ISLAMIC UNIVERSITY JOURNAL OF SOCIAL SCIENCES VOL 5, NO 3

ISSN: 2709-2429(Print), 2709-2437(Online)-Published 31st July 2026

Petrol Subsidy Removal and the cost of living among Staff of Federal University Lokoja (FUL), 2023- 2025

by

Orunyomi Orungbami
Department of Political Science,
Federal University Lokoja.
Email: orunyomi.orungbami@email.com
&
Obanowa Ismaila Oluwaseun
Department of Political Science,
Federal University Lokoja.

Abstract

This study investigated the impact of petrol subsidy removal on the cost of living among staff at Federal University Lokoja (FUL) between 2023 and 2025, this is due to the implications of subsidy reform on micro-level welfare outcomes for public-sector employees. The research objectives examine: perceptions of academic staff on effects of petrol subsidy removal, the impact of petrol subsidy removal on the cost of living among FUL staff, the effect of petrol subsidy removal on the productivity of academic staff at FUL and identify measures for mitigating the adverse impact of petrol subsidy removal on the university staff. The Resource Curse Theory was adopted as the theoretical frame of the study. The research method was quantitative using a descriptive survey design, data were collected from 150 staff members via structured questionnaires. Responses were analyzed using purely descriptive method. Findings show 51.4% of the respondents indicated that their monthly expenses had increased by between 41% and 60%, while a further 35.9% reported an even higher increase of over 60%, with food and transportation recording the greatest cost escalation. The economic strain reduced participation in research and academic events and prompted 74.6% of respondents to seek supplementary income. Staff overwhelmingly endorsed institutional palliatives, salary adjustments, transport support, and expanded welfare schemes as necessary mitigations. The study recommends targeted government interventions to increase staff welfare funding, provision of accommodations to staff on campus to reduce the burden of fuel expenses.

Key words: Petrol subsidy removal, Cost of living, Productivity, staff of Federal University, Resource Curse

Introduction

Over the years, the Nigerian economy has relied on various forms of subsidies, including those on fuel, education, electricity, and foreign exchange, to manage socioeconomic pressures and promote stability. Among these, petrol subsidies have played a particularly significant role in shaping national economic policy since the 1970s, during this period the state led development was absolutely practiced with the intention of providing goods and services to the larger population (Fine and Padaychee, 2001). While subsidies, in principle, are intended to cushion economic hardship, their implementation in Nigeria has often been marred by allegations of corruption, inefficiency, and mismanagement (Yunusa, Usman, and Adebayo, 2023).

Nigeria, with a population exceeding 200 million, has long struggled with the complexities of fuel subsidies as a strategic component of its energy policy (Ogunmodimu & Okoroigwe, 2019). Historically, the subsidy on petrol was introduced to reduce the financial burden on citizens and to ensure affordable fuel prices for domestic consumption. However, the policy has generated continuous debate around its sustainability, equity, and long-term impact on the nation's economy, Garba (2023) notes that efforts to remove petrol subsidies have often been met with public resistance, resulting in repeated policy reversals.

Despite being Africa's largest oil producer and the 15th largest globally, Nigeria remains a mono-cultural economy heavily reliant on petroleum exports. The oil sector contributes nearly 90% of the country's export revenue and around 70% of government income. Yet, this

resource wealth has not translated into broad-based development. High rates of unemployment, inflation, and poverty persist, and the standard of living for many Nigerians remains low. Over 40% of the population lives below the poverty line, and the benefits of oil wealth have often been captured by a few, rather than deployed toward meaningful national development. These structural issues prompted the continued use of petrol subsidies as a means to shield citizens from the harsh realities of economic mismanagement.

Efforts at subsidy reform intensified in the Fourth Republic. President Olusegun Obasanjo's administration attempted to deregulate the downstream oil sector in 1999, but the initiative was abandoned in the face of fierce opposition. Similarly, in January 2012, President Goodluck Jonathan announced a partial subsidy removal, which triggered mass protests across the country under the banner of the Occupy Nigeria movement, public pressure eventually compelled the government to reinstate the subsidy (Yunusa et al., 2023). The administration of President Buhari retained fuel subsidy in 2015, but partially removed it in 2016. From 2017 to the end of his administration in May 29, 2023, fuel subsidy was retained by the administration.

The Buhari's administration removed petrol subsidy from the budget in 2023, which was the transition year and during the handing over occasion in May 2023, President Bola Ahmed Tinubu who newly assumed, declared that subsidy regime has ended that it can no longer justify its ever-increasing cost in the wake of dwindling resources. Following this announcement, petrol pump prices surged dramatically across the country, with increases averaging over 200%. The removal of the petrol subsidy has had far-reaching effects. Transportation costs have risen sharply, affecting both individuals and businesses. Food prices have escalated due to higher logistics expenses, contributing to a food inflation rate of over 24% and pushing millions into food insecurity, overall inflation has surged above 22% (NBS, 2024), eroding the purchasing power of ordinary citizens and worsening economic inequality. Additionally, the elevated cost of living has led to reduced consumer spending, business strain, and rising unemployment levels (Obasi, et al, 2017).

