The Economic Implication Of Fuel Increase On Business Transaction In Yenegoa Metropolis, Bayelsa State

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ABSTRACT
The study examined the economic implication of fuel increase on business transaction in Yenegoa metropolis. Two research questions and one hypothesis was used in the study. The researcher used the survey design. The population consists of 3245 business operators in Yenegoa metropolis, Bayelsa state. Purposive sampling Technique was used to select 2968 business operators at Swalli and Tombia Market as a base of the study. The instrument used for the study is titled “Economic Implication of Fuel Increase on Business Transaction” (EIFIBT). Face validation method was adopted by three experts in the department of economics in Nnamdi Azikiwe University, Awka. The experts made necessary correction on language content in line with the research questions before items were sent to field. Test-retest method was used to determine the reliability of the instrument from ten (10) business operators in Rumokoro market, Port Harcourt. The reliability coefficient was calculated to be 0.85 using Pearson Product Moment Correlation Coefficient. The data obtained were analyzed using mean for research questions and z-test for hypothesis at 0.05 level of significance. The findings of the study was able to show that the increase in the cost of fuel had economic influence on the prices of goods in the state and business transactions which in turn have negative effect on the economy of the common man in the state. Based on the findings of the study, it would be recommended that government and the ministry of petroleum should stabilize the price of petroleum products and work with production industries to keep supplied commodities in proper check.

Keywords: Economic, Fuel Increase & Business Transaction

INTRODUCTION
Fuel increase is a common phenomenon in Nigerian. In most cases, when there is a rise in fuel price, there is a resultant effect on the economic activities in the country. The hike may result to increase in the cost of goods and services, transportation, rise in wages and so on. All these have a negative effect on the economy of the state and the common man at large. Nigerian economy is largely dependent on oil as its source of income and revenue. So at such the government plan and budgetary allocation is centered on oil export and utilization in the country. The focus of the economy to a monolithic export commodity has its set back as oil by virtue of its essence to the economics of nations has inevitably become a subject of political manipulation. Rather, the greater danger for Nigeria is that as a singular commodity of the nation and the inherent total reliance on oil has made the country’s economy rely around it.

Effort put in line with the ministry and parastatals of NNPC has found it impossible to remove the activities of saboteurs in the oil industry in the country (jacks, 2011). This may be as a result of self benefits accrued by stakeholders in the system. Investigation has revealed 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)
opined that smugglers and saboteurs in the country contributed so much to the scarcity which has resulted to hike in fuel price. Most of the refilling stations are also involved in economic saboteurs who divert greatest percent of the fuel supply meant for daily consumption to the black market. Arinze (2011) stated that the fuel shortage is a sign of bad management. Despite the negative effects of hike in fuel price, the Federal Government of Nigeria on January 1st, 2012 ceased to subsidize petroleum in Nigeria. There is an economical effect on fuel hike in the system. The Government of Nigeria would have to consider these effects now or deal with it in the near future. Osogie (2012) stated that the rise of real GDP will decrease if the price of petrol is to stay as it is. Additionally, the rise in petrol price and the certainty of uneven prices across the federation, will add anywhere from 3 to 5 percentage points to consumer price inflation for 2012. Expenses done at home will have an effect on 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 will drop sharply. Some of the market saw the increase of fuel price to the removal of fuel subsidy which led to the rise in pump prices.

In the time of fuel scarcity, the product becomes more available in the place of where non-licensed dealers hold sway for their profit advantage. 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.

3.2 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. According to Cyoh (2012) 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.

Therefore this present study tends to investigate the economic implication of fuel increase on business transaction in Yenegoa metropolis, Bayelsa State.

**Purpose of the Study**

The study looked at economic implication of fuel increase on business transaction in Yenegoa Metropolis, Bayelsa State. Specifically, the study sought to:

1. Find out the effect of fuel increase on the growth of business in the Yenegoa metropolis.
2. Find out the influence of fuel increase on the rate of business transaction in Yenegoa metropolis, Bayelsa State.

**Research Questions**

The following research questions guided the study:

1. What is the effect of fuel increase on the growth of business transaction in Yenegoa Metropolis, Bayelsa State?
2. What is the influence of fuel increase on the rate of business transaction in Yenegoa Metropolis, Bayelsa State?
Hypothesis
The null hypothesis was tested at 0.05 level of significance.
1. There is no significance on effect of fuel increase on the growth of business and fuel increase on the rate of business transaction in Bayelsa State.

METHODS
The researcher used the survey design. This is because simple questionnaires were used to draw data for the study. The population consists of 3245 business operators in Yenegoa metropolis, Bayelsa state. The population figure was gotten from trade union head office in Yenegoa local government area. Purposive sampling Technique was used to select 2968 business operators at Swalli and Tombia Market as a base of the study. This was due to the fact that lots of functional business operators are settled in these areas.
The instrument used for the study is titled “Economic Implication of Fuel Increase on Business Transaction” (EIFIBT). The instrument is a three point rating scale consisting of six items. The response options consist of Strongly Agree (SA), Agree (A) and Disagree (D). The response options are weighed as 3, 2 and 1 respectively. Face validation method was adopted by three experts in the department of economics in Nnamdi Azikiwe University, Awka. The experts made necessary correction on language content in line with the research questions before items were sent to field.
Test-retest method was used to determine the reliability of the instrument from ten (10) business operators in Rumokoro market, Port Harcourt. The reliability coefficient was calculated to be 0.85 using Pearson Product Moment Correlation Coefficient. The data obtained were analyzed using mean for research questions and z-test for hypothesis at 0.05 level of significance.

