

# Socio-Economic Impact of Subsidy Removal on Academic Staff, Students, And University Administration in Nigeria

Imam I. Hassan (Ph.D)

Department of Criminology and Security Studies,  
Federal University of Lafia, Nasarawa State, Nigeria

## Abstract

This study was carried out on the socio-economic impact of subsidy removal on academic staff, students, and university administration in Nigeria. Secondary data were used in the paper. The data were collected from print and online publications. The study established that subsidy removal in Nigeria has a sociological impact on academic staff, students, and university administration. The study specifically identified increment in school fees and social vices like prostitution, kidnapping, robbery, and academic corruption as the social impacts of subsidy removal on academic staff, students, and university administration in Nigeria. Based on this finding, the study recommended that federal and state governments implement all palliative measures outlined to reduce the impact of subsidy removal, and the Government should increase the funding of universities to enable administrators to administer the universities well. Scholarships should be granted to tertiary institution students, and academic staff salaries should be increased.

**Keywords:** Academic Staff, Students and University Administration, Subsidy Removal.

## Introduction

Subsidies are often regarded as a form of protectionism or trade barrier by making domestic goods and services artificially competitive against imports. Subsidies may distort markets and impose large economic costs; Asiwaju (2003). Financial assistance in the form of a subsidy may come from one's Government. However, the term subsidy may also refer to assistance granted by others, such as individuals or non-governmental institutions. Bakare (2012) Subsidy has been used by economists with different meanings and connotations in different contexts. The dictionary (Concise Oxford) defines it as —money granted by the state, public body, etc., to keep down the prices of commodities etc. Environmental economists define subsidies as uncompensated environmental damage arising from any flow of goods and services. In a budgetary context, it may be defined as —unrecovered costs in the public provision of private goods. A subsidy is an assistance paid to a business or economic sector; Asiwaju (2003). Most subsidies are made by the Government to producers or distributed as subventions in an industry to prevent the decline of that industry (e.g., as a result of continuous unprofitable operations) or an increase in the prices of its products or to encourage it to hire more labour (as in the case of a wage subsidy). Examples are subsidies to encourage the sale of exports, subsidies on some foods to keep down the cost of living, especially in urban areas, and subsidies to encourage the expansion of farm production and achieve self-reliance in food production (Bishop 2012; IMF et al.2022; Haley, & Haley 2013).

Subsidies were introduced into the Nigerian economy in the 1970s. For the past three decades, Nigerian subsidy payments have been characterised by corruption. This made many Nigerians and international communities call for the stoppage of subsidy payments on petroleum products in Nigeria. The new Nigerian Government that came on board in May 2023 announced the removal of

subsidies for petroleum products. Subsidy removal is defined by Kasimu & Ogunode (2023a) as the determination and willingness of the Government or institutions to stop partial or full payment on goods and services enjoyed by its citizens or staff through reduction of prices or non-payment before and allowing the citizens or staff to bear the entire burden of payment. Ogunode and Aregbesola (2023b) conceptualised subsidy removal as an official elimination of subsidies on products formerly subsidised. They also captured subsidy removal as the decision of the Government or institutions to stop payment of subsidies on products or services previously subsidised.

The objectives of subsidy removal include, according to Ogunode & Omolewa (2023), increasing government savings and revenue, aiding infrastructure facilities development, stopping corruption in the management of subsidy payment, liberating the economy to be more competitive, increasing investment in other critical sector of the economy, to eliminate wastages. Removing subsidies on petroleum products affected the economy's operation, especially public and private institutions like tertiary institutions. Alemu (2018) defined tertiary education or higher education to cover a broader range of higher learning institutions, including universities. These higher learning institutions could be organised differently, commonly within a university and in separate institutions such as universities and other tertiary learning institutions. Tertiary education is viewed by Ogunode, Edinoh, and Nwafor (2023) as an education designed for post-secondary education. Tertiary education is a social agent of progress and development and aids technological advancement. Tertiary education is defined by the National Policy on Education (2013) as the education given after Post Basic Education in institutions such as Universities and Inter-University Centres such as the Nigeria French Language Village, Nigeria Arabic Language Village, National Institute of Nigerian Languages, institutions such as Innovation Enterprise Institutions (IEIs), and Colleges of Education, Monotechnics, Polytechnics, and other specialised institutions such as Colleges of Agriculture, Schools of Health and Technology and the National Teachers' Institutes (NTI).