Civil servants, who play a critical role in policy implementation and public service delivery, have been significantly affected by this policy shift (Habibi, Olayemi, & Danjuma, 2022). For many, transportation constitutes a core component of their daily routines. The sudden spike in fuel prices has increased commuting costs and, in some cases, undermined their ability to maintain regular attendance and productivity at work (Ekeinde, Mba, & Obinna,

2022). Without adequate transport alternatives or wage adjustments, civil servants have faced new financial strains that impact both their well-being and work performance. The efficiency of public sector workers is crucial for the effective functioning of government institutions, particularly in the current economic climate (Konateh, et al, 2023).

This study, therefore, seeks to investigate the implications of petrol subsidy removal on the staff of Federal University Lokoja, with particular attention to changes in their cost of living, transportation challenges, and job performance. For this study, cost of living is operationalized as monthly household expenditure on food, transportation, housing, and healthcare, measured before and after the subsidy removal. Understanding these dynamics can offer deeper insights into the socioeconomic consequences of subsidy reforms and their broader implications for public sector governance in Nigeria. The empirical significance of this study is; extant literature has shown the effects of removal of subsidy on the Nigerian economy (Obasi, et al 2017; Ozilli & Obiora, 2023; Kesinton, 2024, Uwak, et. al 2024, Woyengitari 2025), limited empirical work has focused on academic staff in federal universities in other Federal Universities Nigeria, and none specifically on Federal University Lokoja. This study, therefore, seeks to fill this gap by assessing the impact of petrol subsidy removal on the cost of living among staff at Federal University Lokoja, to contribute to a more grounded understanding of how macroeconomic policy changes affect micro-level actors in Nigeria's public service sector.

Based on the above, the research is wrapped around the following objectives: examine the perceptions of academic staff regarding the effects of petrol subsidy removal at Federal University Lokoja, investigate the impact of petrol subsidy removal on the cost of living among staff of Federal University Lokoja, assess the effect of petrol subsidy removal on the productivity of academic staff at Federal University Lokoja, identify possible measures for mitigating the adverse impact of petrol subsidy removal on university staff.

Methodology

To achieve the objectives of this study, both the quantitative and qualitative design were adopted. In line with this, on the qualitative the study relied on secondary sources such as textbooks, newspapers, articles, magazines and the internet for source of data collection on the other hand, the quantitative are numerical and were sourced through questionnaire (Gbadegesin & Oyeranti, 2025). In order to administer the questionnaire, the study identified 1,000 academic staff of Federal University. Lokoja and Taro Yamane sample size formular

was adopted and 150 sample size was gotten and 150 questionnaires were administered on them. Descriptive percentage frequency tool was adopted to summarize academic staff perceptions on petrol subsidy removal and cost-of-in Federal University, Lokoja. These help in identifying general trends and patterns within the university community.

Literature Review

Conceptual Issues

Petrol Subsidy

The term 'subsidy' refers to economic concessions made by the government to alleviate a particular sector of the nation's economy. Uwak, et al (2024), dubs subsidies as government involvements to mitigate effects of government policies or to fund certain services for the benefits of the citizens. Form the above, this study submits that subsidies are windows of supports created by government to reduce the prices of particular products and services and cushion the effects of polices on citizens. Varieties of subsidies exist in different aspects of the economy and are generally implemented to promote consumption and production, for instance, subsidy exists in agriculture, education, fuel (petrol subsidy as in the case of Nigeria) and so on. For example, the government makes direct payments to rice farmers, it could increase rice production by reducing the production costs accruing to the farmers, this is an example of an agricultural subsidy (Nigerian Economic Summit Group, 2023). This study is concerned with petrol subsidy in Nigeria.

Petrol subsidy therefore denotes, financial assistance provided by the government to reduce the cost of fossil fuel for consumers, it is done to keep fuel prices lower and make it more affordable for the general population. As expressed by Obasi, et al (2017), fuel subsidy is the difference between the actual market price of petroleum products per litre and what the final consumers pays for the same products (Ozilli & Obiora, 2023). Therefore, petrol subsidy can be perceived as government intervention in reducing the landing costs of petrol and the pump price of petrol.

Deducing from above, petrol subsidy removal can be perceived as the elimination of government interventions in the prices of petroleum products, this means non-cushioning of petrol prices through exclusion of financial budgetary. It is worthy to note that, the pump price of PMS in Nigeria has been very erratic largely due to international oil price shocks, government policies and weak refineries. Apparently, the lack of efficient refinery entails the crude oil is taken outside the country for refining and imported back to the country at a rate determined by dollars. This has made Nigeria's domestic oil to be a foreign product when

refined, this a complex contradiction. Attempts to cushion the effect of unstable increase pricing on PMS and mitigate poverty led to the introduction of subsidy, since then issues of subsidy has become a contentious debate because of its implications on citizens welfare and fiscal state of a nation.

