

**EVALUATING THE IMPACT OF INFLATION ON STANDARD OF LIVING IN
NIGERIA: BOLA AHMED TINUBU'S ADMINISTRATION 2023 – 2024**

BY

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BENIN CITY, EDO STATE**

FEBRUARY, 2025

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**BEING A PROJECT WORK SUBMITTED TO THE DEPARTMENT OF
POLITICAL SCIENCE, FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF
BENIN, BENIN CITY IN PARTIAL FULFILMENT OF THE REQUIREMENT
FOR THE AWARD OF A BACHELOR OF SCIENCE (BSc) DEGREE IN
POLITICAL SCIENCE**

FEBRUARY, 2025

CERTIFICATION

We, the undersigned certify that this project was carried out by **Onyinyechukwu Iruoma ILOEJE** with the Matriculation Number; **SSC2003974** in the Department of Political Science, Faculty of Social Sciences, University of Benin, Benin City, Edo State, Nigeria, in partial fulfillment for the award of Bachelor of Science Degree in Political Science.

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(Project Supervisor)

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(Head of Department)

Date _____

Date _____

DEDICATION

With heartfelt gratitude, I dedicate this work to God almighty and my father Hon.Iloeje Chinedu, your unutterable love, support, care and guidance brought me thus far I am enormously grateful. Thank you very much Sir.

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ABSTRACT

This study examines the impact of inflation on Nigerians' standard of living under President Bola Ahmed Tinubu's administration (2023–2024). Inflation has significantly affected purchasing power, food security, income inequality, unemployment, and access to social welfare services such as healthcare and education. Using a quantitative research approach, data were collected from 127 respondents through a structured questionnaire. The findings reveal that inflation has reduced household purchasing power, increased food insecurity, widened income inequality, and contributed to rising unemployment. Additionally, inflation has negatively impacted access to quality healthcare and education, as many households struggle to afford these essential services. Despite government efforts, existing policies have been largely ineffective in mitigating the effects of inflation. To address these challenges, the study recommends stronger monetary and fiscal policies to stabilize prices, targeted interventions to improve food security, wage and tax reforms to reduce income inequality, job creation initiatives to support small businesses, and increased investment in social welfare services. Implementing these measures can help reduce inflation's adverse effects, stabilize the economy, and improve the standard of living for Nigerians.

CHAPTER ONE

INTRODUCTION

1.1. Background to the Study

Inflation is a critical economic issue that significantly impacts the purchasing power of citizens, particularly in developing countries like Nigeria. In economic terms, inflation refers to the sustained increase in the general price level of goods and services over time. When inflation occurs, each unit of currency buys fewer goods and services, effectively eroding the value of money. This reduction in purchasing power means that consumers can afford less with the same amount of income, leading to a decline in their standard of living (Fasanya, Onakoya, & Agboluaje, 2013; Udeh, 2015).

In Nigeria, the phenomenon of inflation has been a persistent challenge, influenced by various internal and external factors. Over the years, the country has experienced fluctuating inflation rates, often driven by monetary policies, exchange rate volatility, and structural deficiencies in the economy. For instance, the Central Bank of Nigeria (CBN) has struggled to maintain inflation within its target range due to factors such as excessive money supply, fiscal deficits, and the depreciation of the Naira (Mbutor & Uba, 2013). The devaluation of the Naira, particularly during periods of economic instability, has had a pronounced effect on inflation, as it increases the cost of imported goods and services, further straining the purchasing power of consumers (Ajao, 2020).

The implications of inflation on the standard of living in Nigeria are profound. High inflation often leads to an increase in the cost of essential goods and services, such as food, transportation, housing, and healthcare. As prices rise, households, especially those with fixed or low incomes, struggle to meet their basic needs, which exacerbates poverty and inequality (Osabuohien & Efobi, 2013). The burden of inflation is disproportionately felt by the poor, who spend a larger share of their income on necessities, making them more vulnerable to price increases (Adebisi & Babatope-Obasa, 2022).

Moreover, inflation can create uncertainty in the economy, discouraging investment and savings. When inflation is high and unpredictable, it erodes the real value of savings, reducing the incentive for individuals and businesses to save or invest. This can have a ripple effect on economic growth, as lower investment levels can stifle job creation and productivity, further deteriorating living standards (Ezeabasili, Mojekwu, & Herbert, 2012).

The Nigerian economy has also been impacted by supply-side constraints that contribute to inflationary pressures. Factors such as inadequate infrastructure, power supply issues, and insecurity in key agricultural regions disrupt production and supply chains, leading to scarcity and higher prices for goods (Olawale, 2020). These structural challenges, coupled with external shocks like fluctuations in global oil prices, have made it difficult for the Nigerian government to control inflation effectively (Ismaila & Imam, 2017).

