They were: Ikado I, Ikado II, Ilepa I, Ilepa II, Iyo meta I, Iyo meta II Oyinmo I, Oyinmo II, Edo and Ekon , Orun I, Orun II. The second stage involved the administration of questionnaire in each of the eleven districts. Fifteen copies of the questionnaire were administered in each of them, making a total of one hundred and sixty-five questionnaires; on the whole, 153 questionnaires were retrieved for the analysis. The study also adopted secondary source of data and analyzed the data both descriptively and inferentially.

### **4. Findings**

Table 1 shows the socioeconomic characteristics of the respondents, 106 (69%) were males, while 47 (31%) were females. Also, 5 (3%) respondents were younger than 20 years, while 48 (31%) were between 41 and 50 years of age. Another 47 (31%) respondents had

secondary education, whereas 34 (22%) had no formal education. Furthermore, 77 (50%) respondents engaged in farming, while 14 (9%) were civil servants.

**Table 1.** Demographic characteristic of respondents

Sex	Number of respondents	Percentage %
Male	106	69
Female	47	31
<b>Age (in years)</b>		
<20	05	03
21-30	21	14
31-40	33	22
41-50	48	31
51-60	27	18
60+	19	12
<b>Education Status</b>		
No formal education	34	22
Primary education	41	27
Secondary education	47	31
Tertiary education	20	13
Others	11	07
<b>Occupation</b>		
Farming	77	50
Civil servant	14	09
Trading	22	14
Artisan	18	12
Others	22	15

Source: Field Survey, 2017

**Table 2.** Effects of economic recession on access to power supply

Access to Power supply	Number of respondents	Percentage %
Unlimited Access	05	03
Very Limited Access	03	02
Limited Access	46	30
Little or No Access	99	65
Nil	-	-
Total	153	100

Source: Field Survey, 2017

Table 2 reveals the effects of economic recession on access to power supply, 99 (65%) respondents had little or no access to power supply, while 46 (30%) had limited access. Another 3 (2%) had limited access, whereas 5 (3%) – unlimited access.

Table 3 shows that 89 (58%) believed that despite the economic recession, the supply of portable water was adequate, while 3 (2%) agreed that portable water supply was grossly inadequate. Another 6 (4%) believed that portable water supply was very adequate, contrary to 42 (27%) who opined inadequate supply.

**Table 3.** Effects of economic recession on adequate portable water supply

Effects	Number of respondents	Percentage %
Very Adequate	06	04
Adequate	89	58
Inadequate	42	27
Grossly Inadequate	03	02
No Effect	13	09
Total	153	100

Source: Field Survey, 2017

Table 4 shows the effects of economic recession on transportation. Out of 153 (100%) respondents, 127 (83%) asserted that economic recession had a negative impact on transportation, whereas 18 (%) opined positive effects.

