Impact of Inflation on University Administration in Nigeria

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ABSTRACT
Inflation is the continuous rise in the general price of goods and services. Inflation is an economic problem that affects institutional operation both public and private institutions. This paper examined the impact of inflation on university administration in Nigeria. Depending on secondary data were collected from both print and online publications. The paper established that inflation has led to an increment in the operational cost of running universities, an increment in the cost of infrastructure facilities provision, an increment in the cost of teaching program implementation, an increment in the cost of research programme implementation and an increment in cost of community programme implementation, increment in universities fees and increment in students drop out. Based on the impacts of inflation on university administration in Nigeria, the paper hereby recommended the following: The government should increase the funding of universities. Universities administrators increase the internally generated revenue by embarking on different ventures to raise more revenue. The government should put policies down to encourage production and reduce importation.

ARTICLE INFO
Article history:
Received 15 Jul 2023
Received in revised form 14 Aug 2023
Accepted 30 Sep 2023

Keywords: Impact, Inflation, Universities Education.
Introduction

Inflation is one of the most frequently used terms in economic discussions, yet the concept is variously misconstrued. There are various schools of thought on inflation, but economists have a consensus that inflation is a continuous rise in prices. Simply put, inflation depicts an economic situation where there is a general rise in the prices of goods and services, continuously. It could be defined as a continuing rise in prices as measured by an index such as the consumer price index (CPI) or by the implicit price deflator for Gross National Product (GNP)' . Inflation is frequently described as a state where “too much money is chasing too few goods”. When there is inflation, the currency loses purchasing power. The purchasing power of a given amount of naira will be smaller over time when there is inflation in the economy. For instance, assuming that N10.00 can purchase 10 shirts in the current period if the price of shirts doubles in the next period, the same N10.00 can only afford 5 shirts (Unknown).

In the definition of inflation, two keywords must be borne in mind. First, is aggregate or general, which implies that the rise in prices that constitutes inflation must cover the entire basket of goods in the economy as distinct from an isolated rise in the prices of a single commodity or group of commodities. The implication here is that changes in individual prices or any combination of the prices cannot be considered as the occurrence of inflation. However, a situation may arise such that a change in an individual price could cause the other prices to rise. An example is petroleum product prices in Nigeria. This again does not signal inflation unless the price adjustment in the basket is such that the aggregate price level is induced to rise. Second, the rise in the aggregate level of prices must be continuous for inflation to be said to have occurred. The aggregate price level must show a tendency for a sustained and continuous rise over different periods. This must be separated from a situation of a one-off rise in the price level (Unknown).

Ten Years of Inflation Rates in Nigeria

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https://www.worlddata.info/africa/nigeria/inflation-rates.php

Nigeria's annual inflation rate climbed to 25.8% in August 2023, from 24.08% in July and marking the highest rate since September 2005, reflecting the impact of the removal of fuel subsidies, the devaluation of the official exchange rate and security issues in food-producing regions. Prices accelerated for food and non-alcoholic beverages (29.1% vs. 26.8% in July), alcohol & tobacco (15.3% vs 15.1%), housing utilities (21.8% vs 19.9%), health (22.9% vs 21.8%), transport (27.1% vs 26.3%), restaurants & hotels (22.8% vs 20.7%) and miscellaneous goods & services (21.8% vs 21.5%). Every month, the CPI rose 3.2%, the most in 15 years, after a 2.9% surge in July.

The annual inflation rate in Nigeria eased to 21.34% in December of 2022, down slightly from a 17-
year peak of 21.47% in the prior month. It follows ten consecutive months of monthly increases amid a slight deceleration in prices of food (23.75% vs. 24.13% in November), which is the most relevant in the CPI basket. Prices also rose less for alcoholic beverages, tobacco and kola (18.10% vs. 18.48%); clothing & footwear (17.55% vs. 17.66%); recreation & culture (15.74% vs. 16.61%) and communication (11.2% vs 11.54%). Meanwhile, items such as transportation (20.16% vs. 19.53%); miscellaneous goods & services (18.61% vs. 18.10%); and education (18.42% vs. 17.88%), among others, became more expensive. The annual core inflation rate, which excludes farm produce, accelerated for the ninth straight month to a near 16-year high of 18.5% in December, up from 18.2% in November. Every month, consumer prices inched up by 1.71%, the most in four months, after a 1.39% increase in the previous month.

