

EFFECT OF SUBSIDY REDUCTION ON PETROLEUM PRODUCTS ON CIVIL SERVANTS PSYCHE / EMOTION AND SERVICE DELIVERY IN NIGERIA: A STUDY OF ANAMBRA STATE

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Abstract

This study examined the effect of Subsidy Reduction on Petroleum Products on Civil Servants Psyche/Emotion and Service Delivery in Nigeria using Anambra State as the focus of the study. The petroleum products' subsidy scheme was a policy measure designed for the benefit of low income Nigerians who might otherwise be unable to consume necessary goods and services. The study is a survey research. Data were collected through both primary and secondary sources. The sample size for this research was 747 drawn from the civil servants in Anambra State. The Graphical Analysis using the Mode and Cochran Q Test was used for the analysis. The results of the analysis showed that subsidy reduction on petroleum products negatively affected the psyche/emotion of civil servants and it impedes civil servants service delivery. The implication of this is that civil servants will pay less attention to their duty. The extent and level of their absenteeism and lateness to work is very high. The paper therefore, recommended that government should have a proper feasibility study of policy on subsidy removal on petroleum products and pay special attention to the negative aspects of the policy on civil servants Psyche/Emotion.

Key words: Civil Servants; Emotion; Petroleum Products; Psyche; Service Delivery

Introduction

Energy subsidies are any government actions that support the cost of energy production in terms of reduction in prices paid by consumers and increase in revenues to energy producers. The petroleum product subsidy scheme was a policy measure designed for the benefit of low income Nigerians who might otherwise be unable to consume necessary goods and services through essential production inputs from petroleum products (Asekunowo, 2012). It is imperative to note the fact that reduction of subsidy on petroleum products gradually began in 1978 during the regime of General Obasanjo.

However, the removal of subsidy on petroleum products boils down to price increase. The deregulation of downstream petroleum sector and/or increase in the prices of Premium Motor Spirit (PMS) always led to organized mass actions, including strikes to fight this anti-poor, anti-growth policy. The main objective of every public organization is to better the life of the general public. Some services if left in the hands of private individuals will be very difficult to pay for the low income earners who are mostly civil servants (Nweke 2018).

Petroleum products prices in Nigeria have been a source of contention and controversy over time and the situation has not really changed. To tackle such controversy, the Federal government decided to implement subsidy policy as a means to reducing the prices by maintaining significant subsidies on petroleum products and any attempt to reduce or remove these subsidies which of course will see prices spiralling out of control are often met by serious protest, strike and condemnation by the Nigeria populace. Recently, the call to suspend the subsidy policy has been seen as the main factor behind increasing petroleum product prices (Asekunowo, 2012). The contemporary passion and tension that usually characterized petroleum discourse is due to inexplicable deprivations and sufferings of Nigerians amidst plenty and abundance of these products. Nigeria is the sixth largest oil exporters in OPEC, second largest producer of crude oil in Africa after Libya and eightieth largest exporter in the whole world. Despite this fact, price of petroleum products has been on the increase. Hence, the prices of items will be high (Balouga 2012).

A **subsidy** is a quantity of money given directly to companies, organizations, or individuals by the government. Subsidies aim to encourage production, boost exports, promote research, prevent a business from collapsing, or reduce unemployment. They are also introduced to make the price of a product more affordable to consumers. A subsidy is also seen as money that is paid by a government or other authority in order to help an industry or business, or to pay for a public service. Within the Nigerian context, fuel subsidy means to sell petrol below the cost of importation. The simple fact according to Nweke (2017) is that increase in the price of petrol negatively affects the attitudes of the civil servants and also leads to truancy amongst them.

Ocheni (2015) noted that the rise in petrol price and the certainty of uneven prices across all 36 states of the federation, will add anywhere from 3 to 5 percentage points to consumer price inflation for 2012. Households' income and spending will both be affected by the rise in petrol prices. The value of minimum wage compensation will depreciate further. At the same time, the average household's annual spending on energy, goods and services will rise by about N75, 000, and their saving rate dropped sharply. It will therefore have a negative effect on them.

Adewale (2011) pointed out that it is not accidental that the elements that have been granted licenses to build refineries have not done so since 2001. Most of them have not even laid foundations for the projects. Of course, if tomorrow, government decides to sell public refineries to private companies, there may be no lack of buyer as it was the case when Obasanjo, a day to the end of his regime, sold the refineries to Bluestar, a company hurriedly formed by Dangote and other lackeys of the government. It was mass popular resistance that forced Yar'Adua's government to cancel the sale. Nigeria's ruling elite are parasitic, they do not invest in long time projects that create jobs and have positive multiplier effects on the economy like refineries but in short time speculative activities.

