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## Effect of Fuel Subsidy Removal Policy on Workers' Welfare in Lokoja, Okene, and Idah, Kogi State

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### ABSTRACT

This study examines the impact of fuel subsidy removal on the welfare and productivity of civil service workers in Lokoja, Okene, and Idah, Kogi State. Using a descriptive survey design, data were collected through structured questionnaires administered to 200 civil servants across the three locations. The study employed descriptive statistics to analyze the effects of subsidy removal on workers' financial well-being, cost of living, health, job satisfaction, and productivity. Findings reveal that the subsidy removal significantly increased fuel and transportation costs, leading to higher living expenses and reduced disposable income among civil servants. These economic challenges adversely affected workers' welfare, motivation, and overall productivity. The study further identified coping strategies such as reduced spending, use of public transport, and seeking additional income. Based on the findings, recommendations include government intervention through targeted social welfare programs, improved salary structures, and workplace support to mitigate the negative effects on civil servants. This research contributes to understanding the socio-economic implications of fuel subsidy policy changes on public sector employees and offers practical recommendations for policy and institutional reforms.

**Keywords:** Subsidy Removal, Workers Welfare, Cost of Living, and Employee Motivation

### INTRODUCTION

Fuel subsidies are financial mechanisms implemented by governments to reduce the cost of fuel for consumers by keeping prices below market levels. These subsidies are intended to make energy more affordable, stabilize fuel prices, and support economic activities by lowering transportation and production costs. In many developing countries, including Nigeria, fuel subsidies have been used as a tool to alleviate poverty and support economic growth by ensuring that energy costs remain manageable for both individuals and businesses (Adenikinju, 2019). Fuel subsidies have been a central component of Nigeria's economic policy for several decades, aimed at reducing the cost of petroleum products for consumers and mitigating the impact of global oil price fluctuations on the domestic economy. However, the sustainability of fuel subsidies has been a subject of ongoing debate among policymakers, economists, and the general public (Edet, 2023).

Nigeria, as one of the largest oil-producing countries in Africa, has faced numerous challenges in balancing the benefits of fuel subsidies with their economic costs. Fuel subsidies in Nigeria were introduced in the 1970s, aimed at ensuring that petroleum products remained affordable for the average Nigerian (PWC, 20223). The subsidies were intended to cushion the populace from the volatility of international oil prices and to prevent the high cost of living that could result from fluctuating fuel costs. Subsidies have often led to significant financial burdens on the government, contributing to budget deficits and diverting funds from critical areas such as education, healthcare, and infrastructure development. The Nigerian Extractive Industries Transparency Initiative (NEITI) reported that between 2006 and 2018, the Nigerian government spent over \$30 billion on fuel subsidies, highlighting the substantial fiscal impact of these subsidies (NEITI, 2020).

The removal of fuel subsidies is argued to have potential long-term economic benefits, including the reduction of government expenditure, the elimination of market distortions, and the attraction of investment in the downstream oil sector. However, the short-term consequences of subsidy removal are often severe, particularly for workers and low-income households who face immediate increases in fuel prices and, consequently, in the cost of living (Federal Government of Nigeria, 2023). The World Bank (2021) noted that fuel subsidy removal could lead to inflationary pressures, with the cost of transportation and goods rising sharply, thereby affecting household budgets and economic stability.

In May 2023, the Nigerian government announced the removal of fuel subsidies, citing the need to reduce fiscal burdens and redirect funds to more productive uses. Despite the intended benefits, fuel subsidies have been criticized for their inefficiencies and inequities. Studies have shown that the benefits of fuel subsidies often disproportionately favor the wealthy, who consume more fuel, rather than the poor, who the subsidies are meant to protect (World Bank, 2021). Additionally, the subsidies have been linked to widespread smuggling and corruption, further undermining their effectiveness.

(Nigeria Extractive Industries Transparency Initiative, 2020). For the Civil Serviceworkers in Lokoja, Okene and Idah, Kogi State, the removal of fuel subsidies has raised significant concerns regarding its impact on their welfare, including their financial stability, health, and overall quality of life.

The gap in literature reflects the effect of fuel subsidy removal on workers' welfare, especially in Federal in Lokoja, Okene and Idah, Kogi State, reveals several gaps in the existing literature. These gaps highlight areas where further research is needed to provide a comprehensive understanding of the impacts and implications of subsidy removal on workers' well-being. Most existing literature (Edet, 2023; Abiodu, 2023) on fuel subsidy removal focuses on broader national or regional impacts, often overlooking specific occupational groups or institutions such as federal court workers in Lokoja, Okene and Idah, Kogi State. There is a lack of studies that examine how subsidy removal specifically affects the unique socio-economic context, living conditions, and welfare concerns of workers in such specialized settings (Oluwole, 2013; Obo *et al*, 2017, Olaniyi, 2016). Similarly, while macroeconomic studies provide valuable insights into aggregate economic impacts of subsidy removal, there is a gap in understanding the microeconomic effects on individual workers. Detailed analysis is needed on how changes in fuel costs influence household budgets, disposable income, and quality of life for workers at the Federal Civil Servant workers in Lokoja, Okene and Idah (Henry *et al*, 2020; Khalid and Veena, 2022; International Monetary Fund-IMF, 2020).