Nigeria’s annual inflation rate rose to 15.63% in December of 2021, after eight straight months of decline, amid a slight acceleration in prices of major component food (17.4% vs. 17.2% in November), linked to the increase in demand during the festive season. Upward pressure also came from non-food products, including transport (15%, the same as in November); clothing & footwear (15.1% vs 14.8%); miscellaneous goods & services (14.1% vs 14%); housing & utilities (11.1% vs 10.6%), among others. The annual core inflation rate, which excludes the prices of agricultural produce, rose further to 13.87% in December, the highest since April 2017, from 13.85% in the prior month. Every month, consumer prices inched up by 1.82%, the most since May of 2017, after a 1.08% increase in the prior month. Nigeria's annual inflation rate soared for a 16th straight month to 15.75 per cent in December of 2020. It was the highest inflation rate since November of 2017, on spiralling food prices (19.56 per cent vs. 18.3 per cent), despite President Muhammadu Buhari’s recent order to reopen the country’s borders to trade. The acceleration in inflation continued to be attributed to dollar shortages and surging jihadist attacks in farming areas as well as lingering disruptions from the COVID-19 pandemic. Every month, consumer prices inched up 1.61 per cent, the most since May 2017, little changed from a 1.60 per cent increase in the prior month.

The annual inflation rate in Nigeria increased to 11.98% in December of 2019 from 11.85% in the prior month, remaining at the highest level since April 2018. Prices of food advanced the most in 20 months (14.67% vs. 14.48% in November), amid the country’s ongoing border closures and increased seasonal demand during the Christmas season. Additional upward pressure came from housing & utilities (7.70%, the same pace as in November); clothing & footwear (9.91% vs 9.79%); transport (9.25% vs 9.17%); furnishings (9.14% vs 9.08%); education (8.81% vs 8.74%); health (9.59% vs 9.44%); miscellaneous goods & services (9.14% vs 9%); restaurants & hotels (8.35% vs 8.30%) and alcoholic beverages, tobacco and Kola (9.79% vs 9.82%). Every month, consumer prices went up 0.85%, the least since March, after increasing 1.02% in the preceding month. (https://tradingeconomics.com/nigeria/inflation-cpi)

Ahmed (2023) and Ashakah (2022) observed that inflation at 22% is a big challenge for any economy. It means that prices doubled in less than four years. It means that salary earners lose 22% of their purchasing power every year. It means that the government would need to generate 22% more revenue just to provide the same public services. It means that the Naira will likely weaken by 22%, less whatever global inflation is, in the next year. Inflation at 22% means that the challenge of moving the Nigerian economy forward and improving the lives of ordinary people is significantly harder. Ashakah (2022) asserted that many Nigerians were plunged into poverty in 2021 by high inflation rates, according to the World Bank. The current food inflation problem challenging the Nigerian economy may aggravate economic hardship in 2022, and many Nigerians may fall into poverty in 2022.
The high inflation rate in Nigeria is associated with high exchange rates, insecurity, and infrastructural deficiency. The devaluation of the naira is a challenge in Nigeria. It has pushed up the prices of imported raw materials, the cost of production, and the prices of commodities in the market. The average exchange rate in the parallel market is now as high as N610 per dollar against the official exchange rate of N416.08 per dollar. Most importers of food, raw materials, and machinery do not have adequate foreign currency from the official channels; as a result, they access the parallel market at a higher rate. The factors responsible for inflation in Nigeria, according to Ashakah (2022) include:

Insecurity in the northern and Middle Belt regions contributes to high inflation in Nigeria. Many farmers have not resumed farming because of the fear of being kidnapped, raped, or killed by terrorists. Infrastructural deficiency contributes to high inflation in Nigeria. Most of the roads in Nigeria are not in good condition. The high cost of moving products from rural areas to urban areas impacts consumers negatively. According to the former Director-General of the Infrastructure Concession Regulatory Commission (ICRC), Chidi Isuwa, Nigeria had about 200,000km of the road network. He stated further that only about 60,000km got paved; a large proportion of the paved road was in unacceptable poor condition due to insufficient investment and lack of adequate maintenance.