This is why Labour and civil society must consistently wage the struggle against removal of oil subsidy and draw up bold alternative proposals to removal of oil subsidy and deregulation which would argue for public ownership of the oil sector under public democratic control and management. Lawal (2014) argued on causes of negative reaction to subsidy removal. He pointed out that in spite of all the promises of government to use the removed subsidy to improve the welfare of the people, the citizens rose stoutly to protest the increase and expressed their skepticism about the sincerity of government to deliver on its promises. Thus, Nweke (2018) argued that subsidy reduction on petroleum products reduces the spendable income of the civil servants, as a result of increase in price of goods and services

According to Ering and Akpan (2012), massive protests by the Nigerian Labour Congress, Civil Society Organizations and the Nigerian masses that usually accompanied fuel subsidy removal announcement, was consequent upon the fact that it benefited the rulers of the country and multinational companies and not the citizen. Nweke (2017) noted that the government should evolve a proper feasible policy on cushioning or at least mitigating the harsh effect of deregulation of petroleum products on the civil service if the states intend to maintain the workers that could help them to administer development in their various states in the region. Perhaps the easiest way to deal with this would be to have a commensurate adjustment in the salary of staff in addition to taking steps towards making work in the civil sector job specific

The objective of this paper is to investigate whether subsidy reduction on petroleum products negatively affects the psych/emotion of civil servants and its impact on service delivery. The paper set to get answer for the following questions: Can you meet your social responsibilities with this present high price of petrol. Are you very happy coming to work because of hike in petrol price? The following hypotheses guided the study. You cannot meet your social responsibilities because of high price of petrol. You are very unhappy anytime you come to work because of hike in petrol price

The total population of civil servants in Anambra states is 11,535. Which is made up of 18 ministries? However, 5 most populous ministries were selected to represent the entire ministries. To determine the sample size or number of questionnaires that were distributed, the researcher used Yemani [1962] formula for determining sample size Sample size, which is:

$$n = \frac{N}{1 + N(e)^2}$$

Where n = Sample size

N = Population of the study

e = margin of error [which stands for 0.05 in this study].

For effective representation therefore, this study determines the sample size of both male and female staff thus:

Male Staff

$$\begin{aligned} n &= \frac{4889}{1 + (4889 \times 0.0025)} \\ n &= \frac{4889}{13.2} \\ &= 370.38 \\ &= 370 \end{aligned}$$

Female Staff

$$\begin{aligned} n &= \frac{6646}{1 + (6646 \times 0.0025)} \\ n &= \frac{6646}{17.62} \\ &= 391.152 \\ &= 377 \end{aligned}$$

The sample size for this research was 370(male) + 377(female) = 747. Therefore, 747 questionnaires were distributed among the five ministries and the remaining two questionnaires to ministry of agriculture which is the most populous. Thus 149 questionnaires were allocated to four ministries while agriculture got 151

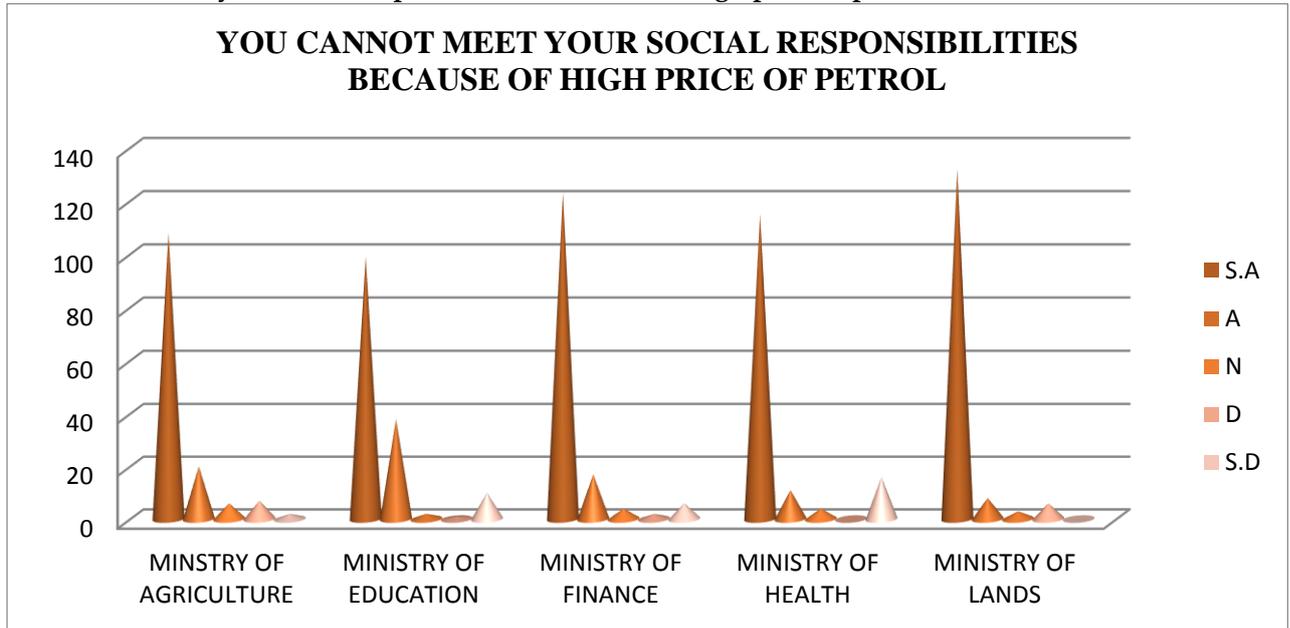
Table 1: Response to Question: You cannot meet your social responsibilities because of high price of petrol