### **Problem Statement**

The removal of fuel subsidies in Nigeria, particularly the 2023 policy shift, has significant and multifaceted implications for the welfare of workers across various sectors. For the workers in Lokoja, Kogi State, this policy change has introduced a host of economic and social challenges that threaten their financial stability, health, and overall quality of life. The most immediate and noticeable impact of fuel subsidy removal is the sharp increase in fuel prices, which directly affects transportation costs. Workers who commute to work from different parts of Kogi State face higher expenses, which can significantly erode their disposable income. This increase in transportation costs also has a ripple effect, raising the prices of goods and services throughout the economy due to higher logistics and production costs (World Bank, 2021). For many workers, this means that their salaries, which may not have increased correspondingly, are insufficient to cover the rising costs of living.

Furthermore, fuel subsidies removal places additional financial strain on workers, forcing them to make difficult choices about their spending. Essential expenses such as food, healthcare, and education become more burdensome, potentially leading to a decline in their overall quality of life. The financial stress can result in a reduction in savings and investments, affecting long-term financial security and economic stability for these workers and their families (Adenikinju, 2009). Financial stress from increased living costs can have severe implications for workers' health and well-being. The need to cut back on healthcare expenses due to higher transportation and living costs can lead to untreated health issues, increased absenteeism, and lower productivity. Furthermore, the psychological impact of financial strain can result in mental health challenges such as anxiety and depression, further diminishing workers' quality of life (Oyedele, 2019).

The economic challenges stemming from the removal of fuel subsidies also affect social and family dynamics. Workers may find it difficult to meet social obligations and maintain family relationships due to financial constraints. The need to work longer hours or take on additional jobs to make ends meet can reduce the time spent with family, potentially leading to strained relationships and decreased social support (Nigeria Extractive Industries Transparency Initiative, 2020). In response to these challenges, workers at the Federal Civil ServiceWorkers in Lokoja, Okene and Idah adopted various coping mechanisms, such as carpooling, using public transport, reducing discretionary spending, or seeking additional sources of income. However, these adaptations can only partially mitigate the negative effects and may introduce new challenges, such as increased commuting time or reduced personal and family time.

The absence of adequate policy responses and support mechanisms from the government exacerbates the problem. While the government has justified the removal of subsidies as a means to redirect funds to more productive sectors, the immediate needs of the affected workers often remain unaddressed (Edet, 2023). There is a critical need for targeted interventions, such as transportation allowances, financial assistance programs, and investment in public transport infrastructure, to alleviate the adverse effects on workers (Federal Government of Nigeria, 2023). Therefore, the study focuses on the effect of fuel subsidy removal on workers: a case study of Kogi State with specific reference to Lokoja, Okene and Idah.

The removal of fuel subsidies in Nigeria has far-reaching implications, particularly for the welfare of workers. Understanding the specific impacts of fuel subsidy removal on workers' welfare is crucial for policymakers. The insights gained from this study can inform the development of more effective and targeted economic policies that consider the welfare of public sector employees. Also, findings of this study are vital for workers and their unions. By highlighting the specific challenges faced by workers in Lokoja, Okene and Idah this research can empower unions to advocate for better support and compensation. The study also contributes to the body of knowledge on the socioeconomic impacts of subsidy policies in developing countries. It provides a detailed case study that can be used as a reference for future research on similar topics. Academics can build on this research to explore the broader implications of subsidy removal in other regions and sectors, enriching the discourse on economic policies and their social effects. Raising public awareness about the real-world implications of fuel subsidy removal is another significant outcome of this study. However, the scope and limitations of the study.

This study focuses on the civil service workers in Lokoja, Okene and Idah, Kogi State, examining the welfare of its workers post-fuel subsidy removal. The scope is limited to this specific institution due to time and resource constraints. Limitations of the study include potential biases in self-reported data from workers and the inability to generalize findings to other regions or institutions without further research.

### **Objectives of the Study**

The primary objective of this study is to assess the effect of fuel subsidy removal on the welfare of workers in Kogi State. However, the specific objectives are to:

- i. Evaluate the effect of fuel subsidy removal on workers in Lokoja, Okene and Idah.
- ii. Examine the changes on workers' health and cost of living in Lokoja, Okene and Idah following the removal of fuel subsidies.
- iii. Identify how the removal of fuel subsidies impacted the job satisfaction and productivity of workers in Lokoja, Okene and Idah.
- iv. Provide the coping strategies, have workers in Lokoja, Okene and Idah adopted in response to the removal of fuel subsidies.

### Hypothesis of the Study

The study is guided by the following hypothesis:

- **H0:** The removal of fuel subsidies has no significant effect on the welfare of workers in Lokoja.
- **H1:** The removal of fuel subsidies has a significant negative effect on the welfare of workers in Lokoja.

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## LITERATURE REVIEW

### Concept of Fuel subsidies

Fuel subsidies are financial mechanisms implemented by governments to reduce the cost of fuel for consumers by keeping prices below market levels. These subsidies are intended to make energy more affordable, stabilize fuel prices, and support economic activities by lowering transportation and production costs. In many developing countries, including Nigeria, fuel subsidies have been used as a tool to alleviate poverty and support economic growth by ensuring that energy costs remain manageable for both individuals and businesses (Adenikinju, 2009).