Cost of living

The concept of cost of living seems elusive, this informs the reasons for different perceptions by various scholars on the criteria to measure it. Albouy et. al (2016) perceives cost of living as the monetary value of those consumers' goods and services which are in fact consumed by a group of people over a period of time. Furthermore, Mihăilescu (2025), expressed that the cost of living exists in three forms; firstly, in monetary value of goods that are consumed during a given period of time, for an average family belonging to a given group of the population, secondly, in terms of time dimension in estimating the cost of living, we obtain the variations in the monetary values of those purchased goods that, in reality, satisfy consumption requirements at the same level, at different dates, and in different places and thirdly, in normative approaches dealing with the estimation of income, consumption and savings for different social groups are considered.

From the above submissions the study extrapolates that cost of living, deals with the amount of money on good and services such as food, healthcare, housing, transportation, taxes over a in a certain area at a period of time, mostly tied to wages. In most countries, these items are essentials and to a large extent determines how expensive it is to live in one place to another. The cost of living is erratic and is varies from one city to another, however government polices affects cost of living in Nigeria. as put by Abiodun & Ajuwon (2025), the recent removal of fuel subsidies has significantly aggravated inflationary pressures in the country, increasing fuel and food prices, coupled with currency depreciation, and has deepened the cost-of-living crisis.

Theoretical Framework

The theoretical framework adopted for this research is the resource curse theory, propounded by Richard Auty. The resource curse theory is based on the assumption that the phenomenon of worse economic performance in resource-abundant countries (Auty, 1993). The resource curse, also known as the paradox of plenty or the poverty paradox, is the phenomenon of countries with an abundance of natural resources (such as fossil fuels and certain minerals) having less economic growth. Other literature such as Sachs and Warner (1995), shows a statistically inverse relationship between economic growth and resource abundance,

Countries are blessed with different resources these include crude oil, diamond, gold, iron among others. These resources are referred to as the object of labour, these include all natural resources when mixed with other factors of production are transformed into finished products. Without natural resources it is impossible to produce products, however they are not evenly distributed over the world. This unevenly distribution of natural resources frequently leads to migration of people, businesses and organizations to areas where there is abundance and cheap resources. For example, the voyage of the colonial masters to Africa was the quest for cheap natural resources to feed their industries in Europe. At the heart of every bourgeoisie is the quest to capture the available resources, transform it and make profit.

It is very critical to note that the abundance of natural resources does not translate to economic development for the people of a particular area. For instance, abundance of natural resources in Africa does not translate it to being rich; matter of fact it is one of the most underdeveloped continents in the world. Nigeria is the sixteenth producer of oil in the world, producing 1,938,534 Barrels per day but has one of the highest incidences of poverty in the world. The oil revenue has not been used to improve the living standard of the people, rather than being a blessing it has a become an avenue for contestation by the political class who perceive the Nigerian state as a means of self-aggrandizement (Nnoli, 2000). The policies of the Nigerian state are designed to benefit a few at the expense of majority of Nigerians, this has led to a state capture by the elites (Fritz and Menocal, 2006). It is against this paradox of crude oil in Nigeria that oil subsidy policy was introduced and it became the life line of the economy, therefore any disruption in oil subsidy has a far-reaching implication on poverty rate. It is on this basis that in the midst of plenty petrol resource that cost of living is impacted negatively in Nigeria. This is therefore suitable for analyzing petrol subsidy removal and cost of living among staff of Federal University, Lokoja.

Petrol Subsidy and the Nigerian Economy

According to Yunusa et al. (2023), the history of petrol subsidy in Nigeria is deeply rooted in government's attempt to regulate fuel prices for social and economic reasons, in this light, the Nigerian government has subsidized key sectors of the economy over the years, including fuel, electricity, education, and foreign exchange. Fuel subsidy in particular, has a long and complex history. It was officially established in 1977 through the Price Control Act, which mandated that certain essential commodities, including petrol, be sold at government-regulated prices. Although the idea behind the subsidy was to make fuel affordable and limit

Nigerians from global oil price changes, its implementation has often been undermined by corruption, poor transparency in distribution and administration.

The evolution of fuel pricing in Nigeria reflects the broader political and economic changes at different periods, this reflects the back and forth in the retention and removal of petrol subsidy by different administration. This back and forth, is based on the attempts by government to depart from regulation of petrol prices into deregulation which is more pervasive and contentious in the fourth republic.

There is a curated list of empirical articles on fuel subsidy, particularly focused on Nigerian economy. This sub-section provides evidence on fuel subsidies, exchange rate, inflation rate, GDP per capita and poverty. In this regard, Adenikinju, (2009) **e**xamines the distortionary effects of fuel subsidy on energy efficiency and macroeconomic outcomes in Nigeria using time-series data and reported that subsidies discourage private investment in energy and contribute to fiscal inefficiencies. Umar and Umar (2013) examined **o***f the impact of fuel subsidy removal on Nigerian households by interrogating m*icroeconomic simulation using household expenditure survey data. The study concluded that subsidy removal has a short-term inflationary impact, but targeted transfers can mitigate negative welfare effects.

