**IMPACT OF FUEL SCARCITY ON NIGERIA’S ECONOMY**

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**ABSTRACT**

This study examines the impact of fuel scarcity on Nigeria’s economy. Specifically, the study determines whether hoarding and smuggling if stopped or curtailed especially in Enugu, can prevent fuel scarcity equally, determines whether none payment of salaries to the distributors of fuel can lead to fuel scarcity and finds out whether government’s reduction of fuel prices, will affect fuel scarcity. The study employed the survey descriptive research design. A total of 141 responses were validated from the survey. The study adopted the frustration–aggression hypothesis. From the responses obtained and analysed, the findings reveals that hoarding and smuggling if stopped or curtailed especially in Enugu, can prevent fuel scarcity equally, presidential involvement can help to stop fuel scarcity in Enugu State. The study also found out that none payment of salaries to the distributors of fuel leads to fuel scarcity. The study recommends Management of NNPC and associated agencies should work against the found causative factors of petrol scarcity by applying an appropriate strategic management.

**CHAPTER ONE**

**INTRODUCTION**

* 1. **BACKGROUND OF THE STUDY**

Until the early 70’s, the mainstay of Nigeria economy was agriculture. Then the country was famed for her proficiency in the production of groundnuts hence the Kano groundnut pyramids, oil palm and the faster part of cocoa in the western part of the country.The discovery of oil in the country in commercial quantities brought about radical changes in the economy of the nation. All other sectors seemed to have gone into oblivion and indeed were abandoned thereby making the country to be totally dependent on oil for her foreign exchange earnings; not agriculture any more. All effort made since then to diversify the economy of the country have come to naught (Ovaga, 2012). As expected, the narrowing of the economy to a monolithic export commodity has its attendant drawback as oil by virtue of its importance to the economics of nations has inevitably become a subject of political manipulation. But the greater danger for Nigeria is that as a sole commodity of the nation and the inherent total dependency on oil has made the country’s economy revolve around it. Virtually all essential service rendered in the country revolves it. Almost all other sectors of the economy depend on oil.Any contemplation therefore of a possible scarcity or unavailability of the product will no doubt spell doom for the economy of the country (Sikkam, 2009).

Just like water and air are important to the living human being for daily duties and hitch-free survival, the importance of fuel to automobile cannot be over looked. A typical situation is in the case halts because of the fact that there is shortage of fuel. The importance of fuel in this our developing and technically inclined economy is fast like the mixture of oil and salt as far as the economy forgets growth as one of its goals. Fuel is used in a variety of activities ranging from production, mobility, cooking, electricity supply, sources of foreign exchange, to mention but a few. To this extent one would accept that fuel plays a great role in the life of every citizen of the country and the country as a whole.

Yemi (2012) opined that fuel scarcity has plagued the nation recently appeared to be worse at the beginning of these years it caused a lot pain anguish and dislocation of economic and sundry activities. There was hardly any individual industries institutions and organization in Nigeria today that was not severely affected. It is widely believed in government circles what perennial fuel crisis is largely caused bottlenecks in the distribution system. But a survey show that the bottlenecks and other associated problem are caused by conflicting activities of multifarious government agencies.

Besides there are problem of manpower shortage inadequate funding lack of materials legal limitation and safely of which increase the crisis in Nigeria despite the effort of DPR some encourage and sell adulterated fuel (Nwankwor,1981). The crisis situation worsening day after day when some fuel stations sold fuel in the night to the a black markets in which they will increase the rate from N350 to N500 per gallon depending on the level on the level of adulteration with kerosene. The fuel scarcity was believed to be worse in certain occasions by hoarding fuel diversion smuggling and under deliver at retails outlets have been rampant with the overall co-operation monitoring and general supervision of product random sampling at several filling stations and observed that the perennial fuel shortage was caused by filling stations. Despite all the efforts of the ministry and parastatals the NNPC has almost found it impossible to eliminate the activities of saboteurs in the oil industry in the country. Investigation has shown that between January and March 1999 Nigeria has had a daily local consumption of 8.509 million liters of fuel supported with 6.883 million liters imported fuel thereby bringing the product available to 15.392 million litters. Allwell (2012) suggests that smugglers and saboteurs in the country contributed so much to the scarcity.

* 1. **STATEMENT OF THE PROBLEM**

Despite the NNPC official attempt to arrest the lingering fuel crisis culminating in the first even “operation crush” nationwide exercise the problem has refuse to go.The station is blamed on the activities of economic saboteurs who divert greatest percent of the fuel supply meant for daily consumption to the black market. Nwosu(2009)said that as long as poor pricing of petroleum product the high pricing in neighboring countries continued the smuggling of oil outside the country would remain a lucrative business. Arinze (2011) opined that the fuel shortage is a reflection of bad management. Irrespective of the negative effects of fuel price increase, the Federal Government of Nigeria on January 1st,2012ceased to subsidize petroleum In Nigeria, for decades Nigerians have enjoyed low gasoline prices, Now that this benefit has ended, what are the economical implication other that the popular planed protest by various groups such as labour, occupy Nigeria and fuel subsidy, on the nation. The economical effects, without auguring for or against subsidy removal, are what this paper will try to capture. The Government of Nigeria would have to consider these effects now or deal with it In the near future.

Such effects include hikes in transportation fares, journey that normally costs ten Naira (N50) a drop now costs twenty Naira (N100) to one hundred and fifty Naira (150) a drop, which represents a total increase of 200 percent. Conversely the daily spending of the average citizen has increased due to the sky rocketed increases in foodstuff, which was occasioned by the fuel scarcity (Ovaga, 2012).

Furthermore, lateness to duty or offices has been heightened as a result of lack of commuter buses and taxis to take them to their various destinations.

* 1. **OBJECTIVES OF THE STUDY**

The main aim of this study is to examine impact of fuel scarcity on Nigeria’s economy. Specifically, this study seeks to:

1. Determine whether hoarding and smuggling if stopped or curtailed especially in Enugu, can prevent fuel scarcity equally.
2. Determine whether presidential involvement can help to stop fuel scarcity in Enugu State.
3. Determine whether none payment of salaries to the distributors of fuel can lead to fuel scarcity.
4. Find out whether government’s reduction of fuel prices, will affect fuel scarcity.
   1. **RESEARCH QUESTIONS**

The following research questions will be answered in this study:

1. Can hoarding and smuggling if stopped or curtailed especially in Enugu, prevent fuel scarcity equally?
2. Can presidential involvement help to stop fuel scarcity in Enugu State?
3. Can none payment of salaries to the distributors of fuel lead to fuel scarcity?
4. Does government’s reduction of fuel prices, affect fuel scarcity?
   1. **SIGNIFICANCE OF THE STUDY**

This study will be of great benefit to the Nigeria National Petroleum Company (NNPC) who is not the sole cause of fuel scarcity. This study will help them to find out those people or those things that contribute to fuel scarcity and take drastic measure to combat them.