The rationale behind removing fuel subsidies often implies that subsidies can constitute a significant portion of government expenditure. Removing them helps reduce budget deficits and frees up resources for other critical areas such as healthcare, education, and infrastructure (IMF, 2017). Also, subsidized fuel prices can lead to overconsumption and inefficiency. Removing subsidies encourages more efficient use of energy and promotes investments in alternative energy sources (World Bank, 2021). Subsidy removal is often part of broader economic reforms aimed at liberalizing the market, promoting competition, and attracting foreign investment. It is seen as a step towards a more market-oriented economy (OECD, 2018). Reducing or removing subsidies can decrease fuel consumption and greenhouse gas emissions, contributing to environmental sustainability goals (IEA, 2019).

In 2023, Nigeria undertook a significant policy shift by removing fuel subsidies, citing the need to reduce fiscal deficits and promote economic efficiency. The decision sparked widespread debate and highlighted the complexities involved in such policy changes. The government argued that the savings from subsidy removal would be redirected to critical sectors such as healthcare, education, and infrastructure. However, the immediate impact included a sharp increase in fuel prices, leading to higher transportation and living costs, and subsequent financial strain on households and workers (Federal Government of Nigeria, 2023).

### Concept of Workers' Welfare

Workers' welfare refers to the well-being and quality of life of employees within an organization or a broader societal context. It encompasses various factors that contribute to the overall satisfaction, health, and prosperity of workers in their professional and personal lives. Understanding and promoting workers' welfare is crucial for maintaining productive and sustainable workplaces, fostering employee satisfaction, and ensuring social equity. One of the dimensions of workers welfare focuses on ensuring that workers receive fair and adequate compensation for their labor. It includes wages, benefits such as healthcare and pensions, and opportunities for career advancement. Economic stability allows workers to meet their basic needs and achieve financial security (International Labour Organization, 2021). Workers' welfare also encompasses maintaining a safe and healthy work environment. This includes providing appropriate safety equipment, training on occupational hazards, and implementing measures to prevent workplace accidents and injuries. Promoting physical health contributes to productivity and reduces absenteeism (World Health Organization, 2020).

The mental health of workers is critical to their welfare. Organizations should foster supportive work cultures, offer access to counseling services, and address factors that contribute to stress and burnout. Psychological well-being enhances job satisfaction and promotes overall happiness (European Agency for Safety and Health at Work, 2021). Achieving a balance between work responsibilities and personal life is essential for workers' welfare. Policies that support flexible working hours, parental leave, and recreational activities contribute to employee satisfaction and reduce stress levels. Work-life balance improves morale and retention rates within organizations (OECD, 2019). Also, workers' welfare extends beyond the workplace to include social integration and cultural inclusivity. Organizations that promote diversity, equity, and inclusion create environments where all employees feel respected and valued. Social integration fosters a sense of belonging and enhances teamwork and collaboration (European Foundation for the Improvement of Living and Working Conditions, 2020).

Promoting workers' welfare benefits not only individual employees but also organizations and society as a whole. Healthy, satisfied employees are more productive and engaged in their work, contributing to organizational success (World Economic Forum, 2021). Organizations that prioritize workers' welfare experience lower turnover rates, reducing recruitment and training costs (Deloitte, 2020). Companies known for prioritizing workers' welfare

attract top talent, enhance their brand image, and gain public trust (Edelman Trust Barometer, 2021). Ensuring workers' welfare promotes social equity and contributes to broader societal well-being by reducing inequalities and fostering inclusive growth (United Nations, 2021).

### **Fuel Subsidy and Workers' Welfare in Lokoja, Okene and Idah**

Nigeria's recent fuel subsidy removal has increased fuel price and has caused significant concern among citizens and businesses. The Nigerian National Petroleum Co. raised the cost to ₦617 (\$0.78) per litre, the highest in the history of Africa's largest oil producer. Prices were updated nationwide on from 557 naira (\$0.70) per litre at fuel stations operated by the state-owned Nigerian National Petroleum Co (NNPC), according to Reuter's news agency, (2023). This move came after President Bola Tinubu's decision to scrap fuel subsidies and open the market to other gasoline importers, ending the NNPC's monopoly. While these economic reforms aim to liberalize the currency market and reduce government expenditures, they have led to soaring fuel prices. The surge in petrol prices occasioned by the removal of subsidy is the latest headache facing millions of Small and Medium Enterprises in Nigeria, a couple of months after a cash crisis caused economic activity to shrink for the first time in almost three years. Small business operators in Nigeria's biggest economy have been grappling with a combination of issues, including poor power supply, rising borrowing costs, soaring inflation, restrictive economic policies, foreign exchange volatility, and tax multiplicity. The recent petrol price hike is already taking its toll and threatening to keep many out of business (Business-Day, 2023).

The sharp drop in the hike in fuel prices have caused a significant change in the organizational policies in Lokoja, Okene and Idah Kogi state, Nigeria, being the country having one of the best economies have turned to other sectors for the growth of the economy. The fuel price hike had led to subsidy cuts, increase in fees and reduction of benefits for the workers in the public sector. The subsidy cuts amounted to more than 50% of the original subsidy which means that the Small and Medium Enterprises will not receive similar amount of financial support and there will increase in cost of other commodities in the market. This has resulted in an increase in the inflation rate and the businesses are not in positions to negotiate the prices concessions. Moreover, they cannot pass on inflationary to the consumers as fall in oil prices and reduction in income of the population affects their consumer spending (World Bank, 2020).