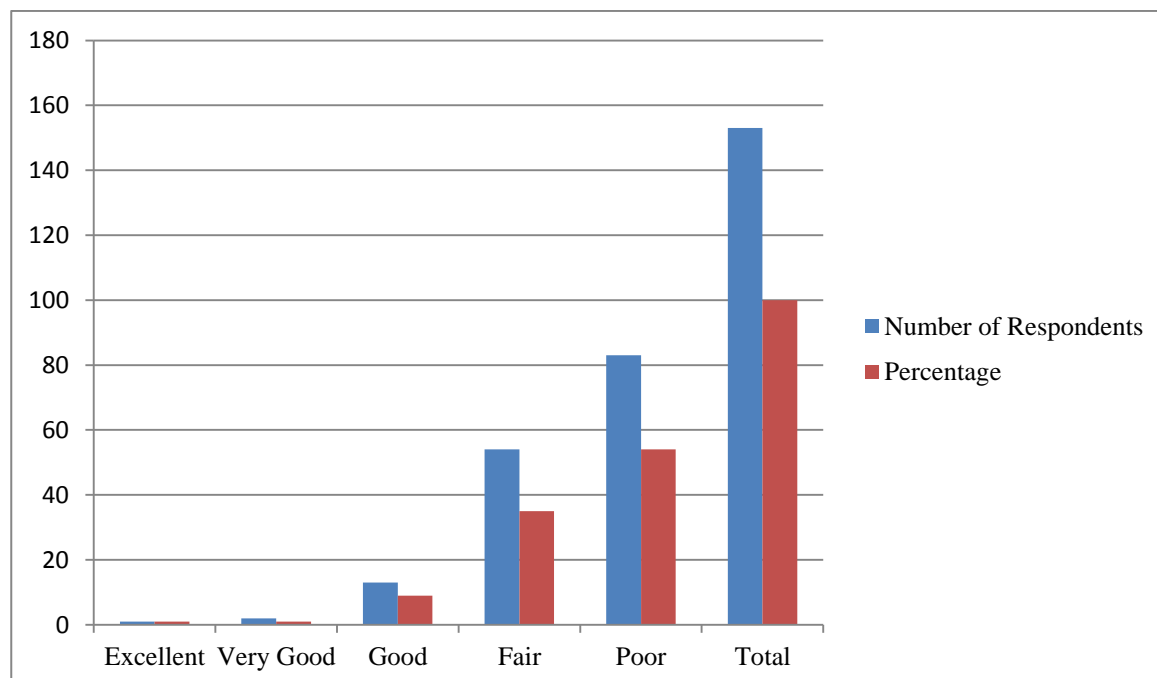
**Table 4.** Effects of economic recession on transportation

Effects	Number of respondents	Percentage %
Negative	127	83
Positive	18	12
No effect	08	05
Total	153	100

Source: Field Survey, 2017

Fig. 1 depicts the impacts of economic recession on the status of health facilities. Out of 153 (100%) respondents 54 (35%) declared a fair status of health facilities despite the

prevalence of economic recession, whereas 83 (54%) assessed the state of health facilities to be poor. Furthermore, 13 (9%) respondents opined it to be good, whereas only 1(1%) agreed that the health status was excellent.



**Fig. 1.** Economic recession and the state of health facilities

Source: Field Survey, 2017

Table 5 shows the impact of economic recession on telecommunication: 44 (29%) respondents believed that the economic recession had no effect on effective telecommunication, contrary to 11 (7%) who opined it to be very effective. Also, 43 (28%) respondents agreed that the economic recession had an average effect on effective telecommunication, while 23 (15%) agreed that it was effective.

**Table 5.** Economic recession and effective telecommunication

Status	Number of respondents	Percentage %
Very Effective	11	07
Effective	23	15
Averagely Effective	43	28
Ineffective	32	21
No Effect	44	29
Total	153	100

Source: Field Survey, 2017

Table 6 shows that 85 (56%) respondents agreed that the effect of economic recession on housing facilities had not been satisfactory, whereas 9 (6%) declared it to be very satisfactory. Another, 11 (7%) respondents believed that the economic recession had a satisfactory effect on housing facilities as opposed to 20 (13%) who opined no effect.

**Table 6.** Effects of the economic recession on housing facilities

Effects	Number of respondents	Percentage %
Very Satisfactory	09	06
Satisfactory	11	07
Averagely Satisfactory	28	18
Unsatisfactory	85	56
No Effect	20	13
Total	153	100

Source: Field Survey, 2017

Table 7 shows that 89 (58%) respondents believed that the economic recession had an unpleasant effect on educational facilities, compared to 12 (8%) who opined very pleasant. Furthermore, 23 (15%) agreed that the economic recession had a pleasant effect on educational facilities, whereas 29 (19%) opined nil.