This study or research will be of immense benefit to the government because if there is fuel scarcity, it then means that crude oil is also insufficient by this; the government will not have enough oil to transport in order to get foreign exchange.

This study will also be of great benefit to car owners and businesses because if the fuel scarcity is rectified and resolved all business will start improving and progressing.

From this study, the rural drivers will find it easy to transport their farm product from the rural area to urban zones because the cost fuel will be on a lower side.

Also from those research work, it will be kind of encouragement. In that when the cost fuel is low, the cost of transportation will be also low, and these can lead also to low price of commodity been transported.

**1.6 SCOPE OF THE STUDY**

This study focuses on the impact of fuel scarcity on Nigeria’s economy. Specifically, this study focuses on determining whether hoarding and smuggling if stopped or curtailed especially in Enugu, can prevent fuel scarcity equally, determining whether presidential involvement can help to stop fuel scarcity in Enugu State, determining whether none payment of salaries to the distributors of fuel can lead to fuel scarcity and finding out whether government’s reduction of fuel prices, will affect fuel scarcity.

Selected residents in Enugu metropolis will serve as respondents for the survey of this study.

**1.7 LIMITATIONS OF THE STUDY**

The research work is limited to fuel scarcity in Nigeria with a case study of Enugu metropolis. This study was carried out purely as an academic exercise and therefore could neither receive any financial support form the government or any private enterprise. The limited financial resources of the researcher is thus a major handicap and thereby resulted in limiting the study only to Enugu metropolis. Time factor also proved a major constraint.

**1.8 DEFINITION OF TERMS**

**Fuel Scarcity:** This refers to the fact that sources of fuel in an economy are not endless.

**CHAPTER TWO**

**REVIEW OF LITERATURE**

**2.0 INTRODUCTION**

Our focus in this chapter is to critically examine relevant literature that would assist in explaining the research problem and furthermore recognize the efforts of scholars who had previously contributed immensely to similar research. The chapter intends to deepen the understanding of the study and close the perceived gaps.

Precisely, the chapter will be considered in three sub-headings:

* Conceptual Framework
* Theoretical Framework and
* Empirical Review of Related Literature

**2.1 CONCEPTUAL FRAMEWORK**

Oil exploration in Nigeria could be traced back to 1908 when a German company [Nigerian bitumen corporation started chilling of cretaceous sands of Niger Delta. Shell Darchy , the pioneer oil exploration and producing company was incorporated and granted concession right to prospect for oil in 1936.production and export of crude oil took effect in 1959 at a rate of 5100 barrels per day (Ovaga, 2012).

The success of shell spurred many other multinational oil company to join in the scumble for Nigeria crude oil. Among these were MOBIL, NIGERIA AGIP OL COMPANY , NIGERIA GULF OIL COMPANY SATRAP [ NOW ELF].others are TEXACO,PAN OCEAN, PHILP OIL ESSO AAND ASHLAND.

Major activities of these oil companies are centered in Delta , Rivers , Cross Rivers , and Imo state .

These include the off shore and on shore locations. Some of the on shore fields which produce most Nigeria crude oil are located at Bonu, Obigbo north , and east , elenwa ,umuechem, in rivers state , oguta and izombe in Imo state . off shore are located in aqua- Ibom in cross rivers rennington , forcados and escravos in Delta state.

The Nigeria economy can largely be described as one with a strong petroleum industry superimposed over an underdeveloped industrial base. Presently Nigeria is growing into a more economic country by depending Marjory on oil revenue. The dominance of oil in the Nigeria economy because a reality after the resumption of oil production at the end of the civil war, [1967-1970] it virtually because predominant after the fuel price increase of 1973 /74. Most recently is the one about to struck the nation now , take from Daily Champion News Paper. Monday march 17, 2003, “fuel price like :NLC threatens showdown with FG” was the capital. I wounded were we are leading to, I wounded if the federal government understands that the comfort of new citizen is the price of a government revenue of about 90% of the federal government revenue (Ovaga, 2012).

Fuel scarcity that struck the nation in recent times appears to be continuing without end. Disturbing as the picture might be the situation on the ground shows that a petroleum endowed nation which is one world’s major producers and a member of the organization of petroleum exporting countries [OPEC] with a daily quota of 1.865 million barrels and also one whose four vetira have combined production of 445,000 barrels per day is in the throes of a domestic oil shortage. Petroleum scarcity is usually characterized by the emergency of long queue of vehicle queue for about four days to obtain fuel at exorbitant price. Taking a critical view of this problem one would discover that ‘there is a long list of players from the supply of petroleum product through the refineries to the end users. Some of the participant in this chain of distribution have acquired the role of middlemen adults. Mr Chamberlin oyibo , the managing director of the Nigeria National Petroleum Corporation [NNPC] (Ovaga, 2012).

These middlemen operate from a sewing lack of control. The cause of petroleum scarcity could be trace to a complex process where many people and actions contribute, from crude oil through refining to the PPMC [pipeline and product market company ] the tanker drivers and owners. Independent marketers, retailers and consumers all collectively contribute knowingly or unknowingly to petroleum scarcity by their acts of omission or commission.

**Petrol Genealogy, Causes of Scarcity and Crisis Situation in Nigeria**

Petrol (otherwise called gasoline) is a byproduct of petroleum or say crude oil. The word was borrowed from French pétrole, which in turn came from Latin petroleum (itself taken over directly into English in the 16th century). This means ‘rock-oil’. Carless Capel, a German wholesaler was the first company to register ‘petrol’ as a trade name in year 1892. It is also called Benzin in Germany which is derived from a chemical named Benzene (Energy Bulletin, 2011). Other byproducts of petroleum are Liquefied Petroleum Gas (LPG), diesel, kerosene, etc. All are energy rich fuels. Initially, petrol was used as cleaning liquid to remove strains. It was available in cans. Petrol is also used for lighting in the form of white gas which is highly purified petrol. By 1950′s oil took over as major fuel from the reigning coal and so started evolution of filling stations. Petrol has been the main reasons for the developments in car engines since last 100 years. Most of the car engines are designed according to the kind of petrol available at that time.