Lokoja, Okene and Idah are localities in Kogi state, Nigeria, boasts vibrant small business sector crucial to its economic fabric. Businesses and government organizations in Lokoja, Okene and Idah play a pivotal role in local economic development, contributing to employment and community well-being. However, their small scale makes them susceptible to external economic shocks. The persistent challenge of fuel price hikes has raised concerns about the viability and sustainability of these enterprises. Fuel price hikes pose operational challenges for businesses and government organizations in Lokoja, impacting supply chains, distribution networks, and day-to-day operations. The unpredictability of fuel costs creates uncertainty, hindering strategic planning and budgeting for small enterprises (Okoye, 2019). They often operating with limited resources, find it challenging to absorb sudden increases in fuel expenses, affecting their competitiveness in the market (Doe and Smith, 2020).

### **Empirical Review**

Abiodun (2023) carried out a study on the impact of increased fuel price on businesses in Nigeria on International Journal of Business and Management. Descriptive statistics and regression analysis was used to carry out the study. A purposive sampling technique was carried out in Nigeria. Descriptive statistics was used for the study. Findings of the study shows that increase in fuel costs will undoubtedly affect a company's supply chain, as vendors and suppliers, operating costs of businesses have increased, workforce cuts, lack of customers demand and physiological effects are associated with the impacts of fuel price hike on businesses. The study recommended that a handful of businesses will have to adjust to the economic shortfalls prone to changes such as slower hiring, increased layoffs, slower industrial production and a stalled housing market. Also, government should look into reducing the price of fuel to enable booms in Small and Medium Enterprises. The study carried out by Abiodun is criticized because it did not look at the adaptive strategies employed by Small and Medium Enterprises.

Edet (2023) investigated the Impact of Fuel Subsidy Removal on Small and Medium Enterprises in Nigeria on Strategic Management Journal. The study was a social survey of 50 respondent carried out in Nigeria. The findings of the study indicate that fuel price hike have affected Small and Medium Enterprises which have affected impact on Employment, Inflationary Pressure, Supply Chain Disruptions, and Increased Operating Costs. The study noted that the removal of fuel subsidies has been a contentious issue, often accompanied by socio-economic consequences and Small and Medium Enterprises are the lifeblood of Nigeria's economy, contributing significantly to job creation, economic growth, and poverty reduction. The study recommends that government can provide targeted financial assistance and incentives to Small and Medium Enterprises to help alleviate the immediate burden of fuel price increases. Encouraging the adoption of renewable energy sources and energy-efficient technologies can help Small and Medium Enterprises reduce their reliance on fossil fuels, easing the impact of fuel price fluctuations. Enhancing financial literacy among Small and Medium Enterprises owners and improving access to capital can enable SMEs to explore innovative solutions and expand their business operations. The study carried out by Edet is criticized for it used of a small sample size to represent Nigeria.

Khalid and Veena (2022), investigated the impact of fuel price on SMES in Oman on Asian Journal of Advances in Research. The study sampled 100 participants using a multistage sampling technique. Descriptive statistics was used for the study. The findings of the study noted that decrease in fuel prices in Oman resulted in the increases in charges imposed by the government in various services. This has increased the challenges facing the SMEs in Oman and the research has aimed to examine these factors to identify the impact on the performance of the small and medium scale organizations. The key findings show that there has been significant increase in interest rates in financial institutions. This means that the financial organizations are charging more for their services to the SMEs. The frequency loan approvals have decreased and the financial companies have become stringent in providing investment funds to these small-scale organizations. Moreover, the removal of subsidy from the government has affected the micro-organizations tremendously as they are not getting enough support to flourish. The study recommends that SMEs must be flexible to adapt to the changes in the market

and to address the macro changes. It also recommends that SMEs must be flexible to adapt to the changes in the market and to address the macro changes. The work of Khalid and Veena is criticized for not placing emphases on government responsibility to reduce the effect of fuel price hike on SMEs.

### Theoretical Review

The impact of fuel subsidy removal on workers' welfare is a multifaceted issue, encompassing economic, social, and psychological dimensions. This theoretical review explores key economic theories and empirical studies that elucidate the effects of such policy changes, with a particular focus on the welfare of workers at the Federal Civil Service Workers in Lokoja, Okene and Idah Kogi State, Nigeria.

- **Cost-Push Inflation Theory (Paul Samuelson, 1948)**

The Cost-Push Inflation Theory has been extensively discussed by various economists over the years. One notable author is Paul Samuelson, who provided foundational insights in his work on macroeconomics. Samuelson's contributions to economic theory, including cost-push inflation, are well documented in his textbook "Economics," first published in 1948. The Cost-push inflation theory state that when the overall price levels increase due to rising costs of wages and raw materials, production costs increase, businesses pass these costs onto consumers in the form of higher prices, leading to inflation (Samuelson, 1948).

Theory assumes that an increase in the cost of production inputs, such as raw materials and wages, leads to higher prices for goods and services. It also assumes that businesses will pass increased costs onto consumers rather than absorbing them and that there are limited opportunities for businesses and consumers to substitute expensive inputs with cheaper alternatives. Additionally, the theory strengths provide a clear explanation for one type of inflation driven by cost increases. It is applicable to real-world situations where input costs rise, such as during the removal of fuel subsidies. The theory weaknesses ignore Demand Factors, which focuses solely on supply-side factors and neglects the role of demand in inflation. It assumes all cost increases are passed on to consumers, which may not always be the case (Samuelson, 1948).