Tertiary education, which includes universities, can also be seen as a universal community made of a collection of different people, such as academic staff, non-academic staff, students, researchers, host community, and traders. According to Ogunode Edoh (2023), tertiary institutions and universities are micro-groups or units of society. Since tertiary institutions and universities are members of the larger society, what happens in the larger society also affects the tertiary institutions. According to Ogunode Eimuhi (2023) and Darlington & Monday (2023), the recent removal of subsidies on petroleum products affects educational institutions, especially universities. It is important to sociologically assess the impact of subsidy removal on academic staff, students, and university administration.

## Literature Review

### Concept of University Administration

University administration refers to the application of the universities' resources to implement the programmes of the universities to realise their objectives. University administration is the mobilisation and arrangement of human and material resources to achieve the university's goals (Ogunode, 2020). University administration is the effective use of the resources of the university to implement the university's teaching programme, research programme, and community service programme. 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 adequate student administration, to ensure smooth implementation of the academic calendar and to ensure quality education (Ogunode, 2020).

The removal of fuel subsidies has affected university operational costs (Ogunode et al., 2023). The impact of the removal is being felt across different sectors of the economy, regardless of location and institutions. The higher cost of transportation due to the removal of fuel subsidies has pushed the intermediaries and distributors of goods and imported products to increase the prices of products. Transporting goods from Lagos to Abuja, Kano, and Taraba states and wholesalers to retailers will become more expensive. These increased transportation costs will be passed on to universities that consume such products to implement teaching, research community service, and provide academic services (Ogunode & Aregbesola. 2023). Musa (2023) quoted one of the school administrators who lamented that budgetary allocation to universities is meagre compared to the population and cost implications of running the universities. The subsidy removal has increased the prices of educational resources.

### **Concept of Academic Staff**

Ogunode and Adamu (2021) defined academic staff as the teaching staff in higher institutions. Academic staff are the implementers of the school curriculum and lecture presenters. Academic staff are the teachers who deliver instruction in higher institutions. Ogunode & Kasimu (2023) noted that Academic staff are professional personnel in charge of teaching or lecturing in higher institutions. The Academic staff members are the teaching staff of the tertiary institutions. They are called lecturers. They are involved in three major functions in the institutions: teaching, researching, and providing community services. The academic staff are categorised into Graduate Assistant, Assistant Lecturer, Lecturer II, Lecturer I, senior Lecturer, Associate Professor/Reader and Professors. Academic staff are critical factors in the attainment of higher education goals. Without them, the country's higher education goals cannot be achieved. Teachers are the main determinant of quality education; if they are apathetic, uncommitted, uninspired, lazy, unmotivated, immoral, and anti-social, the whole nation is doomed. If they are ignorant of their disciplines and impart wrong information, they are useless and dangerous. The kind of teachers trained and posted to the schools may well determine what the next generation will be ((NERC, 1980). Academic staff, as the name implies, are professionals who handle the teaching research programme of higher institutions and also perform other academic services. The role of academic staff in the development of higher institutions cannot be underestimated because academic staff members are the implementers of instruction in educational institutions (Ogunode et al., 2020).

The primary responsibilities of academic staff in higher education institutions encompass a range of duties, according to Ogunode, Jegede and Abubakar (2020). Academic staff are tasked with teaching undergraduate and graduate courses in areas allocated by the Head of Department subject to periodic review. Additionally, academic staff are expected to engage in research activities, producing publications or other research outputs in alignment with their objectives set during the Staff review process. Actively seeking and obtaining research funding support is also crucial to their role. Furthermore, academic staff are encouraged to participate in broader scholarly and professional communities. They play a role in the supervision of undergraduate, taught graduate (master), or research graduate (MPhil/PhD) students. Moreover, their involvement extends to contributing to developing, planning, and implementing a high-quality curriculum. Finally, they are involved in creating learning materials, developing schemes of work, and maintaining records to monitor student progress, achievement, and attendance.

Ogunode, O. & Johnson (2023). Ogunode et al. (2023) and Okonkwo (2023) maintained that academic staff (employees) are also affected by the removal of the fuel subsidy, as they have to pay more for transportation to and from work. Many lecturers (employees) rely on public transport, such as buses, taxis, and motorcycles, which have also increased their fares due to the higher fuel costs. Some academic staff (employees) may have to spend more than half their salaries on transportation alone, leaving little for other expenses such as food, rent and health care. Some employees may have to look for alternative sources of income or seek employment closer to their homes to reduce their transportation costs. Faculae (2023) submitted that fuel subsidy removal would affect academic and non-academic staff. He further observed that it would be difficult for lecturers to

make ends meet if their salaries were not increasing. He noted that the cost of transportation has increased significantly, affecting the livelihood of lecturers who have to travel long distances to get to their universities, with the majority of them staying off the campuses.