The erratic power supply is aggravating the high inflation problem in Nigeria. The majority of businesses depend on self-generated power sources to power their operations. The high cost of running and maintaining power-generating plants enhances the problems of inflation, unemployment, and low growth rates in Nigeria. The current high inflation in Nigerian markets is associated with poor economic policy. The federal government must address the prevailing high inflation in Nigeria by formulating and implementing viable economic macroeconomic policies.

High inflation in Nigeria is associated with a drop in the supply of agricultural produce to the markets. Many farmers are still practising small-scale farming methods. Nigeria’s population requires mechanised farming to produce adequate food for consumption. In Nigeria, high inflation rates can be curbed via effective monetary and fiscal policies. The government must manage the exchange rate via an effective monetary policy. Infrastructure development is a pre-condition for investment to strive in any nation (Ashakah 2022).

Inflation affects every institution including the university administration. Ogunode (2020) University administration refers to the application of the universities’ resources to implement the programme of the universities to realize the objectives of the universities. University administration is the mobilization and arrangement of both human and material resources for the achievement of the university’s goals. University administration is the effective use of the resources of the university to implement the teaching programme, research programme and community service programme of the universities. University administration is the deployment of the universities’ resources to accomplish the universities’ programmes. The objectives of university administration include: implementing the programme of the universities as defined; allocating resources for the implementation of the university programme; ensuring implementation of the teaching programme, ensuring implementation of the research programme; ensuring delivery of quality community services programme, ensuring effective staff development, to ensure effective student administration, to ensure smooth implementation of the academic calendar and to ensure quality education.

Impact of Inflation on University Administration in Nigeria

There are many impacts of inflation on university administration in Nigeria. Some of the impact includes; an increase in the operational cost of running universities, an increment in the cost of
providing infrastructure facilities, teaching programme implementation, research programme implementation, community programme implementation, an increment in university fees and an increase in students dropping out.

Increase in Operational Cost of Running Universities

The recent announcement by the Nigerian government to remove fuel subsidies in Nigeria has led to inflation and also led to an increment in the operational cost of various tertiary institutions in the country. More money is needed to procure administrative resources that will support administrative functions. With the removal of fuel subsidies, the cost of diesel and petrol used for power in tertiary institutions has increased. Also, as a result, transportation companies, including buses, taxis, and motorcycles, are likely to increase their fares to offset the higher fuel costs. This has directly impacted on procurement of stationery and other administrative resources as a result of increased transportation expenses (Ogunode et al. 2023; Olatunde-Aiyedun, Olamoyegun & Ogunode, 2022). Also, Ogunode & Ojochenemi (2023a) noted that Subsidy removal in Nigeria led to inflation that has led to an increment in the operational cost of running schools across the country. The hike in petrol pump prices affected the general costs of goods and this affected the cost of running educational institutions. Almost everything used daily running of schools has increased. Office equipment used to provide administrative services in universities in Nigeria has gone up in price due to inflation. Musa (2023); Ogunode, Ahaoatu & Solomon, (2021b); Ogunode & Solomon (2021) and Ogunode, Babayo, Jegede & Abubakar (2021c) confirmed that the prices of these office equipment have gone high in prices due to subsidy removal that led to inflation. The equipment includes a stapler, Eraser, Push-pin, Drawing pin (U.K)/ Thumbtack (U.S), Paper clip, Rubber stamp, Highlighter, Fountain pen Pencil, Marker, Ballpoint, Bulldog clip, Tape dispenser, Pencil sharpener, Label, Calculator, Glue, Scissors, Sticky notes, 4A Paper, Notebook, Envelope, Clipboard, Monitor, Computer, Keyboard, Folder, Fax, Filing cabinet, Telephone, Swivel chair, Desk, Wastebasket, printer and calculators.