Scarcity happens when there is low supply of something that is in a high demand. When this happens, people are prone to paying more for a product. If all of our products and resources are scarce, then we may see inflation. Petrol scarcity situation in Nigeria is very discerning and ugly. The situation is such that has plagued the nation and caused a lot of pains, anguish and dislocation to economic and sundry activi- ties. There are hardly any individual industries, institutions and organization in Nigeria today that is not severely affected.

On the causes of petrol scarcity in Nige- ria, government circles attributed it largely to bottlenecks in the distribution system. This conjectured belief was substantiated by the re- sults of the study conducted by the Departments of Petroleum Resources (DPR, 2012) as well as by Furtado and Suslick (1993). The results indicated that petrol scarcity or crisis in Nigeria is caused by fraudulent marketers who, despite the effort of DPR, encourage and sell adulterated products. The crisis situation worsening day after day when some fuel stations sell petrol in the night to the black markets in which they increase the rate far above the approved price depending on the level of adulteration. Other causes of petrol scarcity were found to include product hoarding, diversion, smuggling, under- delivery of products at retail outlets, conflicting activities of multifarious government agen- cies, manpower shortage, inadequate funding, lack of materials, legal limitation and, safety of personnel also cause petrol scarcity. In the opinion of Vincent (2013), the petrol shortage is a reflection of bad management.

In all, it may be safer to say hypothetically that the presence or absence of good governance account for the presence or absence petrol scarcity. According to Onwuka (2010), the big- gest problem, which we have here, is pipeline vandalism. The issue of oil pipeline vandalism as a major cause of fuel crisis could be looked at from the angle of frustration – aggression theory. According aggression, vandalism of oil pipe- lines is the outcome of frustration. Gurr (1970) opined that where expectation does not meet attainment, the tendency is for people to confront those they hold responsible for frustrating their ambitions. He further stated, “the greater the discrepancy, however marginal, between what is sought and what seem attainable, the greater will be the chances that anger and violence will result”. In other words, crisis or conflict occurs when the governed are frustrated by the way they are governed especially with respect to deprivations of the basic needs of life.

This explains why oil pipelines have, many times, been blown up or damage done to many of the oil installations not only by militants in the Niger Delta area but also in many other parts of the country. The worst aspect is that many Nigerians are not patriotic enough to report such vandals. Another major cause of petrol crisis in Nigeria is corruption and nonchalant attitude of some of the leaders. In fact, high level corruption could be seen as the bane of Nigeria‘s oil industry and the cause of incessant petrol crisis. Historical evidence shows that the First Republic in Nigeria (1960-1965) was terminated by military intervention because of the excesses of corrupt politicians (Ademoyega, 1981). Other causes are inadequate refineries and malfunctioning or under functioning of existing ones (AFRICAN NEWS, 2013).

**Effect of the Increases in Fuel Prices on Economic Growth in Nigeria**

It is a common knowledge today that fuel scarcity worsens inflation and poverty in Nigeria and many workers will lose their jobs as companies will find it difficult to cope.Arinze (2011)itemized theeffect as follows:

**Fuel crisis paralyzed social and economic activities**, it brings about socio-economic unrest which result in increase in transport fare, sky rocketing of market prices and prices of building materials.

**High rate of inflation:** this leads to increased spending both by government and private individuals. Fuel scarcity creates inflation in both public and private life with a consequent increase in prices of goods and services.

**Excessive corruption and mismanagement:** Fuel crisis bring about corruption by both government and private individual. Corruption however, discourages foreign direct investment.

**Retardation in economic growth:** It slows down the pace of economic development because of its negative impact on the socio-economic life of the people.

v.Importationcost of fuel: It leads to huge and excessive public expenditure on importation of fuel to augment local production which in itself is an indication of an unhealthy economy resulting in accumulated balance of payments deficit of a country. The attendant consequences of this includes abandonment of several on-going economic and infrastructural development projects to meet the foreign exchange requirements for the purchase of refined petroleum products from overseas countries to augment local consumption, poverty and underdevelopment (Ovaga, 2012).

**Fire disaster:** During fuel scarcity, the product becomes more available in the hands of unauthorized road-side dealers (black marketers) who take undue advantage of the unfortunate situation to sell the product at exorbitant prices and engage in profiteering.

The unauthorized dealers also engage in reckless storage of this product in exposed tanks, drums and buckets roadside to extort money from members of the public. This however has resulted in several economic losses, deepening underdevelopment and poverty in our society as in some cases, the exposed tanks get exploded into flames that have burnt people’s houses and vehicles and even loss of life in the process (Ovaga, 2012).

**Effects of Fuel Price Hike on Purchasing Power**

There is no doubt that the recent increase in the price of fuel by 49 per cent, from N65 to N97, by the Federal Government of Nigeria has started to trim down the purchasing power of the people, especially the poor masses, who have always been at the receiving end of every harsh economic policy introduced by government.

Cyoh (2012) has argued that an increase of such magnitude in the current Nigerian economic context is, without doubt, a process that is either inadvertently or deliberately conceived to take money away from the pockets of all Nigerian income earners, with over 70 per cent of Nigerians who live on below N360 per day, as the prime victims.In reality, anyone in this category will end up with over 50 per cent of his daily income, which is about N155 per day, inevitably dedicated to transport costs, while the remaining is expected to cater for family feeding, health, education and other social expenses.

Olorunfemi (2012) predicted that inflation rate would fluctuate between 13 and 14 per cent for most part of 2012.An investment and research firm, Renaissance Capital said it expected inflation to rise from a projected 10 per cent to between 13 and 14 per cent between January and March and average about 15 per cent for the year, 2012.It, however, said that should the government be persuaded to phase the removal of petrol subsidy as a means of easing the burden of price increases, then the increase in inflation could be lesser than 15 per cent for the year. The inflation rate had been a source of worry for the Central Bank of Nigeria, which struggled throughout 2011 to reduce the figure to a single digit rate.Nigeria’s inflation rates experienced a wavy flow for most parts of 2011, from January till December 2011. Although, the National Bureau of Statistics attributed the development to the upward and downward movement in the prices of food items, it also linked the movement to increase in the price of kerosene across the country (Ovaga, 2012).