Similarly, Olomola (2007) employed Vector autoregression (VAR) model to assess the relationship between oil prices, fuel subsidies, and macroeconomic variables and found out that subsidy regimes amplify the volatility of inflation and fiscal deficits in the face of oil price shocks. Using panel regression across 15 oil-exporting countries including Nigeria, a working paper by the International Monetary Fund (IMF, 2015) and reported that fuel subsidies are poorly targeted and lead to significant opportunity costs in public investment and poverty alleviation. Responding to fuel subsidy saga in Nigeria with considerations of issues, challenges and opportunities**.** Coady, et al (2015), raised a question to consider h*ow large the global energy subsidies are by conducting a study on g*lobal subsidy measurement across 150 countries. The study submitted that Nigeria's subsidy burden is empirically quantified, because subsidies amount to over 5% of Nigeria's GDP and disproportionately benefit the rich. Ogunlana and Ogundipe (2019) examined f*uel subsidy and its threat to sustainable development in Nigeria. The study utilized c*ointegration analysis and error correction model (ECM) and reported that fuel subsidies negatively affect education and healthcare expenditure in Nigeria.

Ajakaiye and Akinbinu (2012) assessed f*uel subsidy reform and its implications for social protection in three* (3) Adamawa State Senatorial Zones: Southern Zone, Central Zone, and

Northern Zone, with two (2) local government areas from each: Demsa and Numan (Southern), Yola North and Yola South (Central), and Mubi North and Mubi South (Northern) in Nigeria. The study argued that *p*roperly designed cash transfer programs can compensate for subsidy removal. Baka (2023) conducted a systematic review of the literature to find the implications of the policy on the Nigerian economy using a protocol developed following the PRISMA procedure. The result shows that fuel subsidy removal undermines households' welfare through the erosion of real income.

Kandi et al. (2024) stated that "The removal of fuel subsidies globally, including in Africa and Nigeria, has been a topic of significant debate. Scholars and global organizations have persistently recommended ending fuel subsidies due to resulting market distortions. In 2012, the Goodluck Jonathan administration attempted partial deregulation of Nigeria's oil sector, facing resistance from influential political figures. In 2019, the Buhari administration aimed to remove subsidies, but the onset of COVID-19 thwarted the effort, leading to economic challenges" (p.103). Ostensibly, it was the administration of President Bola Ahmed Tinubu that petrol subsidy was removed completely.

Kesinton (2024), examined subsidy removal and government policy on poverty alleviation in Nigeria, it was carried out with the objectives of examining the impact of fuel subsidy removal on poverty alleviation policy of government and identify government poverty alleviation policies and how it has been impacted by fuel subsidy removal. The study relied on the qualitative method and found that study fuel subsidy reduction has negative implication on government policies of poverty alleviation as data within the period of study have indicated that fuel subsidy was reduced seven times between 2015 – 2023 and within this period Nigeria for four consecutive years (2018 – 2022) Nigeria attained the position of World Poverty Capital.

Uwak, et al (2024), focused on the politics of fuel subsidy regime in Nigeria, an assessment of President Bola Ahmed Tinubu's Administration. The study relied on qualitative approach to gather and analyzed its data and adopted the neo-liberalism theory as the theoretical framework of analysis. The major finding of the study revealed that fuel subsidy removal had freed up financial resources for other sectors of the economy. Other findings are that fuel subsidy removal had decreased economic growth in the short term; increased inflation; increase the prices of petroleum products and loss of jobs in the informal sector.

Obasi, et al examined the political economy of fuel subsidy removal in Nigeria, it examined the arguments for and against fuel subsidy removal in Nigeria as a political discourse. The

article was qualitative in nature. It discovered rampant corruption in the nation's expansive oil sector is mainly attributed to economic crisis in Nigeria. it submitted that government has not gathered political will to cleanse the corrupt oil sector by not prosecuting the oil thieves. The study further made a comparative analysis between Ghana and the Nigerian economy, where government engaged the people and introduced measures to cushion the harsh effects of fuel subsidy.

These studies examined above the implications of fuel subsidy on the Nigerian economy, concentrating on its removal and retentions, nevertheless they are deficient as however attention on removal on the productivity of staff in institutions such as the university.

Impact of Petrol Subsidy Removal on University Staff in Nigeria: An Empirical Review

Academic institutions are also taking the brunt of subsidy removal in Nigeria. For instance, it is the lecturers who bear the brunt most as they have to travel from one place to the other for academic objectives, but due to the high cost of transportation, the petrol subsidy removal adversely affects them.