Increment in Cost of Providing Infrastructure Facilities

Inflation in Nigeria has affected the rate of infrastructure facilities completion and provision for the implementation of university education in Nigeria. Ogunode (2020) observed that infrastructural facilities refer to facilities aiding the delivery of academic and non-academic services in educational institutions. Infrastructural facilities include; libraries, laboratories, halls, offices, administrative blocks, hostels, road facilities, water, electricity, internet etc. The availability of infrastructural facilities in adequate quantities will support effective teaching, researching and on the contrary, the inadequacies will prevent effective teaching and research. Many tertiary institutions in Nigeria do not have adequate lecture halls, laboratories and offices for both academic staff and non-academic staff (Ogunode & Ahaotu 2020; Ogunode, Jegede 2021). Inflation has led to the abandonment of projects in public Universities in Nigeria. Ogunode & Murtala, (2022) concluded that inflation is another fundamental cause of abandonment of projects in public Universities in Nigeria. In a report by the Centre for the Study of Economies of Africa, Nigeria’s “inflation rate rose to 17.71 per cent in May 2022. This is 0.89 cent points higher than the 16.82 per cent recorded in the previous month, although lower than 17.93 per cent in May 2021. On a month-on-month basis, the headline inflation rate increased to 1.78 per cent in May 2022, which is a 0.02 per cent rate higher than the 1.76 per cent recorded in the previous month. This is important to address because the scarcity of foreign exchange is partly responsible for the continued depreciation of the Naira, resulting in high inflation. Erunke (2022) observed that the Tertiary Education Trust Fund, TETFund blamed the slow pace of work in its various intervention projects in public tertiary institutions across the country for fluctuations in prices of important building materials,
COVID-19 lockdown and disruption to other economic activities. The TETFund submitted that projects experiencing delays as a result of inflation. TETFund acknowledged that there were challenges to the high cost of materials. Inflation has also led to increment completion of infrastructure facilities across the universities. Contractors are calling for a review of contracts due to inflation that has led to an increase in the general prices of building materials. Leadership (2023) pointed out that inflation in Nigeria has led to an increment in construction materials.

Teaching Programme Implementation

Majorities of resources required for the implementation of teaching programmes in the universities have gone high. The teaching programme is the first-rated programme in the universities. The teaching programme is used to rank universities. Teaching programme requires both human and material resources for effective implementation in the universities. Some teaching programmes and courses require the use of laboratories that also need chemicals and reagents. A laboratory reagent can be described as a substance used to measure, detect, or create other substances during a chemical reaction conducted in laboratories. Inflation has led to an increment in the general prices of chemical reagents used in laboratories for practical activities such as caustic potash, caustic soda, chlorine, citric acid, iodophors, lysozyme, ozone, peroxycetic acid and so on. Also, flammable liquids such as methanol, ethanol, acetone, xylene, toluene, ethyl acetate, tetrahydrofuran, ethyl ether, benzene, and Dimethylformamide, to mention a few have increased in prices leading to a shortage in supply of the laboratories. Also, inflation has affected laboratory apparatus or facilities too. Laboratory resources like microscope, test tubes, beakers, measuring cylinder utensils, magnifying glasses, volumetric flasks, Bunsen burner, dropper, Pasteur pipette, thermometers, tongs, brushes, weighing balances, wash bottles, spatulas, spring balance, Newton meter, burette, watch glass, funnel, litmus and filter papers and so on. The cost of ensuring constant electricity in the universities to support the implementation of teaching programmes has also gone up due to inflation. For instance, the University of Nigeria, Nsukka (UNN), spent an average of N75 to N80 million monthly on electricity bills for three of its campuses in Nsukka, Enugu and Ituku-Ozalla. In 2018, the then vice-chancellor, Prof. Zana Akpagu, noted that due to poor public power supply, the university spent an average of N30 million monthly on diesel aside bills for electricity consumption. UNILAG vice chancellor confirmed that the university from January 2020 to June 2021 had paid N1.123b in electricity bills. He said the whopping sum was paid from its monthly internally generated revenues, which is a drain on its purse (Lawal I et al (2023).