The situation is further complicated by the government's fiscal policies, which sometimes involve deficit financing through borrowing. When the government borrows from the central bank or the public to finance its expenditures, it can lead to an increase in money supply, which, if not matched by a corresponding increase in goods and services, results in inflation (Adeoye & Saibu, 2014). This fiscal-monetary interaction highlights the complexities of managing inflation in an economy like Nigeria's, where structural imbalances and external dependencies make it challenging to achieve price stability.

Inflation in Nigeria is a multifaceted issue that has far-reaching consequences for the standard of living of its population. The erosion of purchasing power, coupled with rising costs of living, creates a difficult environment for the average Nigerian household. As inflation continues to fluctuate, understanding its causes and implications remains critical for developing effective policies to mitigate its impact and improve the quality of life for Nigerians.

Nigeria's inflationary trends have been influenced by various factors, including exchange rate volatility, monetary policy, government spending, and external shocks such as global oil prices (Akinbobola, 2012). For instance, the depreciation of the Naira often leads to higher import costs, which in turn drives up prices domestically. Additionally, inflation in Nigeria has been closely linked to supply-side constraints, such as poor infrastructure, inadequate power supply, and insecurity, which disrupts agricultural production and the distribution of goods (Olawale, 2020).

The economic environment in Nigeria has indeed been challenging, with inflation rates frequently surpassing the Central Bank of Nigeria's (CBN) target. This situation reflects deeper structural issues within the Nigerian economy, which have made it vulnerable to both domestic and international shocks. The persistent high inflation rates have been a source of concern for policymakers, businesses, and households alike, as they erode purchasing power and strain economic stability.

In recent years, Nigeria's inflation rate has remained consistently high, driven by a combination of internal and external factors. One of the primary internal factors is the structural weakness in Nigeria's economy, which is heavily reliant on oil exports. The volatility in global oil prices has had a direct impact on government revenue and foreign exchange reserves, leading to periodic currency devaluations and higher import costs, which in turn fuel inflation (Akinlo & Lawal, 2015). Additionally, agricultural productivity has been hampered by insecurity in key farming regions, poor infrastructure, and limited access to finance, contributing to food inflation, which constitutes a significant portion of Nigeria's overall inflation basket (Adediran & Akinlo, 2020).

The situation was further exacerbated by the COVID-19 pandemic, which led to unprecedented disruptions in global supply chains. As countries around the world implemented lockdowns and other restrictive measures to contain the virus, Nigeria faced significant challenges in importing essential goods, leading to shortages and price hikes. The pandemic also caused a sharp decline in oil prices, which affected Nigeria's foreign

exchange earnings and led to further depreciation of the Naira. The combined effect of these factors resulted in a surge in inflation, with the National Bureau of Statistics (NBS) reporting inflation rates that far exceeded the CBN's target range (NBS, 2023).

Moreover, the ongoing Russia-Ukraine conflict has had a significant impact on global food and energy prices, further aggravating inflationary pressures in Nigeria. The conflict disrupted the supply of wheat, a key staple in many countries, including Nigeria, leading to increased prices for bread and other wheat-based products (Adeleke, 2023). Additionally, the war has caused a surge in global energy prices, driving up the cost of transportation and production in Nigeria, where the economy is heavily dependent on imported fuel due to the limited capacity of its domestic refineries (Olawale, 2022). This has placed additional strain on the cost of living, particularly for low- and middle-income households who spend a larger portion of their income on food and transportation.

These inflationary pressures have had severe consequences for the standard of living in Nigeria. The rising cost of basic goods and services has outpaced income growth, leading to a decline in real wages and increasing poverty levels. For instance, the increase in food prices has disproportionately affected low-income households, who are already struggling with limited financial resources. According to a report by the World Bank, the combination of high inflation and slow economic growth has pushed millions of Nigerians into poverty, with the country's poverty rate estimated to have risen significantly during the pandemic (World Bank, 2022).

Furthermore, the high inflation environment has also undermined business confidence and investment. Businesses face higher operating costs, which they often pass on to consumers in the form of higher prices. This has created a vicious cycle of inflation, where rising costs lead to higher prices, which in turn drive up costs further. Small and medium-sized enterprises (SMEs), which are critical to Nigeria's economy, have been particularly hard-hit, as they lack the financial buffers to absorb these cost increases (Bello, 2021).

The CBN has responded to these challenges by tightening monetary policy, including raising interest rates to curb inflation. However, these measures have had limited success in stabilizing prices, given the structural nature of the inflationary pressures. The high cost of borrowing has also stifled economic activity, making it more difficult for businesses to invest and expand, further constraining economic growth (Emefiele, 2022).

