



The Ripple Effects of the 2008 Global Credit Crunch on Library Services: A Survey of Public University Libraries in Zambia

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Available online at: www.isca.in, www.isca.me

Received 31st August 2016, revised 12th September 2016, accepted 19th September 2016

Abstract

This paper investigates how public university libraries in Zambia have been dealing with the challenges of poor funding for library collections caused by the global financial crisis of 2008. A questionnaire survey was undertaken to obtain data from library staff in three public university libraries. The study shows that the global financial crisis has affected libraries to an extent that they were failing to purchase current information resources. The study concludes that libraries need to strengthen their already existing income generating ventures and how to explore new income generating projects. It is hoped that this research will provide stakeholders with a proper perspective on university library funding challenges and how to mitigate them.

Keywords: Global financial crisis, Public university libraries, Collection development activities, University of Zambia Library, Copperbelt University Library, Mulungushi University Library, Zambia.

Introduction

The 2008 global credit crisis has had ripple effects world over with varying impacts from country to country. Owing to this financial crisis, libraries are now faced with a challenge of fiscal stringency. If no urgent measures are taken to arrest the situation, libraries should brace themselves for prolonged hard times because of their over reliance on budget allocations from parent institutions that are heavily dependent on public financing.

Although much has been written regarding the impact of the 2008 global financial crisis on libraries in other parts of the world, no study has been conducted to determine its impact on collection development (acquisitions) on libraries in Zambia. Focusing on three public university libraries, namely; the University of Zambia Library, Copperbelt University Library and Mulungushi University Library, this study investigated the extent to which the 2008 global credit crisis had impacted libraries in the area of collection development.

Global Credit Crunch explained: Bernanke and Lown¹ define a credit crunch as a decline in the supply of credit that is abnormally large for a given stage of the business cycle. The credit crunch occurs when there is a sudden shortage of funds for lending, leading to a resulting decline in loans available. A Credit Crunch can occur for various reasons such as sudden increase in interest rates, direct money controls by the government, a drying up of funds in the capital markets, etc. The recent credit crunch was driven by a sharp rise in defaults on subprime mortgages. These mortgages were mainly in

America but the resulting shortage of funds spread throughout the rest of the world².

Effect of the global credit crisis on the Zambian economy:

Commenting on the anticipated effects of the global credit crisis on the Zambian economy, Fundanga³ stated that the Zambian financial sector has so far not been adversely affected by the credit crunch as reflected in the continued stability of the banking sector with most banks being adequately capitalized and the inter-bank market operating as before. He further claims that this is mainly due to the sector's limited integration into the international financial markets.

Fundanga goes on to state that Zambia's financial sector had no exposure to toxic assets, which led to the credit crunch in most developed markets. He however, admits that the current global financial crisis, with the subsequent global economic recession, has adversely affected Zambia mainly through: reduced revenue earnings from mineral resources; lower foreign capital inflow and foreign direct investment; rising domestic inflation as a result of the depreciation in the exchange rate of the Kwacha against major currencies; and declining number of foreign tourists.

Literature Review: A study by Nicholas *et al*⁴ has given a glaring picture of the economic crisis and its devastating effect on libraries. The study showed that over 50 per cent of libraries within the academic, public and corporate sector drawn from the USA and across Europe, either reported a static budget or decreases of above 10 per cent in other instances. All the three public university libraries in this survey predicted further budget.

Credit crunch: According to the International Monetary Fund (IMF) the financial crisis is commonly treated as the collapse of the economy severely affecting the entire financial organizations and all involved industries in short and long run simultaneously.⁵ It further asserts that some financial crises are resultants of significant crashes in the stock market, bursting of financial and economical bubbles and entire countries going into default. As the financial services sector of the economy is the most fundamental sector and termed as the backbone of the economy any problems in this sector result in economy wide implications⁵.