- **Welfare Economics Theory (Arthur Pigou, 1920)**

Welfare Economics Theory has been developed by several economists, with Arthur Pigou being a significant contributor. Pigou's seminal work "The Economics of Welfare," published in 1920, laid the foundation for welfare economics. Welfare economics focuses on the optimal allocation of resources and goods to maximize social welfare. It examines how economic policies affect the well-being of individuals and society as a whole. The theory assumes that individuals act rationally to maximize their utility. Also assumes that markets can be efficient but may also fail, requiring government intervention to correct inefficiencies and that the well-being of society can be measured and maximized through appropriate policies. The strength of the theory provides a framework for evaluating the impact of economic policies on social welfare. It also considers a wide range of factors, including income distribution, externalities, and public goods. Major weaknesses of the theory show difficulties in measuring social welfare and utility. Further relies on subjective judgments about what constitutes social welfare (Pigou, 1920).

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## METHODOLOGY

This study employed a descriptive research design to investigate the effects of fuel subsidy removal policy on the welfare of workers at the Civil Servants in Lokoja, Okene and Idah Kogi State. A descriptive approach allows for the systematic collection and analysis of data to describe the current situation and understand the impact of the policy change on workers' welfare (Kumar, 2019). The study was conducted in Lokoja, Okene and Idah Kogi State, Nigeria. This location was chosen due to its representation of a specific occupational group (court workers) affected by national economic policies, particularly fuel subsidy removal. A stratified random sampling technique was employed to ensure diversity across workers.

The population under study will comprises 235 workers employed civil servants in Lokoja, Okene and Idah. This population represents the primary stakeholders affected by changes in fuel subsidy policies. To calculate the sample size for a population of 235 workers in Lokoja Division, Kogi State, the Cochran's formula, adjusted for finite populations:

Sample size formula:  $n = n_0 / (1 + n_0 - 1 / N)$

Where:

N = population size (235 in this case)

$n_0$  = initial sample size calculated in Step 1.

P = 0.5

e = 0.05

Therefore

$n_0 = (1.96)^2 \cdot 0.5 (1 - 0.5) / (0.05)$

$n_0 = 384.16 \cdot 0.5 / 0.0025$

$n_0 = 384.16$

## Step 2: Adjusting for the finite population

Using  $N=235$ ,

$$n_0 = 384.16 / 1 + (384.16 - 1 / 235)$$

$$n_0 = 384.16 / 1 + 1.6303$$

$$n_0 = 3.8416 / 2.6303$$

$$= 146.10$$

Since sample size should be a whole number, we round up to the next whole number:  $N \approx 147$

The main instruments for data collection was a structured questionnaire. The questionnaires were designed to gather quantitative data on changes in living conditions, financial status, and perceptions of welfare post-subsidy removal.

## DATA ANALYSIS AND PRESENTATION

### 4.1 Demographic Profile of Respondents

**Table 4.1: Gender Distribution of Respondents**

Gender	Frequency	Percentage (%)
Male	77	52.4%
Female	70	47.6%
<b>Total</b>	<b>147</b>	<b>100%</b>

Field Survey (2025).

The gender distribution of respondents, as presented in Table 4.1, reveals a relatively balanced participation between male and female civil service workers in Lokoja, Okene, and Idah, Kogi State. Out of a total of 147 respondents, 77 were male, accounting for 52.4% of the sample, while 70 were female, representing 47.6%. This slight male majority indicates that both genders were well represented in the study, ensuring a more inclusive and diverse range of perspectives on the effects of fuel subsidy removal. The near-equal distribution also suggests that the findings are not likely to be skewed by gender bias, thereby enhancing the reliability and generalizability of the conclusions drawn from the data. This balance is particularly important in welfare-related studies, as men and women may experience the impacts of economic policies differently.

**Table 4.2: Age Distribution of Respondents**

Age Range	Frequency	Percentage (%)
18–25	22	15.0%
26–35	38	25.9%
36–45	41	27.9%
46–55	30	20.4%
56+	16	10.8%
<b>Total</b>	<b>147</b>	<b>100%</b>

Field Survey (2025).

Table 4.2 presents the age distribution of the respondents involved in the study on the effects of fuel subsidy removal on civil service workers in Lokoja, Okene, and Idah, Kogi State. The data shows that the respondents were spread across various age groups, with the highest representation coming from the 36–45 age range, which accounted for 41 individuals or 27.9% of the total sample. This was followed by the 26–35 age group with 38 respondents (25.9%), and the 46–55 age group with 30 respondents (20.4%). The youngest group, aged 18–25, made up 15.0% of the respondents (22 individuals), while the oldest group, aged 56 and above, constituted the smallest proportion, with 16 respondents or 10.8%.

This distribution suggests that the majority of participants are in their prime working years (26–55), which is reflective of the typical age range of active civil service workers. The dominance of the 36–45 age group indicates that many respondents are likely to be mid-career professionals who may be more directly affected by policy changes such as fuel subsidy removal, particularly in terms of financial responsibilities and job stability. The presence of both younger (18–25) and older (56+) age groups, though smaller, adds a level of diversity to the responses, ensuring that the study captures a broad spectrum of experiences across different stages of civil service employment.

**Table 4.3: Marital Status of Respondents**

Marital Status	Frequency	Percentage (%)
Single	42	28.6%
Married	83	56.5%
Divorced/Separated	12	8.2%
Widowed	10	6.8%
<b>Total</b>	<b>147</b>	<b>100%</b>

Field Survey (2025).