Research Programme Implementation

Research programme implementation in Nigerian universities has been affected by inflation. Research programme implementation requires a lot of human and material resources. Research according to Okeke (2004) is an activity that involves the observation and description of the characteristic properties of objects or events to discover relationships between variables and developing generalizations that may be used to predict future occurrences. At its core, research involves the identification of problems, gathering of new data, and finding solutions to extant problems through carefully designed procedures and logical analysis. The research programme is the second-most-rated university programme. It is a programme that involves both lecturers and students (Ogunode & Ade 2023; Ogunode, Jegede, Adah, Audu, & Ajape, 2021). Ogunode & Chukwuemeka, (2023) concluded that the removal of subsidy has led to a hike in the price of fuel, which automatically leads to inflation in the country, it is evident that this hike in the price of fuel has affected the operational cost of carrying out research or conducting research in various tertiary institutions across the country. In tertiary institutions in Nigeria to meet the cost of operation, especially the overhead, the various institutions increased drastically the school fees
payable by each student in addition to sundry charges. Specifically, laboratory fees were jacked up in most of the tertiary institutions because of increment in the prices of research resources as a result of subsidy removal coupled with the floating of the naira leading to major losses in its value compared to international currencies such as the dollar or pound. The majority of research resources used for conducting research are imported and moved from state to state for distribution. Subsidy removal has led to an increase in prices of fuel directly and indirectly which has led to an increment in prices of the research resources. The removal of fuel subsidies has a cascading effect on various services that rely heavily on transportation. For instance, the price of research resources has increased due to the elevated costs of transporting necessary supplies. Middlemen, to offset the increased expenses, have raised their prices. Darlington, & Monday (2023); Ogunode, Somadina & Johnson (2023); Ogunode & Chukwuemeka (2023) maintained that the rise in transportation costs resulting from subsidy removal affects the price of food and groceries. Farmers, suppliers, and retailers incur higher transportation expenses to bring their produce to the market, ultimately increasing the prices for consumers. This prompts consumers to reconsider their shopping choices, potentially opting for cheaper alternatives or reducing their overall consumption.

Community Programme Implementation

Inflation in Nigeria has affected the implementation of community services programmes. Community service programme according to Ogunode, Aude, & Olatunde-Aiyedun, (2022) is the third cardinal programme of tertiary institutions. A community service programme is an organized and planned service programme of higher institutions for the benefit and betterment of their host community. Community service programmes of higher institutions are community-inclined services initiated by the institutions to develop the communities. Community services of higher institutions are services provided by institutions to benefit the community people. Community service of tertiary institutions involves all organized services provided by the institutions to the host communities to improve their communities positively. The implementation of community service programmes depends on materials and human resources. Resources are needed to produce goods by various university firms. These resources are very expensive due to inflation. The operational cost of production of goods and services by various university outfits within the host communities has gone high. Ogunode, & Ojochenemi (2023a) and Ogunode & Aregbesola. (2023d) concluded that an increment in the price of fuel was a result of inflation that affected the price of goods and services.