Collection development (acquisitions) in libraries: Collection development is considered a critical ingredient of the information life cycle. Reitz⁶ describes collection development as the process of planning and acquiring a balanced collection of library materials over a period of years, based on an ongoing assessment of the information needs of the library's clientele, analysis of usage statistics and demographic projection. According to Johnson⁷, collection development is a term representing the process of systematically building library collections to serve study, teaching, research, recreational, and other needs of library users. The process includes selection and deselection of current and retrospective materials, planning of coherent strategies for continuing acquisition, and evaluation of collections to ascertain how well they serve user needs.

Effects of the financial crisis on collection development: A study by Chaputula⁸ found that University of Malawi Libraries and Mzuzu University Library were not affected much by the global economic crisis. The study reports that effects of the economic crisis, though minor, were evident by the stagnation of some college budgets and absence of scholarships for training abroad. Guarria and Wang⁹ sought to provide insight on how librarians managed through the recession. Findings show that budget cuts were worse in fiscal year 2009 than they were in 2010. Best practice suggestions were offered in many areas to include communication, purchasing and personnel.

A study by Ipsos on behalf of JISC, SCOUNL and UCISA shows that although university library services may not yet be fully feeling the pinch of the recession, it was clear that they will be impacted unavoidably in a number of ways, such as limitations in procuring and providing resources¹⁰. A study by Kostagiolas, Margiola and Avramidou proposed a potential novel management response model as a pathway for library survival within the fierce economic crisis which includes specific suggestions for the management of public libraries, future policies and trends in the lines of education services; social/economic development services; etc.¹¹

Methodology

This study adopted a survey research design where the research used self-administered questionnaires to collect data from the respondents. Respondents were drawn from three public

university libraries, namely; UNZA Library, CBU Library and MU Library. A total sample size of 22 Library staff involved in collection development and acquisitions activities was used to provide responses to the study. According to Leedy (1997) there is little point in sampling a population that is less than 100. Consequently, no sampling was involved in this study. SPSS was used to analyse the data collected through closed ended questions while the responses from open-ended questions were analysed through content analysis.

Results and Discussion

Bio data of the respondents: The response rate for this research was good. All the 22 questionnaires were completed and returned giving a response rate of 100%.

Sex: 12 (55%) were females and 10 (45%) were males, Age: 9(41%) were between the age of 30-39 years and 13(59%) were 40 years and above, Job title: 3(14%) were Library Assistants/Certificate holders, 10(45%) were Assistant Librarians at first degree level, 9(41%) were Librarians with postgraduate degrees. Institutions: 12(55%) were from UNZA, 6(27%) was from Copperbelt University, 4(18%) from Mulungushi University, 4(18%). This information shows that the population was above 30 years of age and most of them with at least first degree. This is a sign that they were mature and with more experience and knowledge of how the libraries were operating.

Understanding the global financial crisis: Respondents were then requested to define global financial crisis according to the way they understood it. The following were their responses: i. Eleven (50%) respondents felt that global financial crisis is when there is a shortage of money in the economy, ii. Another 11(50%) respondents indicated that global financial crisis is when people have less money to spend on their basic needs such as food, shelter, sanitation and clothing, iii. Thirteen (59%) revealed that global financial crisis can be defined as a decline in loans availability from financial institutions, iv. Seven (32%) felt that global financial crisis is when borrowing money comes at a higher risk and at a higher rate, v. Fourteen (64%) indicated that global financial crisis is when there is tight budget, vi. Two (9%) said that global financial crisis is when the financial status of economies and corporate entities get affected by the economic doldrums that are precipitated by economic down turns in global markets

This is an indication that the people the study is dealing with basically understand what global financial crisis is all about, at least in their own realms of knowledge.

Impact of Global Credit Crunch on library funding: Libraries require good funding in order to provide better facilities and services to users. In trying to seek the answers behind these issues; responses to this research suggest that the financial crisis plays a significant role in the reduction to

funding allocation in libraries. The results showed that 15(68%) of the respondents felt that the financial crisis has greatly affected the funding to libraries, while 6(27%) disagreed and explained that the poor financial status experienced in libraries were not associated to global financial crisis and 1(5%) respondent did not give any response. The results are presented in Figure-1.