### Concept Students

Students are learners in educational institutions. Studentship starts from early childhood to basic and secondary school education and ends in higher institutions. Higher institution students are learners in higher institutions. Higher institution students are mature learners. Students in higher institutions are aged 18 years and above. Students of higher institutions are ready for learning and research. Some students of higher institutions are dependent, while others are independent. Students in higher institutions are either doing a first-degree, second degree or third-degree (Ogunode et al., 2020). National Open University of Nigeria (NOUN, 2009) observed that students are the focal point of school administration. Therefore, 'whatever the school head does must consider the students, their welfare, and other activities that affect their lives and stay in school. Schools are set up not for teachers, not for parents, not for educational administrators, but for students. Therefore, the various decisions made by school administrators depend upon knowing the general and specific needs of the student population (Ogunode & Abubakar, 2021).

On the impact of subsidy removal on students, Ogunode, Okwelogu & Johnson (2023), and 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 Ogunode (2023) pointed out that subsidy removal has led to an increment in school's fees of students. Bamidele (2023) asserted that the fuel price increase has worsened the state of students who have to depend daily on transportation to school. It makes life more difficult as most of them depend on their parents for monetary aid, while the parents are grappling with finding a source for their daily livelihood. There will be a considerable number of parents withdrawing students from schools. For instance, in Olabisi Onabanjo University, Ogun State, transport used to be N300 to and fro for students in Ago Iwoye, while those in Ijebu Ode and Oru will spend less than N500. However, as the fuel price skyrocketed, it now costs N500 for Ago Iwoye students, totalling N2,500 weekly, while for Oru and Ijebu Ode, students spend N1,000, totalling N5,000 weekly. How will students with struggling parents or relatives survive this? Some of them have resorted to trekking miles to the school. Also, the increase affected the mode of operation in some schools. Some schools have stopped night reading because there are no funds to fuel the generator. If this should persist, there is no doubt that Nigeria will soon produce quack graduates in science and technology.

### Socio-economic Impact of Subsidy Removal on Academic Staff, Students, and University Administration in Nigeria

The socio-economic impact of subsidy removal on academic staff, students, and university administration in Nigeria implies a critical analysis of the social impact of subsidy removal on lecturers, students, and the university administration in Nigeria. It involves a holistic examination of the implication of government policy on subsidy removal on the academic staff, students, and university administration. It assesses how subsidy removal socially affects academic staff and students at universities.

### University Administration

Regarding the socio-economic impact of subsidy removal on university administration, Ogunode Ukozor (2023a) claimed that as universities grapple with higher operating costs, universities have passed the cost on the burden to students, leading to increased school fees. Due to higher operational costs, Ogunode & Chukwuemeka (2023) and Ige (2014) submitted that in Nigeria, public tertiary institutions have been mandated to generate substantial revenue to augment the limited finance flow from the Government. This has made public tertiary institutions introduce fees such as examination, medical, caution, graduation, and admission acceptance. Almost all the public tertiary institutions in Nigeria have recently increased student fees to generate more funds for their

sustenance, in line with the Government's directive. This has been causing hardship for students, particularly those from less privileged homes. Many parents/guardians pay through their noses to educate their children/wards in tertiary institutions, which limits access to tertiary institutions and encourages wastage (i.e. dropout and repetition) from the institutions. Onyeizugbe & Onwuka (2012), Project Clue (2023) and Ogunode & Ojochenemi (2023) indicated that subsidy removal in Nigeria has led to an increment in the prices of things and school fees of tertiary institutions across the country. The social implication of increasing school fees on students may result in a high drop rate (Femi, 2022). The high drop rate among tertiary institutions implies that many youths have been laid off from tertiary institutions and are back in society as unemployed youths. The implication of having unemployed youths across the country is that criminal activities will increase because of a relationship between youth idleness and crime rate. The recent development does not favour the parents and will increase school dropouts from higher institutions. About 67 per cent of the students in higher institutions are vulnerable students. Their parents cannot afford to pay the new fees. Some parents find it difficult to pay the fees. Some of the students sponsor themselves. Most of the students are vulnerable. In a nutshell, more than 65 per cent of the students in our higher institutions are less privileged. That means that some of our students will lose the opportunity to study, which may result in criminal activities. The truth is that when there is a high drop rate among tertiary institution students, the youths who are out of class will become a problem to society (Ojo, 2023).