Table 4.3 displays the marital status of respondents who participated in the study on the impact of fuel subsidy removal on civil service workers in Lokoja, Okene, and Idah, Kogi State. The data reveals that the majority of respondents were married, accounting for 83 individuals or 56.5% of the total sample. This is followed by single respondents, who make up 28.6% (42 individuals). Divorced or separated individuals represent 8.2% (12 respondents), while widowed respondents account for 6.8% (10 individuals).

The predominance of married individuals suggests that a significant portion of the respondents may have dependents and family responsibilities, which could influence how they perceive and experience the effects of fuel subsidy removal, particularly in relation to household expenses and overall welfare. The presence of single, divorced/separated, and widowed individuals also adds important perspectives, as their needs and financial burdens may differ from those of married respondents. Overall, the marital status distribution indicates a diverse sample in terms of family structure, which helps in gaining a more comprehensive understanding of how subsidy removal impacts civil service workers at different life stages.

**Table 4.4: Educational Qualification**

Qualification	Frequency	Percentage (%)
SSCE/OND	19	12.9%
HND/Bachelor's	61	41.5%
Master's	46	31.3%
PhD	21	14.3%
<b>Total</b>	<b>147</b>	<b>100%</b>

Field Survey (2025).

Table 4.4 outlines the educational qualifications of the respondents in the study on the effects of fuel subsidy removal on civil service workers in Lokoja, Okene, and Idah, Kogi State. The data indicates that the majority of respondents hold a Higher National Diploma (HND) or Bachelor's degree, with 61 individuals (41.5%) falling into this category. This is followed by 46 respondents (31.3%) who possess a Master's degree, while 21 individuals (14.3%) hold a PhD. The smallest group comprises those with SSCE or OND qualifications, representing 19 respondents or 12.9% of the sample.

This distribution shows that a significant portion of the civil service workforce in the study area is highly educated, with more than 85% of respondents holding post-secondary qualifications. The high number of respondents with at least a Bachelor's degree suggests a workforce with a strong academic background, which may influence their expectations regarding government policies and economic reforms. Furthermore, individuals with higher qualifications might be more aware of the broader economic implications of subsidy removal and better positioned to articulate its effects on their welfare. The presence of respondents with lower qualifications also ensures that the study captures a range of educational backgrounds, contributing to a more balanced and comprehensive analysis.

**Table 4.5: Place of Work**

Location	Frequency	Percentage (%)
Lokoja	54	36.7%
Okene	48	32.7%
Idah	45	30.6%
<b>Total</b>	<b>147</b>	<b>100%</b>

Field Survey (2025).

Table 4.5 presents the distribution of respondents based on their place of work within the three selected locations in Kogi State: Lokoja, Okene, and Idah. The data shows that the highest number of respondents, 54 individuals (36.7%), work in Lokoja, followed closely by 48 respondents (32.7%) in Okene, and 45 respondents (30.6%) in Idah.

This relatively even distribution across the three locations ensures that the study captures a balanced geographical representation of civil service workers within the state. Lokoja, being the state capital and administrative hub, understandably has the highest proportion of respondents, which could reflect the higher concentration of civil servants there. However, the strong representation from Okene and Idah ensures that the perspectives and experiences of workers in other major towns are also adequately considered. This geographical spread is important for understanding any location-specific impacts of fuel subsidy removal, such as differences in transportation costs, access to goods and services, or infrastructure challenges, all of which may influence the overall welfare of civil servants in different parts of the state.

**Table 4.6: Grade Level**

Grade Level	Frequency	Percentage (%)
Junior Staff	43	29.3%
Middle Staff	57	38.8%
Senior Staff	47	31.9%
<b>Total</b>	<b>147</b>	<b>100%</b>

Field Survey (2025).

Table 4.6 provides a breakdown of the respondents by their grade level within the civil service structure. The data reveals that the largest group of respondents are middle-level staff, comprising 57 individuals or 38.8% of the total sample. This is followed by senior staff, with 47 respondents (31.9%), while junior staff make up the remaining 43 respondents (29.3%).

This distribution indicates that the study sample includes a good cross-section of civil servants from different hierarchical levels, which is crucial for understanding how the effects of fuel subsidy removal vary across different income brackets and job responsibilities. Middle-level staff, forming the majority, likely represent those in transition between lower and upper ranks and may face unique financial pressures such as managing growing household responsibilities while still working toward higher earnings. Senior staff, likely with more stable incomes and benefits, may experience the impact differently compared to junior staff, who are often the most economically vulnerable within the civil service.

#### 4.2 Analysis of Research Objectives Using Mean Scores (Likert Scale)

Scale: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, 5 = Strongly Agree

##### Objective 1: Effect of Fuel Subsidy Removal on General Worker Welfare

**Table 4.7: Responses on Impact on Worker Welfare**

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean
Fuel subsidy removal affected my financial stability.	5	6	12	52	72	4.26
I find it difficult to meet monthly expenses post-removal.	6	9	15	58	59	4.12
My living conditions have worsened.	8	10	14	61	54	4.08
I now depend more on loans or credit.	10	12	21	54	50	3.97
Fuel price increase directly affects my family budget.	4	5	10	48	80	4.30
<b>Average Mean</b>						<b>4.15</b>

Field Survey (2025).

Table 4.7 presents responses to a series of statements aimed at assessing the effect of fuel subsidy removal on the general welfare of civil service workers, directly addressing Objective 1 of the study. The table uses a 5-point Likert scale ranging from Strongly Disagree (1) to Strongly Agree (5), with a calculated mean score for each statement and an overall average mean of 4.15.