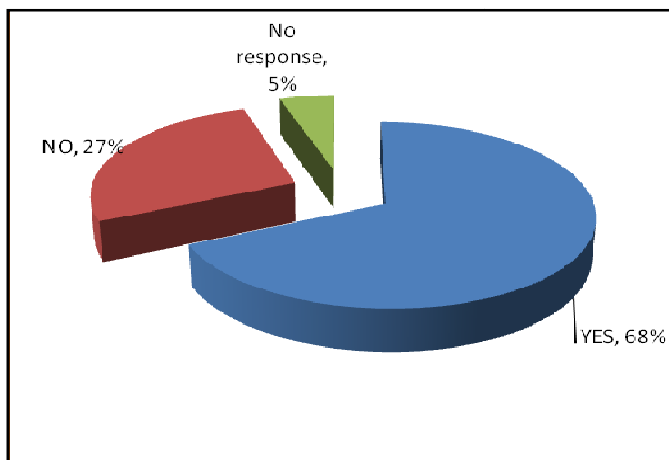


Figure-1
Effects of global financial crisis on library funding

The explanation from those who said that global financial crisis has contributed to reduction in budget allocation to libraries was that the evidence is clearly seen on obsolete information materials. Respondents further explained that the global financial crisis has led to failure by libraries to acquire current information resources needed for users.

Meanwhile, those that disagreed that the financial crisis had not affected libraries explained that “financial crisis or no financial crisis, libraries have been receiving very little funding for nearly four decades”. They concluded that it is difficult to relate their library’s financial woes to global financial crisis because this problem has been there even before the financial crisis became full blown. Other respondents explained the problem of poor funding could not be attributed to the financial crisis, but rather due to changes in the management of their institutions.

Impact of Global Credit Crunch on collection development activities:

It has been argued that the result in the erratic funding to libraries as alluded to in the above findings, has affected collection development activities. The research further set out to prove this fact seeking the respondents’ opinions on whether the global financial crisis has affected the library’s abilities to build their collections through purchase. The results showed that 12 (55%) of the respondents agreed that global financial crisis had affected the library’s ability to buy new resources hence affecting quality of services, 8 (45%) indicated that the global financial crisis did not have any effect on collection development activities and 2 (9%) said that they were not sure. These results are presented in Figure-2

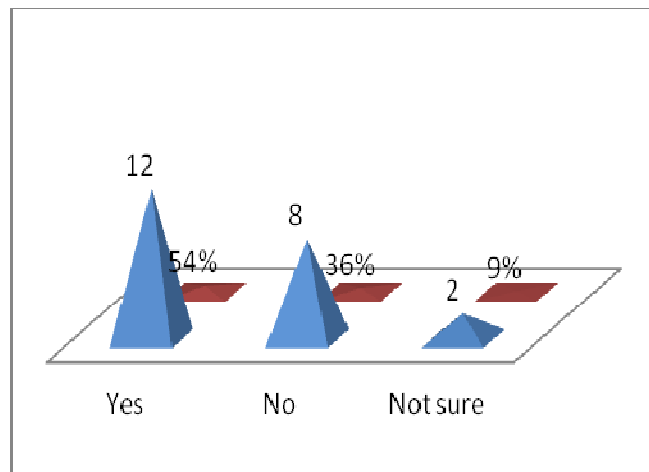


Figure-2
Effects of global financial crisis on collection development

Ultimately, these results are an indication that libraries are not able to purchase the most needed resources for their clientele due to insufficient funding.

To get more information on the extent to which libraries were affected with regard to purchasing information resources, the respondents were asked how often their institutions buy library resources. Four (18%) said that they buy at least once in a year, 11(50%) indicated that they rarely buy, 6(27%) responded that they were not sure of the buying frequency and 1(5%) did not give a response. Responses are recorded in Figure-3.