Inflationary figure for January 2011 was 12.1 per cent as against 11.8 per cent recorded in December 2010. This, according to the NBS, was due to hike in the price of kerosene experienced across the country and increase in the prices of some household items and building materials.In the month of February, inflation declined to 11.1 per cent. As the country was trying to regain its balance, the rate yet increased to 12.8 per cent in March, the highest in the year, as a result of the major determinant, according to the monthly release by NBS.April inflation rate was put at 11.3 per cent which was slightly lower than the 12.8 recorded in March.There was a huge jump again in May from 11.3 per cent recorded earlier to 12.4 per cent. The statistical data in May revealed that the percentage increase which was higher than the corresponding level a year ago was as a result of the planting season in the country.In June, the inflation reduced to 10.2 per cent as against the corresponding month which was 12.4 per cent (Ovaga, 2012).

The CBN’s expected single digit inflation rate was recorded for the first time in the country in July as it declined to 9.4 per cent from the June rate of 10.2 per cent.From the first single digit recorded in July, the rate also declined with 0.1 per cent as it dropped to 9.3 per cent in August.In the month of September, the inflation rate rose to 10.3 per cent as against 9.3 per cent recorded in August. The inflation rate for October 2011 rose to 10.5 per cent as against 10.3 per cent recorded in the preceding month, and was maintained at 10.5 per cent in November.The usual seasonal hike in commodity prices during Christmas was unable to push up Nigeria’s inflation which rather moderated to 10.3 per cent in December 2011, slightly lower than the 10.5 per cent recorded in November.

Analysts believe that the inflation rate this year would shoot up to at least 15 per cent, even as the CBN agreed that inflation would accelerate to 14 per cent or 15 per cent by mid-year, from 10.5 per cent in November, however, taking into account the initial full removal of fuel subsidy on January 1 (Ovaga, 2012).

The Managing Director, Sotice Investment Company Limited, Mr. AdedayoToluwase, said several millions of Nigerians would live poorer and suffer more than they had ever done in recent history in 2012. He said, “More than ever in the history of the country, more Nigerians will sink further below the poverty line. The prices of goods and services have increased at the same time that wages remain stagnant and unemployment remains a nationwide scourge. More than 70 per cent of Nigerians lack the usual or socially acceptable amount of money or material possessions needed to live a happy life. This unfortunate category of Nigerians lack material comfort and in plain language they live from hand to mouth (Ovaga, 2012).

“The increase in the price of fuel will automatically reduce the purchasing power of Nigerians. It will increase their fears and deteriorate their health status. Food, water and housing are three important parameters to measure the values of our lives and these things have become elusive to the masses in Nigerians. With the increase from N65 per litre to N97 per litre, Nigeria is now the most expensive place to buy petrol in all oil producing nations.”It is rather paradoxical that the CBN would lend support to any policy that would instigate the rate of inflation to such an oppressive level. In successful economies elsewhere, an inflation rate above four per cent is considered as socially and economically oppressive and offensive, and government policies would be recognised to have failed. Indeed, with inflationary rate of up to 15 per cent, motivation for savings becomes meaningless.Government, however, has said that a lot of the concerns about inflation were a bit exaggerated.

Forex reserves will improve because we spend so much money importing petroleum products. If our reserves don’t go up, then everybody believes that the naira is going to be weaker and we will have pressure on the currency. So, the savings from fuel subsidy will increase reserves, reduce the pressure on the currency and improve our ability to contain inflation. We may even have enough reserves to strengthen the naira.”Similarly, the Managing Director, Financial Derivatives Company Limited, Mr. BismarkRewane, said in an interview, “Life may be harder for the people but I don’t subscribe to the opinion of some analysts that inflation will shoot up above 20 per cent (CBN, 2005).

**Concept of Subsidy**

According to the Academics Dictionary of Economics (2006) defined subsidy – “The cash incentive given by the government to an industry with a view to lower the price of the product of the concerned industry and to raise its competitive power is known as subsidy. This may be given as a counter balancing measure to the imposition of the custom duty (In the nature of protection duty) by an importing country government. One important objective of subsidy is to keep its prices below the cost of production.”

Furthermore, subsidy can also be defined as any measure that keeps prices consumers pay for a goods or products below market levels for consumers or for producers above market. Subsidies take different forms. Some subsidies have a direct impact on price. These include grants, tax reductions and exemptions or price controls. Others affect prices or costs indirectly, such as regulations that skew the market in favour of a particular fuel, government sponsoring technology, or research and development. Thus, there are two major classes of subsidies – production subsidies which is associated with developed countries and;Consumer subsidies, which are found mainly in developing countries like Nigeria.A subsidy is a reverse tax. It is a deliberate attempt by government to support a chosen economic agent – a consumer and a producer and it can be applied in any market that involves the buying and selling of products and or services. A subsidy as defined by the OECD in a study is basically government action that decreases the consumption price of the consumer and or increases the selling price of the producer (UNEP, 2002)

Finally, subsidies enjoy widespread use in several countries and several commodities such as petroleum products, food or farm inputs liker fertilizer and machinery. Though, a subsidy can be a very powerful policy tool that can be used to address market failures or achieve social objectives. It may also be an artificial tool to skew markets and this can impose large economic costs with huge negative externalities such as corruption. Since government is the primary provider of subsidies, it is expedient that policy makers should be well equipped to decide whether, where and when to provide subsidies. It is equally important that any such subsidy injection should adequately recognise the costs to the economy of distorting competition when assessing subsidies and to identify where, if possible, such costs may be minimized.

**Role of Fuel Subsidy**

Arize (2011) maintained that the electricity is an essential tool which drives industrialization and hence a key factor in national economic growth and development. The generation of electricity is pivotal to the availability of electricity for energy consumption. There are several medium for the generation of electricity but the bulk of electricity generation in developing countries is through the use of petroleum product or fuel; Turbines are run on fuel powered generators. This implied the significance of fuel to national development. Thus whatever happens to fuel supply will has impact on economic growth and development.

Afolabi (1999) put that it has been shown in the past that any significant increase in the fuel price often cause economic recession, such as witnessed in 1973 and 1979. One way in which the government had made fuel sufficiently available and affordable to the low –income earner is through subsidy. The introduction of subsidy indirectly promote economic growth and development as a result of the affordability of the price of goods which provides an enabling point for the middle class citizen to contribute significantly to the economy. Lesson from China shows how subsidy had contributed significantly to economic growth and development. The success could be attributed to the affordability of energy and hence an increase in its demand.

Nwosu (2009) equally maintained that subsidy removal though will play significant role in nation building it is not the absolute resort to improve the economy. While it looks significantly important, there are other measures that could be adopted even without subsidy removal which would improve the economy significantly. And the presence of subsidy will play a pivotal role to the accomplishment of this measure as is being witnessed in china. The removal of government benefit to the people in the form of subsidy will have a negative impact on the low to middle income earners. The middle income earners have been identified as the group of people in the nation, whose activities mostly drive economic growth and development. The high cost of commodities following the removal of subsidy will constitute an impediment to the good plan of the government associated with subsidy removal.