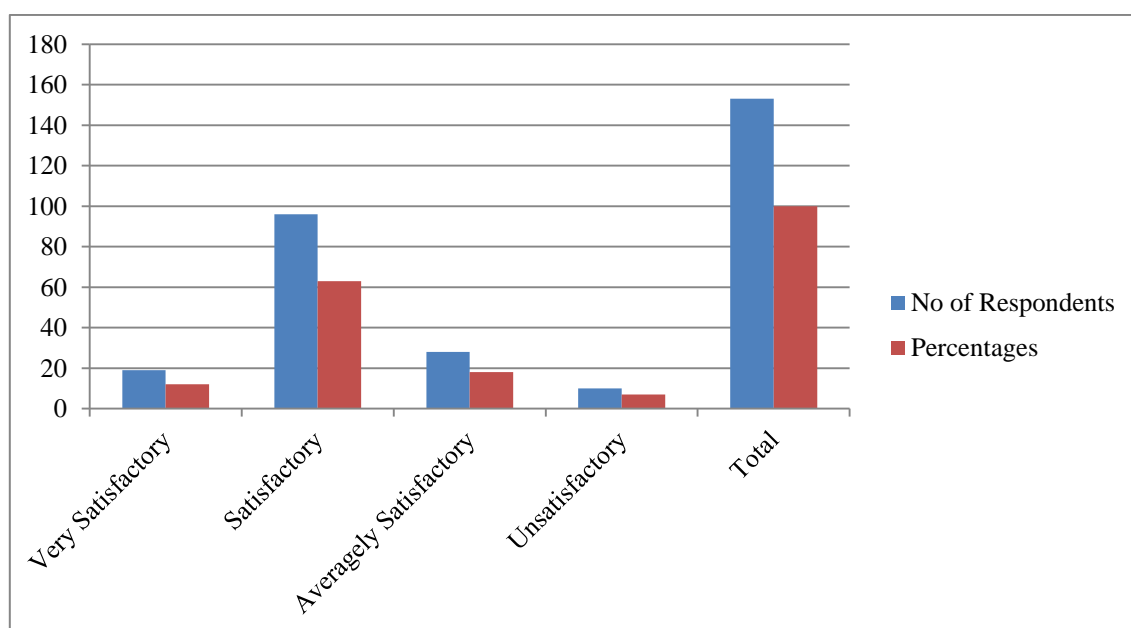
**Table 7.** Effects of the economic recession on educational facilities

Effects	Number of respondents	Percentage %
Very Pleasant	12	08
Pleasant	23	15
Unpleasant	89	58
Nil	29	19
Total	153	100

Source: Field Survey, 2017

Figure 2 depicts that 96 (12%) respondents agreed that the government’s efforts in alleviating the problems of economic recession was satisfactory, while 10 (7%) opined unsatisfactory. Another 19 (12%) declared it very satisfactory, while 28 (18%) believed that government’s efforts to alleviate the problems of economic recession were averagely satisfactory.





**Figure 2.** Government's efforts to alleviate the problems of economic recession on infrastructural facilities

Source: Field Survey, 2017

Table 8 shows the Chi-Square test carried on the effect of economic recession on infrastructural facilities at 0.05 significant levels revealed the calculated value 48, while the tabulated Chi-Square value is 0.1036. This shows that the economic recession had significant impacts on the infrastructural facilities of Ikare Akoko, Ondo State.

**Table 8:** Chi-square test on the effect of economic recession on Infrastructural Facilities

Options	O	E	O - E	(O-E) <sup>2</sup>	$\frac{(O-E)^2}{E}$
Power Supply	103	77	26	676	09
Portable Water	91	77	14	196	03
Transportation	51	77	-26	676	09
Health Facilities	53	77	-24	576	07
Telecommunication	60	77	-17	289	04
Housing Facilities	71	77	-6	36	01
Education Facilities	112	77	35	1225	15
					48

Source: Field Survey, 2017

## 5. Summary and Conclusion

The role of infrastructure has a pronounced effect on societal welfare and the paper has examined the effect of economic recession on infrastructural facilities of Ikare, Akoko,

Ondo State, Nigeria. The paper reveals that the people have little or no access to power supply, the most essential requirements in regional development. By inference, this shows that economic recession has a negative impact on the power supply of the region. The study also reveals that economic recession has a negative impact on transportation; the effects of inadequate transportation among others include, increase in transportation fares, as well as rise in prices of goods and commodities. The research further revealed a poor status of health facilities emanating from the economic recession; thus getting a good medical assistance would have been very difficult, and this may lead to a very high mortality rate. Furthermore, the study reveals that the impact of the economic recession on housing facilities was unsatisfactory and may have led to a rise in prices of housing facilities, substandard construction of buildings as well as making the populace to be prone to housing hazards.