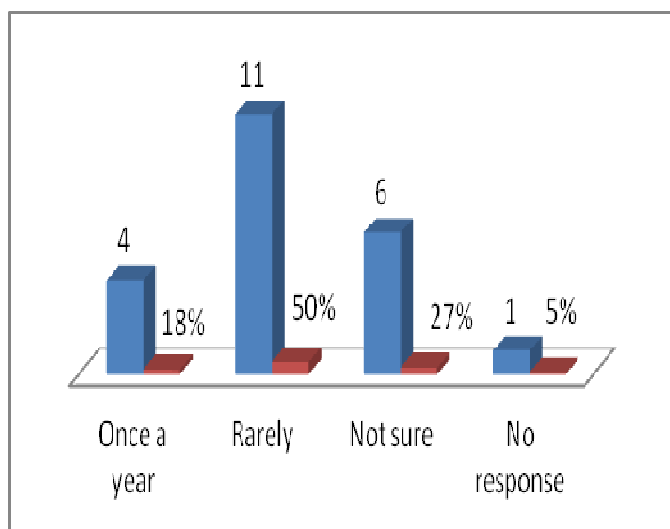


Figure-3
Frequency of purchases

Further data analysis was sought to establish whether there was a relationship between global financial crisis and how often libraries buy materials. This was also to prove the proposition set earlier that global financial crisis has affected funding allocation to Libraries. The two variables were cross-tabulated and the results were as shown in Table-1.

Table-1
Cross-tabulation of global financial crisis's effects on funding to libraries and purchasing rate

		Frequency of book purchases			Total
		Once a year	Rarely	Other	
If GFC has affected funding allocations to Libraries	Yes	2	8	4	14
	No	2	2	2	6
Total		4	10	6	20

The results from the cross-tabulation showed that out of the 14 respondents that had initially indicated that global financial crisis has a negative effect on library funding, 8 indicated that their institutions rarely buy new library books, 2 said that they buy once per year, 3 were not sure how often they buy and 1 represented a National repository which only receives. In trying to explain how rarely they buy, some indicated that the libraries they represented actually never buy any books and that they totally depend on donations. Others could not even trace when last they bought library resources due to lack of funding. Their candid response was that they buy as and when funds are available, which is entirely the decision of the Central Administration of their Institutions.

The interpretation of the results is that there is a relationship between the global financial crisis and funding to libraries and how often they buy books for their clientele. Based on the above findings, the research can then safely conclude that global financial crisis has led to reduced funding allocations to libraries, which has consequently affected collection development activities.

Actions to mitigate the crisis: Out of the total number of 22 respondents, 6(27%) indicated that their institutions have come up with measures to combat global financial crisis while 5(23%) said that their institutions have not come up any measures to curb global financial crisis, 10 (46%) were not sure and 1(4%) gave no response. Responses are recorded in figure-4.

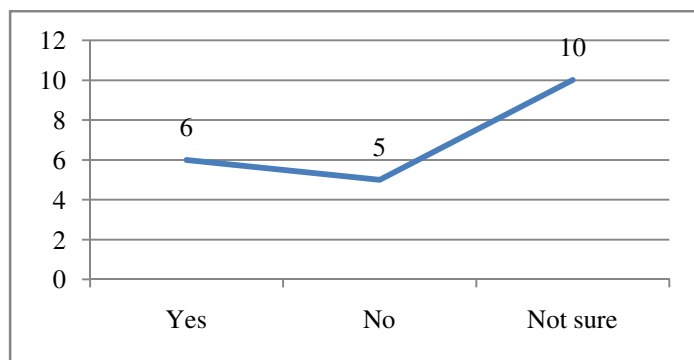


Figure-4
Actions to curb global financial crisis

Those that said yes cited measures like engaging in exchange programs, donations/gifts, internal fund generation, reducing on certain expenditure such as overtime hours for members of staff so that such moneys could be channeled towards buying library resources such as books and Journals. The respondents suggested ways of combating the global financial crisis such as establishing resource sharing partnerships at consortia level, initiate income generating ventures to reduce over dependence on government grants, introduction of user levies, introduce stringent spending measures, etc.

Conclusion

The study indicates that the 2008 global credit crisis has contributed to poor quality information resources in public university libraries owing to budgetary constraints. Consequently, most libraries seldom buy library materials such as books. This study is therefore a wakeup call for libraries to be proactive with regard to income generating ventures in the face of dwindling financial resources.

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