Some empirical studies on the impact of petrol subsidy removal on the cost of living have been done by various researchers, some of which have significant similarities and divergences. Woyengitari (2025) investigated the effects of fuel subsidy removal on the performance of university personnel, particularly examining its impact on motivation, productivity, and job satisfaction. Utilizing a descriptive research design, the study targeted both academic and non-academic staff from Niger Delta University and Federal University Otuoke. A total sample of 200 respondents, comprising 100 academic and 100 non-academic staff, were selected to participate. The study employed both primary and secondary data sources. Primary data were obtained through the administration of structured questionnaires designed to quantify the impact of subsidy removal on job performance, financial well-being, and morale. Woyengitari (2025) discovered that there is a statistically significant and positive correlation between the removal of fuel subsidies and the performance of university staff. Despite the economic pressures associated with the policy shift, the study revealed improvements in motivation, productivity, and overall job satisfaction among the respondents. These results suggest that, in certain institutional contexts, staff may adapt positively to economic reforms. The relationship between Woyengitari (2025) and my study is that both studies aim to examine the relationship between fuel subsidy removal and university staff performance. The current study investigates the correlation between petrol subsidy removal

and the cost of living among staff at Federal University Lokoja, while Woyengitari (2025) focused on the impact of petrol subsidy removal on university staff performance. This indicates a thematic connection between the two studies. However, the studies differ in terms of location and population. Woyengitari (2025) targeted both academic and non-academic staff from Niger Delta University and Federal University Otuoke, whereas the current study focuses exclusively on academic staff at Federal University Lokoja.

Similarly, Akpojotor, Mordi, Onoka & Ogah (2025) investigated the impact of fuel subsidy removal on staff welfare and students' academic performance in tertiary institutions, with particular attention to the effectiveness of government programs aimed at reducing its effects. The research adopted a descriptive survey design and was guided by four research questions. The study population comprised teaching and non-teaching staff across government-owned tertiary institutions in Delta State, with a sample of 120 staff drawn from three selected institutions, their findings revealed that the removal of fuel subsidies had a significant negative effect on both staff welfare and student academic performance. Staff reported increased financial burden due to rising transportation costs, inflation, and stagnant salaries, which negatively affected job satisfaction and productivity. Similarly, students experienced decreased access to essential learning materials and greater financial pressure, leading to reduced academic engagement and performance.

The nexus between this study and those of Akpojotor, Mordi, Onoka & Ogah (2025) is that both studies examine the impact of fuel subsidy removal on universities, focusing on staff welfare and other institutional effects. They adopted a descriptive survey design and highlight economic hardship as a palpable issue. However, the reviewed study includes both staff and students in Delta State, while this study focused solely on the academic staff in Federal University Lokoja. Additionally, the reviewed study emphasizes government interventions, whereas this study examines the correlation with the cost of living.

In a similar vein, Ukata & Agburuga (2024) examined the impact of fuel subsidy removal on lecturers' salaries and its implications for job performance in selected tertiary institutions in Rivers State. The research was prompted by rising inflation and hyperinflation, which have significantly weakened the financial standing of lecturers. The study was guided by two specific objectives, corresponding research questions, and null hypotheses, and employed a descriptive survey research design. A total population of 78 lecturers participated in the study. Their study, revealed that the removal of fuel subsidies hurt the financial capabilities of lecturers. This financial constraint not only reduced their purchasing power but also

negatively impacted their morale and motivation to perform effectively. Many lecturers reported difficulty in meeting basic household expenses such as transportation, food, housing, and childcare, which directly influenced their concentration, commitment, and overall performance in their academic duties. Furthermore, the study highlighted that the economic hardship resulting from subsidy removal led to increased absence, decreased job satisfaction, and a growing sense of frustration among academic staff. These effects were more prevalent in institutions where salary structures remained the same despite the rise in the cost of living. The research concluded that the government did not implement sufficient measures, such as timely salary reviews or financial relief policies to reduce the adverse effects of subsidy removal on lecturers' welfare.

In light of these findings, Akuta & Agburuga (2024) recommended that both federal and state governments urgently review and adjust lecturers' salaries to reflect the current economic realities. The link between my studies and theirs is that both studies examine the effects of fuel subsidy removal on university staff, highlighting financial strain and its implications on the well-being and performance of university staff. They target academic staff and aim to inform policy improvements for academic and non-academic staff in tertiary institutions. However, they differ in focus, location, and scope, they emphasized salary and job performance in Rivers State, while the ongoing study explores the correlation between petrol subsidy and cost of living in Federal University Lokoja.

Discussion of Findings on Removal of Subsidy and Cost of Living Among Staff of Federal University.

Perceptions of Academic Staff, Federal University Lokoja on the Effect of Petrol Subsidy

The evidence from this study points to a broadly well-informed but economically strained academic workforce. Awareness and understanding of the policy are near universal (91.5% knew of, and 91.5% understood, the subsidy removal), indicating that perceptions are formed against a backdrop of high policy salience rather than information gaps.

Perceptions map directly onto concrete welfare pressures. Staff report pronounced pass-through from fuel prices to household budgets: transportation costs and food dominate reported burdens, monthly expenses have risen sharply (51.4%: +41–60%; 35.9%: >60%), and many have adopted welfare-eroding coping strategies, notably cutting, food quality/quantity (46.5%) and taking on side jobs (74.6%). These patterns are consistent with Nigerian scholarship documenting the first-order and second-order inflationary effects of fuel

price shocks on urban households—via transport-to-food cost transmission, utility bills, and schooling-related expenditures (e.g., Nigerian Economic Summit Group, 2023; Akuta & Agburuga. 2024). They also resonate with multi-decade narratives that subsidy reforms, absent strong palliatives, precipitate immediate welfare losses for salaried workers facing sticky nominal incomes (Yunusa et al., 2023; Kandi, et al 2024).