	MINISTRY OF AGRICULTURE	MINISTRY OF EDUCATION	MINISTRY OF FINANCE	MINISTRY OF HEALTH	MINISTRY OF LANDS	TOTAL
S.A	108 (75.52%)	99 (66.0%)	123 (80.92%)	115 (78.76%)	132 (88.59%)	577 (77.97%)
A	20 (13.98%)	38 (25.33%)	17 (11.18%)	11 (7.53%)	8 (5.36%)	94 (12.70%)
N	6 (4.19%)	2 (1.33%)	4 (2.63%)	4 (2.73%)	3 (2.01%)	19 (4.32%)
D	7 (4.89%)	1 (0.66%)	2 (1.31%)	0 (0%)	6 (4.02%)	36 (2.56%)
S.D	2 (1.39%)	10 (6.66%)	6 (3.94%)	16 (10.95%)	0 (0%)	40 (5.40%)
TOTAL	143	150	152	146	149	740

S.A= STRONGLY AGREED, A = AGREED, N = NEUTRAL, D = DISAGREED, S.D = STRONGLY DISAGREED

Fig. 1: Mode Analysis of Question:

You cannot meet your social responsibilities because of high price of petrol.



The graph above, the responses show that 77% of the total responses strongly agree that the civil servants cannot meet their social responsibilities as a result of hike in petrol price.

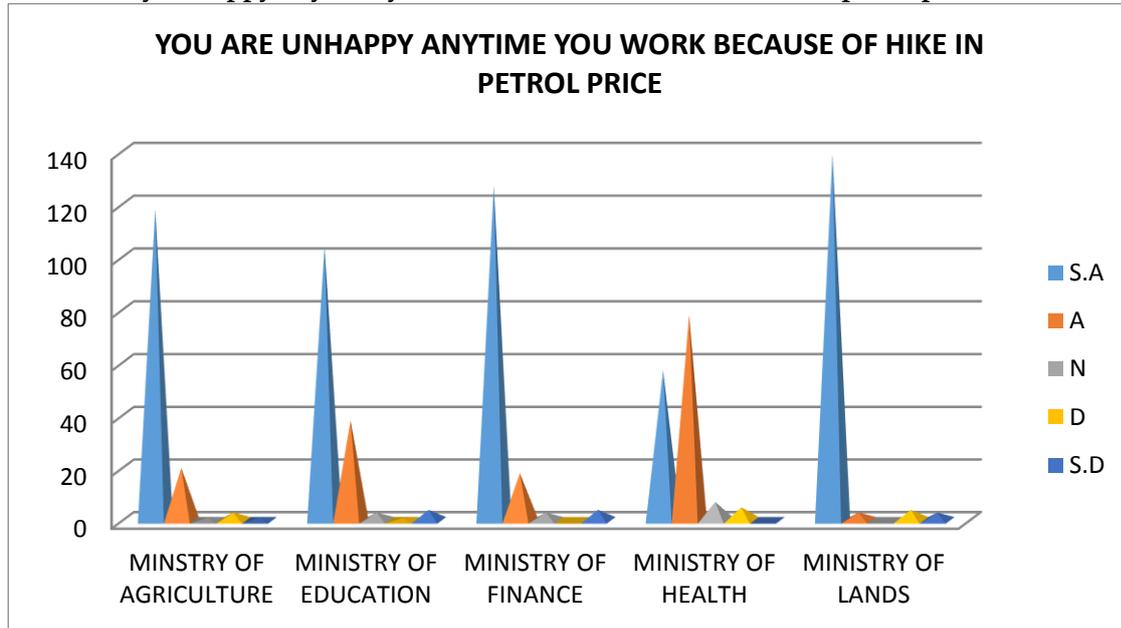
Table 2: Response to Question: You are very unhappy anytime you come to work because of hike in petrol price