**Impacts of Fuel price increase on Economy**

Fuel price increase according to Onwioduokit & Adenuga (2012) would have the following negative effects: -

**Increase in cost of production:** Removing fuel subsidy while at the same time devaluing the naira would result in increase in the cost of production for the few companies that are still existing. This would lead to more job losses (as the companies would be forced to down-size in order to survive) in addition to the unavoidable increase in the cost of the companies’ products is the increase in the cost of providing services Removal of fuel subsidy would make nonsense of the proposed 2012 budget estimates because the astronomical inflation arising from subsidy removal would not have been factored into the budget. It will certainly cost much more to construct a kilometer of road or a borehole for example when subsidy is removed. In actual fact, simple photocopying paper would cost much more post subsidy removal than is the case now. So how can anyone convince us to expect more dividends of democracy when fuel subsidy is removed?(Ovaga, 2012).

**Increase in the cost of transportation:** Everybody appreciates the fact that when motorists pay more for fuel, the transport fare increases. This has been the case even when the increase is only marginal. In the particular case where the cost of fuel is expected to double, the increase in transport fare will be astronomical. This will in turn affect everything else – school fees, house rent, just name it.

**Increase in cost of living:** In addition to school fees, house rent, etc. the cost of every item of food will astronomically increase with removal of fuel subsidy and, for all sane people, this is where the trouble is. When poor people are unable to eat because they cannot buy roasted corn or yam (which they usually eat as meal) as is bound to happen when fuel subsidy is removed, there will be no peace in this country. This is a fact we must accept and it is one reason why the implications of all policies must be rigorously scrutinized before decision is taken. For any responsible government this is enough reason to jettison the idea of fuel subsidy removal (Ovaga, 2012).

**Increase in corruption:** Removal of fuel subsidy and devaluation of the naira would render the salaries received by civil/public servants at all levels inadequate. The tendency is that corruption, which the government has proved incapable of fighting, would increase. This has always been the case and there is no reason why this will not happen now. First, if marketers (and this includes the companies that have been licensed to build refineries) import fuel and sell on the basis of the bogus PPPRA template when subsidy is removed, nothing will encourage them to build refineries. This is because they will make much more money through importation than they would by refining crude oil. Secondly, constructing new refineries would cost much more when fuel subsidy is removed and the naira devalued. That will also be a disincentive to building new refineries.

**Impacts of Fuel price increase on the Balance of Payment**

The relationship between fuel subsidy removal and the balance of payment is a negative one. This means that subsidy removal is not good for Balance of Payment (BOP) of Nigeria. From the above explanation of the negative effects of fuel subsidy removal, it is clear that increase in fuel pump price has an adverse effect on the standard of living of the people, since fuel is essential for the transportation of major Nigerian commodities, such as Agricultural produce and other market products. Increase in fuel price usually has serious macroeconomic effects throughout the globe, which may adversely affect economic growth and could lead to inflation and large swings in term of trade, with important balance of payments repercussions. This study reviews the immediate effects of the higher food and fuel prices on the balance of payments of net importers of these items, on overall inflation, and on poverty, within Nigeria (Ovaga, 2012).

It is also clear that each time there is an increase in the pump price of fuel the value of naira depreciates, which in effect, affect the purchasing power of the Naira, hence, a higher level of financial instability among Nigerians. The upsurge in the pump price may lead to an increase in poverty level hence posing a challenge to the long term vision of reducing poverty in the country. The balance of payments is badly affected because the inflation that results from fuel subsidy removal can discourage foreign investors because the naira would not have any value again. Hence, there is capital flight and Nigeria would experience unfavourable balance of payments.

Again, importers of all kinds of goods especially capital goods would incur more financial burden to import few goods. And the foreign countries would spend less to trade with Nigeria which makes them record favourable balance of trade and Nigeria recording unfavourable balance of trade.Finally, the situation is made worse when the local demand outweigh (more than) aggregate supply. This is true of high rate of consumption. This would lead to high demand for foreign goods both consumer and producers goods and intermediate goods with attendant unfavourable balance of trade (Ovaga, 2012).

**Effects of Recent increases in prices of Fuel on economic growth in Nigeria**

The Federal Government of Nigeria on January 1st ceased to subsidise petroleum In Nigeria, for decades Nigerians have enjoyed low gasoline prices, Now that this benefit has ended, what are the economical implication other that the popular planed protest by various groups such as labour, occupying Nigeria and fuel subsidy, on the nation?

The Government of Nigeria would have to consider these effects now or deal with it In the near future.The growth of real (inflation-adjusted) GDP will reduce if the price of petrol is to stay as is. In addition, 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 (Strang, 2012). Households’ income and spending will both be affected by the rise in petrol prices. The value of minimum wage compensation will depreciate further (assuming it is finally at N18, 000) combined with the increase in inflation. 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.The fall in the saving rate, will erode about half of Nigeria's present middle-class citizens and further dampen the negative effects that higher prices would ordinarily have had on the economy in the short run. Consumer spending will be diminished greatly over the next few years, as citizens try to adjust and build up new savings.

**Business must pay attention to energy efficiency and create an active corporate energy strategy**

According to Strang, (2012), corporations and non-energy producing firms are not left-out and will be indirectly affected by the energy price hike, affecting their bottom line. It is well documented that the Nigerian power industry barely supports 20 percent of the Nations needs; Corporations in turn will push their losses on consumers. On the other hand, the profits of energy producing companies will increase sharply. Most energy using industries will be able to pass on the higher costs of energy to their customers as it’s seen on the streets of Nigeria today.GDP is expected to largely rebound from its short- term losses since majority of Nigeria's revenue is from the sale of oil, although the shift in oil prices is likely to keep the level of GDP over the next 5 years lower than it would have been otherwise. In addition, Nigerian standard of living will be depressed to a greater extent than will GDP.

**Effects of fluctuations of price of crude oil on the price of petrol at the local filling stations**

Many people believe that the increase in petrol prices will lead to sharp slowdowns, in economic growth and the risk for small businesses would be at historical highs.The global economy and most important the Nigerian economy has been at very weak points in their business cycle for the past three years, following the banking crises in Nigeria which is yet to be fully resolved (Strang, 2012). The central bank struggles throughout this period to control inflation and spending billions of dollars trying to defend the Naira, is a indicator of the general health of the economy. Nigeria's economic structure at this time is not able to respond to price shocks of over 100 percent increase today.