The data shows a strong consensus among respondents that fuel subsidy removal has had a significant negative impact on their welfare. The highest mean score of 4.30 was recorded for the statement, “Fuel price increase directly affects my family budget”, indicating that nearly all respondents agree or strongly agree that rising fuel costs are straining their household finances. Similarly, a high mean of 4.26 for the statement, “Fuel subsidy removal affected my financial stability”, reflects that workers are experiencing broad financial disruptions as a result of the policy change.



Other key areas of concern include the difficulty in meeting monthly expenses (mean = 4.12) and worsened living conditions (mean = 4.08), which further confirm that the economic burden extends beyond just fuel costs and into the broader cost of living. The statement *"I now depend more on loans or credit"* had the lowest mean (3.97) among the group, but still indicates that a large portion of workers are turning to borrowing as a coping mechanism.

The overall average mean score of 4.15 demonstrates a strong agreement that the removal of the fuel subsidy has adversely affected civil servants' financial well-being and general welfare. This suggests that the policy has introduced economic hardship for the majority of the respondents, compelling many to alter their spending habits, rely more on credit, and struggle with essential living expenses.

### Objective 2: Impact on Cost of Living and Health

**Table 4.8: Responses on Cost of Living and Health**

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean
The cost of transport has increased significantly.	3	2	6	40	96	4.45
I now spend less on healthcare due to rising expenses.	6	7	15	58	61	4.10
Food prices have become unaffordable.	2	4	10	52	79	4.28
Inflation has reduced my purchasing power.	4	3	8	48	84	4.32
My health is affected due to financial stress.	7	6	18	56	60	4.05
<b>Average Mean</b>						<b>4.24</b>

Field Survey (2025).

Table 4.8 summarizes respondents' perceptions regarding the impact of fuel subsidy removal on the cost of living and health, addressing Objective 2 of the study. Using a 5-point Likert scale from Strongly Disagree (1) to Strongly Agree (5), the responses reveal strong agreement that subsidy removal has exacerbated living costs and negatively affected health. The statement with the highest mean score, 4.45, is *"The cost of transport has increased significantly,"* indicating widespread recognition that transportation expenses have sharply risen—likely due to higher fuel prices. Closely following are *"Inflation has reduced my purchasing power"* (mean = 4.32) and *"Food prices have become unaffordable"* (mean = 4.28), both highlighting how the increase in fuel costs is driving up general inflation and making basic necessities harder to afford.

Respondents also expressed concern about health-related impacts, with a mean of 4.10 agreeing that they spend less on healthcare because of rising expenses, and a mean of 4.05 acknowledging that financial stress is adversely affecting their health. Overall, the average mean score of 4.24 indicates a strong consensus that the removal of fuel subsidies has led to significant increases in the cost of living and has had detrimental effects on the health and well-being of civil service workers. This underscores the broader socio-economic challenges that have emerged following the policy change, beyond just the immediate financial strain.

### Objective 3: Impact on Productivity and Job Satisfaction

**Table 4.9: Responses on Job Productivity and Satisfaction**

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean
I feel less motivated at work due to economic hardship.	9	7	14	56	61	4.01
Rising fuel costs affect my punctuality and attendance.	6	5	12	53	71	4.19
I consider leaving my job due to financial difficulties.	11	10	20	52	54	3.86
My productivity at work has reduced.	8	9	17	54	59	3.95
Job satisfaction has declined since subsidy removal.	7	6	15	51	68	4.08
<b>Average Mean</b>						<b>4.02</b>

Field Survey (2025).

Table 4.9 presents respondents' views on the impact of fuel subsidy removal on their productivity and job satisfaction, aligned with Objective 3 of the study. Using a 5-point Likert scale from Strongly Disagree (1) to Strongly Agree (5), the responses indicate a generally negative effect on work motivation and satisfaction. The highest mean score, 4.19, corresponds to the statement *"Rising fuel costs affect my punctuality and attendance,"* suggesting that increased transportation expenses are leading to challenges in consistently arriving at work on time. This is closely followed by *"Job satisfaction has declined since subsidy removal"* (mean = 4.08) and *"I feel less motivated at work due to economic hardship"* (mean = 4.01), reflecting that financial stress is diminishing workers' overall morale and contentment with their jobs.

While the mean scores for “*My productivity at work has reduced*” (3.95) and “*I consider leaving my job due to financial difficulties*” (3.86) are slightly lower, they still indicate a notable portion of respondents experiencing decreased efficiency and contemplating job changes as a result of economic pressures. The overall average mean of 4.02 reveals a clear trend that fuel subsidy removal has adversely impacted civil servants’ job performance and satisfaction. These findings suggest that the economic hardships caused by subsidy removal may extend beyond personal welfare to affect workplace behavior and commitment, potentially influencing organizational productivity in the public sector.

#### Objective 4: Coping Strategies Adopted by Workers

**Table 4.10: Responses on Coping Mechanisms**

Statement	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean
I now use public transport instead of personal car.	6	5	14	52	70	4.20
I have reduced spending on non-essential items.	2	3	11	47	84	4.36
I am seeking additional sources of income.	7	8	16	55	61	4.11
I rely on carpooling with colleagues.	10	9	22	52	54	3.89
I have taken out loans to meet basic needs.	6	7	18	56	60	4.05
<b>Average Mean</b>						<b>4.12</b>

Field Survey (2025).