	MINISTRY OF AGRICULTURE	MINISTRY OF EDUCATION	MINISTRY OF FINANCE	MINISTRY OF HEALTH	MINISTRY OF LANDS	TOTAL
S.A	118 (82.51%)	104 (69.33%)	127 (83.55%)	57 (39.04%)	139 (93.28%)	545 (73.64%)
A	20 (13.98%)	38 (18.0%)	18 (11.84%)	78 (53.42%)	3 (2.01%)	157 (21.21%)
N	1 (0.69%)	3 (8.0%)	3 (1.97%)	7 (4.79%)	0 (0%)	1 (1.89%)
D	3 (2.09%)	1 (2.0%)	0 (0%)	5 (3.42%)	4 (2.68%)	36 (2.56%)
S.D	1 (0.699%)	4 (2.66%)	4 (2.63%)	0 (0%)	3 (2.01%)	12 (1.62%)
TOTAL	143	150	152	146	149	740

S.A= STRONGLY AGREED, A = AGREED, N = NEUTRAL, D = DISAGREED, S.D = STRONGLY DISAGREED

Fig. 2: Mode Analysis of Question:

You are very unhappy anytime you come to work because of hike in petrol price.



In the graph above, the responses show that 78% of the total responses strongly agree that the civil servants are very unhappy anytime you come to work because of hike in petrol price.

Cochran's Q Test

This test is used when we have a categorical outcome, trying to measure the presence or absence of that outcome in a repeated measures design in which we are measuring the outcome three or more times consecutively

In the context of this analysis, question in table 2 (*You cannot meet your social responsibilities because of high price of petro*) is used to mirror the research hypothesis and objectives in analyzing the presence or absence of the impact of subsidy reduction on the civil servants Psyche/Emotion in the different ministries.

The decision criteria to be used for statistical significance are the p-value of 0.05(5%).

Table 3: Cochran Q Test for table 2 (*You cannot meet your social responsibilities because of high price of petrol*)

Frequencies

	Value	
	1	2
Q38(AGRIC)	128	15
Q38(EDUCATION)	137	6
Q38(FINANCE)	140	3
Q38(HEALTH)	125	18
Q38(LANDS)	140	3

Test Statistics

N	143
Cochran's Q	47.143(a)
Df	4
Asymp. Sig.	.000

a 1 is treated as a success.

Table 3 shows the results of the Cochran Q test for table 2 (*You cannot meet your social responsibilities because of high price of petro*), from which it can be inferred from the frequency analysis that the impact on the different ministries are synonymous and is statistically significant as shown by the p-value of 0.000. Conclusively, on the presence or absence of the impact of subsidy reduction on petroleum products on the civil servants with respect to their Psyche/Emotion and their level of service delivery, the Cochran Q test proves the presence of this impact on the civil servants in the five ministries being analysed and shows that the level of this presence is statistically significant.

Conclusion and Recommendations

The results drawn from the analysis of questions show statistical significance in their outcomes, thus, proving that increase in the price of petrol negatively affects the civil servants' emotions and frame of mind and as well leads to their lack of fulfilment of social responsibilities. It equally has a negative effect on the psyche of civil servants in the state. This is simply because they encounter many challenges in the face of hike in price of petroleum products. Thus, they devote most of their time thinking on how to make ends meet. Therefore, subsidy reduction on petroleum products negatively affects civil servants service delivery. Therefore, research findings rejected the null hypotheses and accepted the alternatives which states thus: the increase in fuel price negatively affects the emotion/psyche of civil servants. However, the implication of this is that civil servants will

pay less attention to their duty. The extent and level of their absenteeism and lateness to work is very high.

In line with the findings of this study, the following policy measures have been recommended. First, the government should have a proper feasibility study of policy on subsidy removal on petroleum products and pay special attention to the negative aspects of the policy on civil servants, so as to be able to cushion the effect of it on civil servants' Psyche/Emotion. This will enable them have positive attitude to work. Secondly, the government should adopt the use of stage by stage implementation in dealing with deregulation exercise. The gradual withdrawal of subsidy which must be preceded with review of salaries to balance the equation in agreement with all the stakeholders. This will make the civil servants to be emotionally stable, psychologically sound and fulfillment of their social responsibilities.

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