**Strategic Management Approaches Applicable to Managing Petrol Scarcity**

Strategic management analyzes the major initiatives taken by a company’s top management on behalf of owners, involving resources and performance in internal and external environments (Nag, Hambrick & Chen, 2007). Strategic management is concerned primarily with responses to external issues such as in understanding customers’ needs and responding to competitive forces. Academics and practicing managers have developed numerous models and frameworks to help managers make strategic decision and understand the infinitely complex macro-economic environments (Strang, 2012). Some of the qualitative strategic approaches considered in this study are discussed below.

**SWOT Analysis and Management of Petrol Scarcity**

SWOT stands for strengths and weaknesses, opportunities and threats. It is one of the most basic and widely-used strategic management approach which is often used to examines both internal elements (strengths and weaknesses) of the organization- and external elements (opportunities and threats). Strengths and weak- nesses are often internal to your organization, while opportunities and threats generally relate to external factors. For this reason the SWOT analysis is sometimes called Internal-External (IE) (Yemi 2012).

SWOT Analysis is a useful technique for understanding your Strengths and Weaknesses, and for identifying both the opportunities open to you and the threats you face. By using SWOT analysis the incessant scarcity of petrol could be reduced. This is because the internal and external analysis would be able to identify other strategic areas of making gains apart from involving in unethical petrol marketing practices like hoarding, smuggling and adulteration of the product all of which result in petrol scarcity. As would be tested in this study, SWOT analysis is expected to provide alternative strategic management solutions to the problem of petrol scarcity in Nigeria (Yemi 2012).

**PEST Analysis and Management of Petrol Scarcity**

PEST is an acronym for politics, economics or environment, social and technological factors. This strategic management approach examines macro-economic environmental factors such as politics, economics, social factors, and govern- ment regulation. Other known acronyms derived from PESTare: STEEP, PESTLE, PESTEL, and STEP. The PEST acronym is well known and used all over the world as a basis for external analysis. One of the causes of petrol scarcity in literature was government and environmental related in terms of corruption, poor governance and access road. The application of PEST would help dealers and managers of petrol resources to identify those political, economic, social and technological factors that impeded free and smooth supply of petrol product in Nigeria (Yemi 2012).

**The Porter Five Forces Analysis**

According to Onwioduokit & Adenuga (2000), this strategic management approach helps to determine the competitive intensity and therefore attractiveness of a market. Named after Michael E. Porter, (Porter, 1996), this model identifies and analyzes five competitive forces that shape every industry, and helps determine an industry’s weaknesses and strengths. The five forces are supplier power, buyer power, competitive rivalry, threat of substitution and, threat of new entry. Arguably, regulation, taxation and, trade policies make government a sixth force for many industries (Yemi 2012). Five forces analysis helps organizations to understand the factors affecting profitability in a specific industry, and can help to make decisions relating to whether or not to enter a specific industry, to increase capacity in a specific industry and, to develop competitive strategies. This approach helps in explaining the relationship between the supplier and buyer in the petrol distribution chain. In the context of petrol scarcity, the supplier plays a major role by ensuring the supply of the product to buyers, failure of which will culminate into scarcity situation. When this strategic approach is applied, this relationship would be examined critically and possible avenues of inefficiency identified and provided for in the overall management decision concerning petrol availability and affordability in event of a soured relationship between the supplier and the buyer (Yemi 2012).

**Solutions for fuel scarcity in Nigeria**

According to Akpan & Nnamseh (2015), fuel being so important to the vehicle is mostly affected once there is a scarcity. The effect of fuel scarcity in Nigeria has gone out of hand. Fuel scarcity causes a lot of harm to the society in so many ways:

a). It increases the cost of transportation

b). Social unrest

c). Electrical Faults

d). The cost of food item and living

e). Adulteration of fuel and so on

The fuel scarcity has contributed to the increase of these mentioned above. There are causes of fuel scarcity in Enugu State.

1. Poor management
2. Lack of qualified personnel
3. Hoarding of fuel
4. Smuggling of fuel
5. Inconsistent and poor governmental responses.

All these draws a set back on the smooth running of fuel industry. It also brings about disaster and confusion in our country Nigeria. There is also poor distribution of fuel in Nigeria (Akpan & Nnamseh 2015).

Lastly, all hands must be on deck to ensure efficient distribution of fuel in Nigeria. Again, we all should help to stamp out this incidence of hoarding, adulteration and division of this great commodity by reporting to the appropriate authority any act that in one way or the order contribute or increase these problems.

If appropriate measures are taken in handling this problem, fuel scarcity will be a forgotten story in the history of Nigeria.

**2.2 THEORETICAL FRAMEWORK**

**Frustration–Aggression Hypothesis propounded by Dollard, Miller, Doob, Mowrer, and Sears in 1939**

The frustration–aggression hypothesis, also known as the frustration–aggression–displacement theory, is a theory of aggression proposed by John Dollard, Neal Miller, Leonard Doob, Orval Mowrer, and Robert Sears in 1939, and further developed by Neal Miller in 1941 and Leonard Berkowitz in 1969. The theory says that aggression is the result of blocking, or frustrating, a person's efforts to attain a goal.

When first formulated, the hypothesis stated that frustration always precedes aggression, and aggression is the sure consequence of frustration. Two years later, however, Miller and Sears re-formulated the hypothesis to suggest that while frustration creates a need to respond, some form of aggression is one possible outcome. Therefore, the re-formulated hypothesis stated that while frustration prompts a behavior that may or may not be aggressive, any aggressive behavior is the result of frustration, making frustration not sufficient, but a necessary condition for aggression (Akpan & Nnamseh 2015).

This theory applies to this study by positing that scarcity will occur if people do not have enough to survive as when petrol scarcity takes place, and relatively when people have enough to survive but have less than those around them.