Increase in Universities Fees

Inflation in Nigeria has led to an increment in the fees of tertiary institutions especially the universities across the country. Premium Times (2023), observed the fee hike, which has become an established trend among Nigerian public universities. Some of the public universities that recently increased school fees include the University of Maiduguri, the University of Benin, Hamada Bello University, Abubakar Tafawa Balewa University, the University of Lagos and the University of Abuja. Leadership (2023) concluded that the fee hike coincides with a period of dwindling disposable incomes for families, primarily due to galloping inflation in the prices of goods and services across the nation triggered by the removal of the petrol subsidy. Inflation in Nigeria has made it difficult for university administration to operate and administer the universities effectively. Premium Times (2023) reported that UNILAG Vice Chancellor, Folasade Ogunsola, a professor, in an interview noted that the old fees regime is no longer sustainable as the university continues to incur increasing expenses leading to revenue deficits of about N1 billion annually. Also, the Vice Chancellor of the University of Abuja, Abdursheeda Na’Allah, opined that in May 2023 the fee increment was a result of inflation, the high cost of maintaining the...
institutions facilities and delivering world-class education. Ogunode, Somadina, & Johnson (2023) asserted that inflation in Nigeria can lead to the dropout of students from tertiary institutions across the country. Rising living costs and operational expenses are limiting access to education, making it unaffordable to many parents. The proprietor of Achievers Primary and Nursery School in Akure, the state capital, Mr. Wale Fajoye, noted apart from teaching materials, the staff of the school is also yearning for an increment in salary due to the present situation in the country (Leadership, 2023).

**Increase in Students Drop Out**

Inflation in Nigeria that as led to an increment in university fees as led to a drop in some universities across the country. Premium Times (2023) reported that Madaki noted that some universities had increased fees by over 200 per cent and equally increased accommodation fees by 100 per cent. He noted that the increments are coming at a time when households in Nigeria are battling with high inflation and other economic challenges caused by the recent subsidy removal. For instance, Bayero University, Kano (BUK), the University of Nigeria,Nsukka, the University of Uyo, the University of Maiduguri, Michael Okpara University of Agriculture, Umudike and Federal University, Dutse have all increased their fees. “The increase could cause disruptions for several students who cannot afford the fees, and while many of them would be forced to defer their studies, others could drop out. Okonkwo (2023) noted that students are another group that is affected by the removal of the fuel subsidy, as they must pay more for transportation to and from school. Many students depend on public transport or private vehicles to get to school, which have become more expensive due to the higher cost of fuel. Some students may have to drop out of school or defer their studies if they cannot afford the transportation costs. Studies by Kajawo & Samson (n.d); Okoli, (2015) and Ogunode & Odanwu, (2023) established that an increment in tertiary education schools can lead to drop out. On the impact of subsidy removal on students, Okonkwo (2023) noted that some students may have to drop out of school or defer their studies if they cannot afford the transportation costs and Omoniyi (2023) concluded that subsidy removal will have effects on the academic performance of the students as they now go hungry due to the prices of food that have gone beyond the reach of the common man. And, also, the withdrawal of subsidies will further harm students because crime rates will rise as cultism becomes more rampant.

**Conclusion and Recommendations**

In conclusion, inflation is the continuous rise in the general price of goods and services. Inflation is an economic problem that affects institutional operation both public and private institutions. This paper examined the impact of inflation on university administration in Nigeria. The paper established that inflation has led to an increment in the operational cost of running universities, an increment in the cost of infrastructure facilities provision, an increment in the cost of teaching program implementation, an increment in the cost of research programme implementation and an increment in cost of community programme implementation, increment in universities fees and increment in students drop out. Based on the impacts of inflation on university administration in Nigeria, the paper hereby recommended the following:

1. The government should increase the funding of universities. Universities administrators increase the internally generated revenue by embarking on different ventures to raise more revenue.

2. The government should put policies down to encourage production and reduce importation. Ahmed (2023) recommended improving security on farms and tackling logistics bottlenecks around moving food across the country will put downward pressure on food prices and reduce food inflation.
Promoting regional African food trade, by maybe re-opening the borders and cutting tariffs on imported food will reduce food prices and reduce inflation. From a government finance perspective, improving tax collections and reducing the need for large fiscal deficits which then need to be financed will reduce inflation. We can think of a plethora of actions that governments at the federal, state, and local levels can take to improve the “real” supply side and reduce inflation. In economics, we call them “structural reforms” which boost supply. 3. Ashakah, (2022) suggested that Nigeria’s government should embark on more infrastructure development and restore peace and security in the northern and Middle Belt regions to put inflation under control in the interest of the poor in Nigeria. The Nigerian government needs to employ the services of qualified economic managers to formulate and implement viable economic policies to drive the Nigerian economy on the path of growth and development.

References