In sum, academic staff at FUL perceive the subsidy removal as macro-economically arguable but micro-economically painful under current conditions. Their welfare judgements are driven less by the abstract desirability of deregulation and more by distributional incidence and timing: steep, immediate price shocks against fixed salaries, limited departmental/institutional cushioning (only 21.8% report any support), and resulting compromises to household consumption and professional engagement. In short, the dominant perception is that design and pacing, not reform per se, are the core welfare problem, a conclusion squarely in line with prior Nigerian literature on subsidy reform politics and household welfare.

Effect of Petrol Subsidy Removal on the Overall Cost of Living among Staff of Federal University Lokoja.

The removal of the petrol subsidy has significantly altered the economic realities of academic staff at the Federal University Lokoja, with a pronounced impact on their overall cost of living. Data from the study reveal that the majority of respondents have experienced a sharp rise in monthly household expenditures since the policy was implemented. Specifically, 51.4% of the respondents indicated that their monthly expenses had increased by between 41% and 60%, while a further 35.9% reported an even higher increase of over 60%. Only a negligible proportion (2.1%) experienced an increase of less than 20%. These findings highlight the magnitude of the inflationary pressure triggered by the policy, particularly in an economic context where salary structures in the public sector remain largely fixed.

The areas most affected by the increased cost of living are transportation and food, followed by medical bills. The data collected reveals the that 42.3% of respondents identified transportation as the most impacted expenditure category, while 35.9% pointed to food costs, while 21.8% on medical bills. This pattern is consistent with the established economic understanding that fuel price hikes directly increase transportation costs, which in turn have a multiplier effect on food prices due to the higher costs of distribution and logistics. Similar findings have been documented in studies such as Uzochukwu et al. (2023) and Olomola (2016), which show that the removal of fuel subsidies in Nigeria has historically resulted in

higher consumer prices, with food and transportation being the most immediately affected sectors.

From a broader analytical perspective, these findings can be interpreted through the lens of public policy implementation and economic adjustment. While the removal of the subsidy was aimed at reducing fiscal burdens and redirecting resources to developmental priorities, the absence of adequate cushioning measures has amplified the immediate economic hardship on salaried workers. A majority of respondents (61.3%) expressed the view that the policy should have been delayed or restructured, reflecting dissatisfaction with its timing and the lack of sufficient institutional support. This is reinforced by the finding that 69.7% reported no departmental or institutional assistance to mitigate the impact of the policy.

From the foregoing, therefore, it will suffice to say that the removal of the petrol subsidy has precipitated a substantial rise in the cost of living for staff at the Federal University Lokoja, affecting not only their economic well-being but also their professional engagement. The disproportionate burden on essential expenditures such as food and transportation underscores the regressive nature of the policy's immediate impact. Without targeted compensatory measures, such as salary adjustments, subsidized transport, or welfare support schemes, the long-term consequences may include sustained welfare erosion and diminished productivity in the university system.

Effect of Petrol Subsidy Removal on the Productivity of Staff at Federal University Lokoja

The removal of the petrol subsidy has had notable implications for the productivity of academic staff at Federal University Lokoja. Findings from the study reveal that 68.3% of respondents reported a decline in their overall productivity since the policy was implemented. This decline is linked to a combination of economic, psychological, and logistical factors arising from the sharp increase in the cost of living.

One of the most immediate channels through which productivity has been affected is transportation. With transportation costs rising significantly after the subsidy removal, many staff members reported arriving late to work or reducing their physical presence on campus to minimize commuting expenses. This mirrors the observations of Ehinomen and Adeleke (2012), who noted that fuel price hikes often result in reduced worker punctuality and attendance, thereby constraining institutional efficiency. For university staff, reduced presence on campus can lead to fewer hours for lectures, administrative responsibilities, research activities, and student mentoring.

In addition to transportation challenges, the increase in household expenses has led many staff members to engage in supplementary income-generating activities. As indicated in the study, 74.6% of respondents have taken up side jobs or additional work to augment their income. While this provides short-term financial relief, it diverts time and energy away from academic tasks such as research, publication, and student supervision. Similar patterns were identified in Olomola (2016), who argued that financial stress often forces public sector workers to reallocate time from core professional duties to income-earning activities.

Strategies or measures can help mitigate the adverse effects of petrol subsidy removal on university staff?

The findings of this study highlight the pressing need for targeted strategies to cushion the adverse impacts of petrol subsidy removal on academic staff at the Federal University Lokoja. Given that the policy has significantly increased transportation costs, household expenses, and economic stress, implementing a mix of institutional, governmental, and individual-level interventions is critical for sustaining staff welfare and productivity.