Also, the paper shows that economic recession has an unpleasant effect on educational facilities. In the actual sense there is always a positive correlation between inadequate educational facilities and low standard of education, making it difficult for students to compete with their counterpart globally as a result of half baked education. It was evident from the research that economic recessions have very little or no impact on portable water supply and telecommunication in the study area. The Chi-Square test carried on the effect of economic recession on infrastructural facilities, revealed the calculated value 48, while the tabulated Chi-Square value is 0.1036. This shows that economic recession has a significant impact on the infrastructural facilities of Ikare Akoko, Ondo State. The research reveals that the government's efforts to alleviate the problems of economic recession on infrastructural facilities are satisfactory, such efforts are therefore commendable.

The efficient functioning of infrastructural facilities has a lot of advantages and the resultant effect is manifested on the growth and development of a region, while the performances of infrastructural facilities below expectation have a negative consequence on the regional economy. The paper recommends more tripartite government investment at local, state and federal levels in the infrastructural sector of the economy, also, the existing infrastructure should be adequately maintained by the concerted efforts of the populace and governments. The government should not rest on their oars in order to get out of the economic quagmire and should endeavour to improve their economic policy for quick and timely exit from the economic recession.

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### RECESJA GOSPODARCZA A ROZWÓJ STRUKTURALNY W IKARE, AKOKO, STAN ONDO, NIGERIA; JAKIE NIOSĄ ZE SOBĄ SKUTKI?

#### Streszczenie

Autorzy badają skutki jakie niesie ze sobą recesja gospodarcza i jej wpływ na rozwój infrastruktury, wykorzystując Ikare, Akoko w stanie Ondo jako studium przypadku. W badaniu przyjęto, że obiekty infrastrukturalne są ważnym wskaźnikiem wydolności społeczno-ekonomicznej regionu i mogą być rozumiane z perspektywy recesji gospodarczej, która niewątpliwie wpływa i określa zarówno dobrobyt, postęp, gospodarkę jak i sferę polityczną danego regionu. Pierwszym etapem zbierania danych źródłowych było przeprowadzenie sondażu rozpoznawczego jedenastu dzielnic miasta. Użyto piętnaście kopii kwestionariusza w każdej z dzielnic, co dało łącznie sto sześćdziesiąt pięć kwestionariuszy, z czego odzyskano 153 do dalszej analizy. W badaniu wykorzystano również dane z opracowań. Były one analizowane zarówno opisowo jak i do opracowania wniosków. Badanie ujawniło, że recesja gospodarcza miała rzeczywisty negatywny wpływ na zaopatrzenie w energię, transport i stan zdrowia respondentów. Dodatkowo, odkryto, że recesja gospodarcza wywarła negatywny wpływ na obiekty mieszkalne i te związane z edukacją na obszarze objętym badaniami. Ponadto, badania wykazały pewien wpływ recesji na dostawy wody pitnej oraz usługi telekomunikacyjne dla respondentów. Test chi-kwadrat przeprowadzony w celu rozpoznania wpływu recesji gospodarczej na obiekty infrastruktury wykazał obliczoną wartość 48, podczas gdy tabelaryczna wartość chi-kwadrat wyniosła 0.1036. To pokazuje, że recesja gospodarcza ma znaczący wpływ na obiekty infrastruktury Ikare Akoko. Również, badanie wyraźnie pokazało, że wysiłki rządów aby złagodzić wpływ recesji gospodarczej na obiekty infrastruktury są godne pochwały. W swoim artykule, autorzy zalecają więcej trójstronnych rządowych inwestycji w sektorze infrastruktury gospodarki na poziomach państwowym i federalnym, a istniejąca infrastruktura powinna być odpowiednio utrzymywana wspólnym wysiłkiem ludności i rządów.

**Słowa kluczowe:** recesja gospodarcza, obiekty infrastruktury, rozwój, Ikare Akoko

**Kody JEL:** H54, F63, F64, Q56, Q58

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