Data Analysis
Research Question 1: What is the effect of fuel increase on the growth of business in Yenegoa Metropolis, Bayelsa State?
Table 1: Effect of fuel increase on the growth of business in Yenegoa Metropolis, Bayelsa State

<table>
<thead>
<tr>
<th>S/NO</th>
<th>ITEMS</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>Mean</th>
<th>SD</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fuel hike affects the price of goods</td>
<td>2800</td>
<td>120</td>
<td>48</td>
<td>2.93</td>
<td>0.039</td>
<td>Accept</td>
</tr>
<tr>
<td>2</td>
<td>Fuel hike affects the rate of purchase of goods and services.</td>
<td>1850</td>
<td>910</td>
<td>208</td>
<td>2.55</td>
<td>0.031</td>
<td>Accept</td>
</tr>
<tr>
<td>3</td>
<td>Fuel hike reduces the profits made by retailers and wholesalers.</td>
<td>2900</td>
<td>58</td>
<td>10</td>
<td>2.97</td>
<td>0.040</td>
<td>Accept</td>
</tr>
<tr>
<td>4</td>
<td>Total</td>
<td>2.82</td>
<td>0.037</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Findings from research question 1 showed that item 1, 2 and 3 were all accepted to the various questions. This indicates that the hike in fuel price affects the growth of business in Yenegoa Metropolis.

Research Question 2: What is the influence of fuel increase on the rate of business transaction in Yenegoa Metropolis, Bayelsa State?
Table 2: Influence of fuel increase on the rate of business transaction in Yenegoa Metropolis, Bayelsa State

<table>
<thead>
<tr>
<th>S/NO</th>
<th>ITEMS</th>
<th>SA</th>
<th>A</th>
<th>D</th>
<th>Mean</th>
<th>SD</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Fuel hike reduces the industrial supply of goods and services.</td>
<td>1500</td>
<td>1000</td>
<td>468</td>
<td>2.35</td>
<td>0.028</td>
<td>Accept</td>
</tr>
<tr>
<td>6</td>
<td>Fuel hike reduces the patronage of customers</td>
<td>2010</td>
<td>600</td>
<td>358</td>
<td>2.56</td>
<td>0.032</td>
<td>Accept</td>
</tr>
<tr>
<td>7</td>
<td>Fuel hike causes a reduction in the value of commodity.</td>
<td>1900</td>
<td>600</td>
<td>468</td>
<td>2.48</td>
<td>0.030</td>
<td>Accept</td>
</tr>
<tr>
<td>8</td>
<td>Total</td>
<td>2.46</td>
<td>0.030</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Findings from research question 2 showed that item 1, 2 and 3 were all accepted to the various questions. This indicates that the hike in fuel price affects business transaction in Yenegoa Metropolis.
Hypothesis
There is no significance on effect of fuel increase on the growth of business and fuel increase on the rate of business transaction in Bayelsa State.

Table 3: Z-test Analysis of effect of fuel increase on the growth of business and fuel increase on the rate of business transaction in Bayelsa State

<table>
<thead>
<tr>
<th>S/No</th>
<th>Item</th>
<th>No</th>
<th>Mean</th>
<th>Std. Dev.</th>
<th>Z-Cal</th>
<th>Df</th>
<th>Z-Crit</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Effect of fuel increase on</td>
<td>2968</td>
<td>2.82</td>
<td>0.037</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The growth of business.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>52.83</td>
<td>2934 1.645</td>
<td>S</td>
</tr>
<tr>
<td>2</td>
<td>Fuel increase on the</td>
<td>2968</td>
<td>2.46</td>
<td>0.030</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>rate of business</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>transaction</td>
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</tbody>
</table>

Data revealed from table 3 indicates that there is significant difference on effect of fuel increase on the growth of business and fuel increase on the rate of business transaction in Bayelsa State. This is because Z-critical value of 1.645 is less than z-calculated value of 52.83 at 0.05 level of significance. Following the decision rule, the null hypothesis was therefore rejected.

DISCUSSIONS
The data obtained from research question 1 showed that the hike in fuel price affects the growth of business in Yenegoa Metropolis. This is in view of the statement of Arinze (2011) that itemized the effect as follows: i. Fuel crisis paralyzed social and economic activities; it brings about socio-economic unrest which results in increase in transport fare, sky rocketing of market prices and prices of building materials. ii. 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. iii. Excessive corruption and mismanagement.

Also, findings from research question 2 revealed that the hike in fuel price affects business transaction in Yenegoa Metropolis. This is in line with the statement of Onwioduokitanda and Adenuga (2012) that stipulates the negative effects of fuel increase to be hike in cost of production: They further stated that removing fuel subsidy will at the same time devalue the naira which will result in increase in the cost of production for the few companies that still exist.

Finally, the study also revealed that there is significant difference on effect of fuel increase on the growth of business and fuel increase on the rate of business transaction in Bayelsa State.

CONCLUSION
In all, the study was able to show that the increase in the cost of fuel had economic influence on the prices of goods in the state and business transactions which in turn have negative effect on the economy of the common man in the state.

RECOMMENDATION
Based on the findings of the study, it would be recommended that government and the ministry of petroleum should stabilize the price of petroleum products and work with production industries to keep supplied commodities in proper check.

REFERENCES