**2.3 EMPIRICAL REVIEW**

A study by Ocheni (2015) on “Impact of Fuel Price Increase on the Nigerian Economy”, the study revealed that everybody appreciates the fact that when motorists pay more for fuel, the transport fare increases. This has been the case even when the increase is only marginal. In the particular case where the cost of fuel is expected to double, the increase in transport fare will be astronomical. This will in turn affect everything else – school fees, house rent, just name it. Therefore, this study took a critical look at the impact of Fuel price increase on the Nigerian economy(Whether negative or positive).The study adopted a survey research design approach to evaluate the level of effect the fuel price increase has on the Nigeria economy. The population of the study is made up of Civil Servants -CS, market men and women-MMW and staff in the private sectors- SPS concerned with petrol and gas affairs. A sample size of 120 persons was selected at random. It was distributed as follows: Civil Servants (18), market men and women (55) and staff in the private sectors (47). A pre test was conducted and outcome yield “r”= 0.92 indicating a high degree of consistency and reliability. The instrument was 8- term survey questionnaire with a - 5 Likert scale response options of Very Relevant (VR), Relevant (R), No Effect (NE) Irrelevant (I), and Very Irrelevant (VI). The questionnaire was structured in line with the research objectives, questions and hypothesis of the study. The Pearson product moment correlation coefficient was used to confirm formulated hypotheses. Finding revealed that there is a significant relationship between the recent increases in fuel prices and economic growth in Nigeria. It was also discovered that the Nigeria economy is not developing because of the effect of fuel price hike on purchasing power and finally the finding showed that there is significant relationship between increase in pump price of petroleum and food security. The paper recommended that Government should retain fuel subsidy while expediting the construction of the three proposed refineries; Fuel subsidy should be removed as soon as these new refineries are commissioned; the proposed rehabilitation of the existing refineries should be expedited; Government should vigorously pursue the revitalization of the railways. If only Nigerians had alternative to road transport, all this noise about fuel subsidy removal would not have been there and Private companies should be encouraged to start building refineries now with the assurance that subsidy would be removed before they start production.

A study on “Analyzing Petrol Scarcity Risk in Nigeria: Strategic Management Survey and SWOT” by Akpan & Nnamseh (2015), the study showed that petrol scarcity is a malady and a serious economic problem in Nigeria. Successive governments have, often times, used it as a case for political advances, yet petrol scarcity remained an undefeatable macroeconomic monster in Nigeria. The need for petrol, its availability and affordability is obviously important especially as the risks and its attendant effects are undesirable. Thus, the investigation focused on the strategic management approaches for minimizing its occurrence. From the analysis, excessive corruption, mismanagement of government treasury, etc., were found as causes of petrol scarcity while socioeconomic unrest, hike in transport fare, retardation of economic growth, etc were found as its associated risks. Also government strategies of task force formation and downstream sector reforms were found to have no significant mitigating effect on petrol scarcity. Consequently, the use of balanced scorecard, SWOT analyses etc were recommended as potent strategic approaches for managing and forestalling petrol scarcity in Nigeria.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.1 INTRODUCTION**

In this chapter, we described the research procedure for this study. A research methodology is a research process adopted or employed to systematically and scientifically present the results of a study to the research audience viz. a vis, the study beneficiaries.

**3.2 RESEARCH DESIGN**

Research designs are perceived to be an overall strategy adopted by the researcher whereby different components of the study are integrated in a logical manner to effectively address a research problem. In this study, the researcher employed the survey research design. This is due to the nature of the study whereby the opinion and views of people are sampled. According to Singleton & Straits, (2009), Survey research can use quantitative research strategies (e.g., using questionnaires with numerically rated items), qualitative research strategies (e.g., using open-ended questions), or both strategies (i.e., mixed methods). As it is often used to describe and explore human behaviour, surveys are therefore frequently used in social and psychological research.

**3.3 POPULATION OF THE STUDY**

According to Udoyen (2019), a study population is a group of elements or individuals as the case may be, who share similar characteristics. These similar features can include location, gender, age, sex or specific interest. The emphasis on study population is that it constitute of individuals or elements that are homogeneous in description.

This study was carried out to examine the impact of fuel scarcity on Nigeria’s economy. Selected residents in Enugu metropolis, Enugu State form the population of the study.

**3.4 SAMPLE SIZE DETERMINATION**

A study sample is simply a systematic selected part of a population that infers its result on the population. In essence, it is that part of a whole that represents the whole and its members share characteristics in like similitude (Udoyen, 2019). In this study, the researcher adopted the convenient sampling method to determine the sample size.

**3.5 SAMPLE SIZE SELECTION TECHNIQUE AND PROCEDURE**

According to Nwana (2005), sampling techniques are procedures adopted to systematically select the chosen sample in a specified away under controls. This research work adopted the convenience sampling technique in selecting the respondents from the total population.

In this study, the researcher adopted the convenient sampling method to determine the sample size. Out of all the entire population of Enugu residents, the researcher conveniently selected 147 out of the overall population as the sample size for this study. According to Torty (2021), a sample of convenience is the terminology used to describe a sample in which elements have been selected from the target population on the basis of their accessibility or convenience to the researcher.

**3.6 RESEARCH INSTRUMENT AND ADMINISTRATION**

The research instrument used in this study is the questionnaire. A survey containing series of questions were administered to the enrolled participants. The questionnaire was divided into two sections, the first section enquired about the responses demographic or personal data while the second sections were in line with the study objectives, aimed at providing answers to the research questions. Participants were required to respond by placing a tick at the appropriate column. The questionnaire was personally administered by the researcher.

**3.7 METHOD OF DATA COLLECTION**

Two methods of data collection which are primary source and secondary source were used to collect data. The primary sources was the use of questionnaires, while the secondary sources include textbooks, internet, journals, published and unpublished articles and government publications.

**3.8 METHOD OF DATA ANALYSIS**

The responses were analysed using the frequency tables, which provided answers to the research questions.

**3.9 VALIDITY OF THE STUDY**

Validity referred here is the degree or extent to which an instrument actually measures what is intended to measure. An instrument is valid to the extent that is tailored to achieve the research objectives. The researcher constructed the questionnaire for the study and submitted to the project supervisor who used his intellectual knowledge to critically, analytically and logically examine the instruments relevance of the contents and statements and then made the instrument valid for the study.

**3.10 RELIABILITY OF THE STUDY**

The reliability of the research instrument was determined. The Pearson Correlation Coefficient was used to determine the reliability of the instrument. A co-efficient value of 0.68 indicated that the research instrument was relatively reliable. According to (Taber, 2017) the range of a reasonable reliability is between 0.67 and 0.87.

**3.11 ETHICAL CONSIDERATION**

The study was approved by the Project Committee of the Department. Informed consent was obtained from all study participants before they were enrolled in the study. Permission was sought from the relevant authorities to carry out the study. Date to visit the place of study for questionnaire distribution was put in place in advance.