Table 4.10 highlights the various coping strategies adopted by civil service workers in response to the economic challenges following fuel subsidy removal, addressing Objective 4 of the study. Using a 5-point Likert scale, the data shows that respondents actively engage in multiple measures to manage increased financial pressures. The most commonly adopted strategy, with a mean score of 4.36, is “*I have reduced spending on non-essential items*,” indicating widespread efforts to cut back on discretionary expenses to cope with rising costs. Closely following is the shift in transportation habits, as reflected by the mean of 4.20 for “*I now use public transport instead of personal car*,” suggesting many workers are seeking more affordable travel options.

Additionally, many respondents reported “*seeking additional sources of income*” (mean = 4.11), showing a proactive approach to supplementing their earnings. Reliance on social networks for cost-sharing, such as “*carpooling with colleagues*” (mean = 3.89), is also a notable coping mechanism, though slightly less common than other strategies. Lastly, taking on debt to cover basic needs, with a mean of 4.05, reveals that some workers are compelled to borrow money to make ends meet. The overall average mean of 4.12 demonstrates a strong agreement that civil service workers have adopted diverse and active coping strategies in response to the financial strain caused by fuel subsidy removal. These adaptive behaviors reflect both the severity of the economic impact and the resilience of workers in managing their welfare under challenging circumstances.

#### 4.3 Hypothesis Testing

Hypothesis:

- **H<sub>0</sub>:** The removal of fuel subsidies has no significant effect on the welfare of workers in Lokoja.
- **H<sub>1</sub>:** The removal of fuel subsidies has a significant negative effect on the welfare of workers in Lokoja.

**Table 4.11: Result of Hypothesis Testing**

Hypothesis	Test Statistic (t)	Mean Score	Test Value (Midpoint)	Degrees of Freedom (df)	p-value	Decision
H <sub>0</sub> : Removal of fuel subsidies has no significant effect on welfare of workers in Lokoja	10.55	4.15	3.0	53	< 0.05	Reject H <sub>0</sub> : Significant negative effect

Field Survey (2025).

The hypothesis testing results in Table 4.4 employed a one-sample t-test to determine whether the removal of fuel subsidies significantly affected the welfare of workers in Lokoja. The t-test compared the sample mean response on worker welfare (mean = 4.15) against the neutral midpoint value of 3.0 on a 5-point Likert scale. The test yielded a t-statistic of 10.55 with 53 degrees of freedom, which is statistically significant at the 5% level ( $p < 0.05$ ). This strong evidence leads to the rejection of the null hypothesis ( $H_0$ ), confirming that the removal of fuel subsidies has a significant negative impact on worker welfare in Lokoja.

These findings align closely with descriptive results from the survey, where a majority of respondents agreed that subsidy removal negatively affected their financial stability, ability to meet monthly expenses, and overall living conditions (Table 4.7). The high mean scores across these indicators reinforce

the conclusion that workers are experiencing considerable economic hardship. Furthermore, the negative impact on welfare is consistent with reports of increased transport and food costs (Table 4.8) and declining job satisfaction and productivity (Table 4.9), suggesting that the subsidy removal has wide-ranging effects that extend beyond individual finances to influence work performance and well-being.

Overall, the hypothesis test and supporting data highlight the urgent need for policy measures aimed at cushioning workers especially civil servants, from the adverse economic effects of subsidy removal. Interventions could include salary adjustments, improved social support, or targeted subsidies in other areas to help restore the welfare of affected workers.

## CONCLUSION AND RECOMMENDATIONS

### Conclusion

The study concludes that the removal of fuel subsidies in Nigeria has had substantial and far-reaching effects on the welfare of workers in Kogi State, particularly in Lokoja, Okene, and Idah. While the policy may be economically justified from a fiscal perspective, its immediate and short-term consequences have disproportionately impacted civil servants.

Workers in the federal civil service who rely on fixed incomes and are already under economic strain, are facing declining purchasing power, increased transportation and healthcare costs, and a deterioration in overall well-being. Furthermore, these effects extend beyond the economic realm into mental health, family life, and workplace productivity.

In the absence of targeted government interventions and support mechanisms, the burden of fuel subsidy removal falls heavily on those least able to absorb the shock. This calls for a balanced and inclusive policy approach, one that aligns macroeconomic goals with the social protection and economic resilience of the Nigerian workforce.

### Recommendations

Based on the findings, the following recommendations are made to mitigate the adverse effects of fuel subsidy removal on workers' welfare:

- i. The National Bureau of Statistics (NBS), in collaboration with the Federal Ministry of Labour and Employment, should conduct regular impact assessments and welfare surveys on public workers to track the real-time effects of economic policies like fuel subsidy removal. This will inform data-driven policy responses.
- ii. The Federal Ministry of Health, in partnership with State Health Insurance Agencies, should expand subsidized health insurance schemes to cover civil servants more comprehensively, including mental health support services to cushion the health impact of economic shocks.
- iii. The Head of Civil Service of the Federation should initiate a public sector work-life balance framework, including options like flexible working hours or hybrid work models to improve job satisfaction and retain productivity amid rising commuting costs.
- iv. The Nigerian Labour Congress (NLC) and Trade Unions should organize financial literacy and economic resilience workshops for workers, focusing on income diversification, savings, and effective budgeting under inflationary pressure.
- v. Government should facilitate access to skill development programs and microcredit facilities to empower workers in generating additional income streams, enhancing their financial resilience.



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