At the institutional level, introducing staff welfare packages stands out as a vital response. The study revealed that 69.7% of respondents had not received any departmental or institutional support following subsidy removal. Implementing transportation palliatives, fuel allowances, or shuttle services for staff commuting from distant locations could directly address the spike in travel expenses. This aligns with recommendations from Adediran and Alabi (2023), who emphasized that sector-specific welfare adjustments are necessary during economic reforms to maintain workforce morale.

Another measure involves salary adjustments to reflect the rising cost of living. The data shows that a salary increase was the most desired support mechanism, preferred by 54.2% of respondents. Adjusting remuneration, whether through permanent salary increments or temporary hardship allowances, would enable staff to maintain a reasonable standard of living.

Beyond direct financial interventions, the university could invest in cost-reduction strategies that ease the financial burden on staff. Subsidizing essential services such as food (via campus cafeterias), housing (through staff quarters), and childcare could reduce living expenses and free up resources for other needs. Similar institutional approaches were documented by Olomola (2016), who found that in-house welfare provisions can be as effective as cash allowances in maintaining staff satisfaction during economic shocks.

From a policy perspective, the government could extend its broader palliative schemes to university staff. This could include targeted subsidies for public transportation, tax relief for

education sector employees, or dedicated welfare funds for public universities. Such measures are in line with the observations of Ehinomen and Adeleke (2012), who noted that policy cushioning during subsidy reforms can mitigate unrest and economic hardship among public sector workers.

Finally, Federal University, Lokoja runs two campuses, one at Adankolo and the other at Felele, which are distance apart. There is not much of a conducive housing at Felele, hence most staff live at Lokoja metropolis which makes transportation expensive. Therefore, to mitigate this, there should be provision of staff quarters for the university.

Conclusion and Recommendations

The removal of petrol subsidies in Nigeria, while intended to address fiscal inefficiencies and redirect public resources toward development priorities, has produced significant socio-economic consequences for academic staff at Federal University Lokoja. This study demonstrates that the policy has directly and indirectly undermined staff welfare by escalating transportation costs, inflating the prices of goods and services, and reducing the real value of salaries. The resultant strain on household budgets has compelled staff to make difficult adjustments to their consumption patterns, with implications for their overall quality of life.

The findings also reveal that the policy has affected professional productivity. Increased commuting costs and economic pressures have diminished staff motivation, curtailed participation in academic and research-related engagements, and, in some cases, reduced the capacity to deliver optimal performance in teaching and related duties. While such macroeconomic reforms may be justified on broader economic grounds, the lived experiences of the academic workforce point to a pressing need for targeted cushioning measures to mitigate adverse impacts.

The study therefore recommends the following: Introduction of Institutional Transport Support; the university should consider improving on the transport palliatives such as increasing the shuttle buses or provide fuel allowances for staff. This would directly reduce the burden of commuting expenses, which was identified as one of the most significant impacts of subsidy removal. Secondly, review and adjustment of salaries and allowances: Both the federal government and the university administration should implement periodic wage reviews or introduce special allowances to match the rising cost of living. This will help preserve the purchasing power of staff and maintain their welfare standards, expansion of Staff Welfare Schemes: Strengthening cooperative societies, loan schemes, and housing support initiatives within the institution can provide long-term financial relief to staff,

especially in times of economic shocks, provision of research and academic engagement grants, to sustain academic productivity despite economic constraints, the university should introduce small-scale grants to support staff participation in conferences, research projects, and professional development activities. Lastly, construction of staff quarters and deducting the rents from the salaries of staff.

References

Abiodun, K.J & Ajuwon, S. O (2025) Impact of Fuel Subsidy Removal on the Cost of Living in Nigeria, *Journal of Smart Economic growth, 10(3), 77-116.*

Adenikinju, A. (2009). *Energy pricing and subsidy reforms in Nigeria*. *Energy Policy, 37(11), 4373–4378*. DOI**:** 10.1016/j.enpol.2009.05.070

Ajakaiye, O. & Akinbinu, B. (2012). *Fuel subsidy reform and its implications for social protection in Nigeria*. *World Journal of Innovation and Modern Technology E-ISSN*
Albouy, D., Ehrlich, G., & Liu, Y. (2016). Housing demand, cost-of-living inequality, and the affordability crisis (No. w22816). *National Bureau of Economic Research Alper, M. E.,*

Auty, R.M. (1993) *Sustaining Development in Minerals Economics: The Resource Thesis*, London Routledge
Baka, M. (2023). Fuel subsidy removal and the Nigerian economy: A systematic review. *UBS Journal of Business and Economic Policy, 1(3), 23 – 43.*

Coady, D., Parry, I., Sears, L., & Shang, B. (2015). *How large are global energy subsidies?* IMF Working Paper WP/15/105. DOI: 10.5089/9781513556199.001.