**CHAPTER FOUR**

**DATA PRESENTATION AND ANALYSIS**

**INTRODUCTION**

This chapter presents the analysis of data derived through the questionnaire and key informant interview administered on the respondents in the study area. The analysis and interpretation were derived from the findings of the study. The data analysis depicts the simple frequency and percentage of the respondents as well as interpretation of the information gathered. A total of one hundred and forty-seven (147) questionnaires were administered to respondents of which only one hundred and forty-one (141) were returned and validated. This was due to irregular, incomplete and inappropriate responses to some questionnaire. For this study a total of 141 was validated for the analysis.

**4.1 DATA PRESENTATION**

**Table 4.2: Demographic profile of the respondents**

|  |  |  |
| --- | --- | --- |
| **Demographic information** | **Frequency** | **percent** |
| **Gender**  Male |  |  |
| 72 | 51.1% |
| Female | 69 | 48.9% |
| **Age** |  |  |
| 20-25 | 33 | 23.4% |
| 25-30 | 56 | 39.7% |
| 31-35 | 35 | 24.8% |
| 36+ | 17 | 12.1% |
| **Marital Status** |  |  |
| Single | 71 | 50.4% |
| Married | 70 | 49.6% |
| Separated | 0 | 0% |
| Widowed | 0 | 0% |
| **Education Level** |  |  |
| WAEC |  | 0% |
| BS.c | 79 | 56.0% |
| MS.c | 62 | 44.0% |
| MBA | 0 | 0% |

**Source: Field Survey, 2022**

**4.2 DESCRIPTIVE ANALYSIS**

**Can hoarding and smuggling if stopped or curtailed especially in Enugu, prevent fuel scarcity equally?**

**Table 4.2:** Respondents on whether hoarding and smuggling if stopped or curtailed especially in Enugu, prevent fuel scarcity equally

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 100 | 70.9 |
| No | 30 | 21.3 |
| Undecided | 11 | 7.8 |
| **Total** | **141** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above on whether hoarding and smuggling if stopped or curtailed especially in Enugu, prevent fuel scarcity equally, 70.9% of the respondents said yes, 21.3% of the respondents said no, while the remaining 7.8% of the respondents were undecided.

**Can presidential involvement help to stop fuel scarcity in Enugu State?**

**Table 4.3:** Respondents on whether presidential involvement help to stop fuel scarcity in Enugu State.

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 110 | 78 |
| No | 25 | 18 |
| Undecided | 6 | 4.3 |
| **Total** | **141** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above on whether presidential involvement help to stop fuel scarcity in Enugu State, 78% of the respondents said yes, 18% of the respondents said no, while the remaining 4.3% of the respondents were undecided.

**Can none payment of salaries to the distributors of fuel lead to fuel scarcity?**

**Table 4.4:** Respondents on whether none payment of salaries to the distributors of fuel lead to fuel scarcity.

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 89 | 63.1 |
| No | 45 | 32 |
| Undecided | 7 | 5 |
| **Total** | **141** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above on whether none payment of salaries to the distributors of fuel lead to fuel scarcity, 63.1% of the respondents said yes, 32% of the respondents said no, while the remaining 5% of the respondents were undecided.

**Does government’s reduction of fuel prices, affect fuel scarcity?**

**Table 4.5:** Respondents on whether government’s reduction of fuel prices, affect fuel scarcity.

|  |  |  |
| --- | --- | --- |
| **Options** | **Frequency** | **Percentage** |
| Yes | 115 | 82 |
| No | 23 | 16.3 |
| Undecided | 3 | 2.1 |
| **Total** | **141** | **100** |

**Field Survey, 2022**

From the responses obtained as expressed in the table above on whether government’s reduction of fuel prices, affect fuel scarcity, 82% of the respondents said yes, 16.3% of the respondents said no, while the remaining 2.1% of the respondents were undecided.

**CHAPTER FIVE**

**SUMMARY, CONCLUSION AND RECOMMENDATION**

**5.1 Summary**

In this study, our focus was to examine the impact of fuel scarcity on Nigeria’s economy. The study specifically aimed at determining whether hoarding and smuggling if stopped or curtailed especially in Enugu, can prevent fuel scarcity equally, determining whether presidential involvement can help to stop fuel scarcity in Enugu State, determining whether none payment of salaries to the distributors of fuel can lead to fuel scarcity and finding out whether government’s reduction of fuel prices, will affect fuel scarcity. This study was anchored on the frustration–aggression hypothesis propounded by Dollard, Miller, Doob, Mowrer, and Sears in 1939.

The study adopted the survey research design and conveniently enrolled participants in the study. A total of 141 responses were validated from the enrolled participants, who where all selected residents of Enugu city.

**5.2 Conclusion**

This study has systematically inquired and analyzed on why technology in the accounting profession is a must. Based on the findings of this study, the following conclusions were made:

1. Hoarding and smuggling if stopped or curtailed especially in Enugu, can prevent fuel scarcity equally.
2. Presidential involvement can help to stop fuel scarcity in Enugu State.
3. None payment of salaries to the distributors of fuel leads to fuel scarcity and
4. Government’s reduction of fuel prices can affect fuel scarcity.

**5.3 Recommendations**

In the light of the findings and conclusions, the following recommendations are hereby proposed:

* PEST analysis or STEEP analysis or approach should be employed by the man- agers of petroleum sector. This approach would allow for the examination of the macro-economic environmental factors such as politics, economics, social factors and, government regulations in which case issues that concern the populace would be addressed properly.
* Management of NNPC and associated agencies should work against the found causative factors of petrol scarcity by applying an appropriate strategic management.
* Government should look into the problem of smuggling of fuel and help to stop it

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**APPENDIXE**

**QUESTIONNAIRE**

**PLEASE TICK [√] YOUR MOST PREFERRED CHOICE(S) ON A QUESTION.**

**SECTION A**

**PERSONAL INFORMATION**

1. **Gender**

Male ( )

Female ( )

1. **Age**

20-25 ( )

26-30 ( )

31-35 ( )

36+ ( )

1. **Marital Status**

Single ( )

Married ( )

Separated ( )

Widowed ( )

1. **Education Level**

WAEC ( )

OND ( )

BSC ( )

MSC( )

**Section B**

1. **Can hoarding and smuggling if stopped or curtailed especially in Enugu, prevent fuel scarcity equally?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

1. **Can presidential involvement help to stop fuel scarcity in Enugu State?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

1. **Can none payment of salaries to the distributors of fuel lead to fuel scarcity?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |

1. **Does government’s reduction of fuel prices, affect fuel scarcity?**

|  |  |
| --- | --- |
| **Options** | **Please tick** |
| Yes |  |
| No |  |
| Undecided |  |