### Students

Also, the subsidy removal affected students in universities across the country. Many students are trying to meet up with the increment in school fees nationwide. School fee hikes on students imply that this may lead to dropout and an increase in social vices like prostitution, kidnapping, robbery and Yahoo menace among the students. Omoniyi (2023) noted that the removal of subsidies on fuel has brought untoward hardship to students. Rising food items and transportation costs have eroded the upkeep money we receive.

Furthermore, the accommodation cost has also increased because landlords are equally affected. Lecturers who hitherto printed out class materials have no choice but to increase the prices of their handouts. Omoniyi must also not lose sight of the increase in school fees both in public and private institutions. The University of Lagos is a case in point. The school fees jumped from N16,000 to the sum of N109,000. All these impacts will affect the student's academic performance as they now go hungry due to the prices of food that have exceeded the commoners' reach. The withdrawal of subsidy will further harm students because crime rates will rise as cultism becomes more rampant. Similarly, fornication will be on the rise among female students. Deloitte (2023) maintains that subsidy removal will cause Nigeria to fall below the global poverty line of USD 2.15 per day in the short term, and this could lead to a further increase in the crime rate as Nigerians struggle to make ends meet.

### Academic Staff

On the part of academic staff, the increasing fuel cost is affecting the provision of academic services in tertiary institutions nationwide. Many academic staff can no longer discharge their cardinal functions of teaching, researching and providing community services because of unbearable economic hardship caused by fuel subsidy removal. Oguntola (2023) lamented that the increasing fuel cost is more than just a number on a pump; it is a stark reality that affects every aspect of daily life. For millions of ordinary Nigerians, especially academic and non-academic staff, the relentless rise in fuel prices has become a heavy burden, suffocating their daily lives and exacerbating economic challenges. Citizens acutely feel the impact. Nigerians who generally earn N30,000 (\$38), the lowest minimum wage in the world, according to a recent report by Picodi, a global e-commerce company, find themselves grappling with soaring costs and limited opportunities and buying fuel at the same price as nations that earn \$2,140 as minimum wage. Sadly, the consequences of escalating fuel prices permeate every aspect of Nigerian life, with transportation costs bearing the

brunt—public transportation fares surge, stretching the budgets of commuters who rely on affordable transit options.

Meanwhile, for those whose livelihoods depend on private vehicles, the rising fuel expenses strike at their earnings, leaving many struggling to make ends meet. The economic hardship can push academia into some corruption practices in tertiary institutions. Some lecturers may sell handouts and force students to buy textbooks. Some may even ask for students to sort them. Recently, Newflas reported that some lecturers claimed that they could not afford to pay for the high cost of fuel, which had increased due to the removal of subsidies by the Federal Government. The lecturers asked students to contribute N500 each to enable them to buy fuel for their cars and generators. Some lecturers have been pushed into academic corruption. The study of Kamoh et al. (2013) noted that, out of desperation, teachers have decided to turn the profession lucrative by introducing all forms of fraudulent tendencies. The lecturers, in a bid to cope with economic hardship, go the extra mile of recruiting students in their classes who serve as middlemen between them and the students; the middlemen move around after every examination to inform their coursemate that sorting of a particular course is in progress, the interested members will then give their registration number and the specified amount for the grade they want". The cost of transportation has also increased because drivers are equally affected. Lecturers who hitherto printed out class materials have no choice but to increase the prices of their handouts.

### Conclusion and Recommendations

This study discussed the sociological impact of subsidy removal on academic staff, students and university administration in Nigeria. The paper established that subsidy removal in Nigeria has a sociological impact on academic staff, students, and university administration. The paper specifically identified increment in school fees and social vices like prostitution, kidnapping, robbery and academic corruption as the social impact of subsidy removal on academic staff, students and university administration in Nigeria.

Based on this discovery, the study recommended that federal and state governments implement all palliative measures outlined to reduce the impact of subsidy removal, and the Government should increase the funding of universities to enable administrators to administer the universities well. Scholarships should be granted to tertiary institutions, and academic staff salaries should be increased.

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