Ekeinde, E. B., Dosunmu, A., Okujagu, D. C, & Obazeh, D. J. (2022). Deregulation of the d ownstream sector of the Nigerian oil industry and its impact on pump price of petroleum products. *SPE Nigeria Annual International Conference and Exhibition.*
Ehinomen, C. & Adeleke, A. (2012), An assessment of Distribution of Petroleum Products in Nigeria, *Journal of Business Management, 3(6), 232-241*

Fine, B. and Rustmjee .Z. (2001) *The political economy of South Africa from minerals – energy complex to industrialization*. London, Hurst and company.

Fritz, .A. and Menocal R. (2006) (Re) building development states from theory to practise. *Overseas development institute,* London working paper 274.

Garba, A. A. (2023). History of fuel subsidy removal in Nigeria. https://www.blueprint.ng/historyof-fuel-subsidy-removal-in-nigeria/.

Gbadegeshin, A. & Oyeranti, O. (2025) Social Sciences and Empirical Analyses, In: Gbadegeshin, A., Olopoenia, R. & Jerome, A. *Statistics for the Social Sciences,* Ibadan University Press, Ibadan.

Habibi, H., Indrayani, I., Khaddafi, M., Yanita, Y., & Mulyadi, M. (2022). The influence of leadership, organizational culture, competence on the performance of civil servants (PNS) of Public Health Center Batu Aji Batam, *International*, *Journal of Social Science, Educational, Economics, Agriculture Research and Technology, 1(3), 153-160*

International Monetary Fund (IMF, 2015). *The fiscal cost of subsidies in oil-exporting countries.* Working Paper No. WP/15/22.
Kandi, A., Safiyanu, M., & Luke, J. (2024). Fuel subsidy removal and cost of living crisis in Nigeria: A policy review. *Lapai International Journal of Administration* (LIJAD), 7(1). ISSN: 2756-5246.
Kesinton, I.K. (2024). Fuel Subsidy Removal and Government Policy on Poverty Alleviation in Nigeria (2015-2023), Wukari International Studies Journal, 8(8), 146-153.

Konateh, H., Duramany-Lakkoh, E. K., & Udeh, E. (2023). Cost and administrative effectiveness of recruitment and selection practices on public service delivery in public sector institutions, *European Journal of Business and Management Research, 8(2), 21-30.*

Mihăilescu, A. (2025) Evolving Perspectives on the Cost of Living: From Historical Roots to Modern Realities, *London Journal of Research in Humanities & Social Science 25 (9), 1-12.*

Nigerian Economic Summit Group. (2023). Understanding What Subsidy Programmes Entail. Retrieved from *https://nesgroup.org/blog/Understanding-What-Subsidy-Programmes-Entail*.

Nnoli, O. (2000), The image of African Politics In: Nnoli (ed) *Government and politics in Africa* – Harare, A reader AAPS Books.
Obasi, G. H., Ezenwa, O. D., Onwa, K. L. & Nwaogbaga, P. B. (2017). *Petro-violence and the*
political economy of oil in Nigeria. International Journal of Political Studies, 9(1).

Ogunmodimu, O., & Okoroigwe, E. C. (2019). Solar thermal electricity in Nigeria: Prospects and challenges. Energy Policy, 128, 440–448
Ogunlana, O. E. & Ogundipe, A. A. (2019). *Fuel subsidy and the threat to sustainable development in Nigeria. Energy, Sustainability and Society,9(1),1–9. DOI: 10.1186/s13705-019-0199-2*

Olomola, P. A. (2007). *Oil price shocks and aggregate economic activity in Nigeria. African Economic and Business Review, 5(2), 48–71.*
Ozili, P. & Obiora, K. (2023) Implications of Fuel Subsidy Removal on the Nigerian Economy. Munich Personal REPEC Archive. Online at https://mpra.ub.uni-

muenchen.de/120509/ MPRA Paper No. *120509, posted 26 Mar 2024 14:46 UTC. Accessed on25th February. 2026.*

Sachs, J.D. & Warner, A.M. (1995) Natural Resource Abundance and Economic Growth, NBER working Paper No. 5398.

Ukata, P. F. & Agburuga, V. (2024). Impact of Fuel Subsidy Removal on Lecturers` Salary: Implications on Job, *Journal of Advanced Research and Multidisciplinary Studies, 2(2), 111-123.*

Umar, M., & Umar, B. A. (2013)**.** *An empirical investigation of the impact of fuel subsidy removal on Nigerian households*. *Journal of Economics and Sustainable Development, 4(16), 101–111.*

Uwak,U.E., Ekpeyong, E., V. & Eden, E. V. (2024). Politics of Fuel Subsidy Regime in Nigeria and its implications: An Assessment of President Bola Ahmed Tinubu's Administration, *Journal of Policy and Development, 17(1), 54-80.*

Yunusa, E., Yakubu, Y., Emeje, Y. A., Ibrahim, Y. B., Stephen, E., & Egbunu, D. A. (2023). Fuel subsidy removal and poverty in Nigeria: A literature review. GPH-*International Journal of Applied Management Science, 4(9), 14-27*

Woyengitari (2025) Fuel Subsidy Removal and University Staff Performance (A Study of Selected Universities in Bayelsa State, *International Journal of Social Sciences and Management Research 11(1), 63-82*