In summary, Nigeria's economic environment has been characterized by persistent and high inflation, driven by a combination of domestic challenges and external shocks. The impact of these inflationary pressures has been particularly severe on the cost of living, disproportionately affecting low- and middle-income households, and posing significant challenges for policymakers in their efforts to stabilize the economy.

The administration of Bola Ahmed Tinubu, which began in 2023, has faced the daunting task of addressing these inflationary pressures while attempting to improve the standard of living for Nigerians. Tinubu's economic policies, including subsidy removals and

efforts to stabilize the exchange rate, have sparked debates about their potential impact on inflation and, by extension, on the living standards of Nigerians (Oluwole, 2023). While some argue that these policies are necessary for long-term economic stability, others contend that they may lead to short-term hardships, especially for vulnerable populations (Adesina, 2023).

The relationship between inflation and the standard of living is complex and multifaceted. Inflation can reduce real incomes, increase poverty levels, and widen inequality if not properly managed. For a country like Nigeria, where a significant portion of the population lives below the poverty line, high inflation can have devastating effects on social and economic well-being (Ogunleye & Ayinla, 2015). Thus, it is crucial to evaluate the impact of inflation under the Tinubu administration to understand how these economic policies are shaping the living conditions of Nigerians.

This study aims to contribute to the ongoing discourse by examining the inflationary trends during Tinubu's administration and their effects on the standard of living in Nigeria. By focusing on the period from 2023 to 2024, the research will provide insights into the immediate outcomes of the administration's economic policies and offer recommendations for mitigating the adverse effects of inflation on Nigerians' well-being.

1.2. Statement of the Problem

The study focuses on assessing the extent to which inflation has impacted the standard of living in Nigeria during the Bola Ahmed Tinubu administration. Central to this

investigation are five key variables that are closely tied to a country's standard of living, each of which is potentially affected by inflation.

Firstly, purchasing power is a critical variable that reflects the ability of households to buy goods and services. Inflation typically erodes purchasing power, particularly for low- and middle-income households, reducing their access to essential items and contributing to a decline in overall living standards (Fasanya, Onakoya, & Agboluaje, 2013). As prices rise, the real value of income diminishes, making it increasingly difficult for families to maintain their previous standard of living.

Secondly, food security is another crucial variable influenced by inflation. In Nigeria, food prices form a significant portion of the inflation basket, and rising costs have made it harder for many Nigerians to afford basic foodstuffs. This situation exacerbates food insecurity, leading to higher levels of malnutrition and deepening poverty, especially among the most vulnerable populations (Adeleke, 2023). The study will examine how inflation during this period has influenced food availability and affordability, crucial indicators of a nation's standard of living.

Thirdly, income inequality is a variable that can be exacerbated by inflation. Inflation tends to have a disproportionate impact across different income groups, often widening the gap between the wealthy and the poor. Low-income households are typically more vulnerable to price increases, which can result in a decline in real income and further entrench inequality (Adebiyi & Babatope-Obasa, 2022). Understanding the relationship

between inflation and income distribution will be key to determining how inflation has affected social equity during the Tinubu administration.

Fourthly, unemployment is closely linked to economic stability and can be influenced by inflationary pressures. High inflation often leads to increased production costs for businesses, which can result in reduced investment, lower economic growth, and higher unemployment rates (Bello, 2021). As businesses struggle with rising costs, they may be forced to cut jobs, worsening the unemployment situation and further deteriorating the standard of living for many Nigerians.

Lastly, social welfare encompasses the provision of essential services such as education, healthcare, and social security. Inflation can strain household budgets, leading to reduced spending on these critical services. When families cut back on healthcare or education due to rising costs, it has long-term consequences for human capital development and perpetuates the cycle of poverty (Ogunleye & Ayinla, 2015). This study will explore how inflation has affected access to and the quality of social services during the Tinubu administration, providing insights into the broader impacts on societal well-being.

Through an in-depth analysis of these five variables purchasing power, food security, income inequality, unemployment, and social welfare the study aims to determine the extent to which inflation has affected the standard of living in Nigeria under the Bola Ahmed Tinubu administration.

1.3. Research Questions

The following research questions were raised to guide the study;

1. How has inflation during the Bola Ahmed Tinubu administration affected the purchasing power of Nigerian households?
2. To what extent has inflation influenced food security in Nigeria under the Bola Ahmed Tinubu administration?
3. How has the inflationary trend during the Bola Ahmed Tinubu administration contributed to changes in income inequality in Nigeria?
4. What is the relationship between inflation and unemployment rates in Nigeria during the Bola Ahmed Tinubu administration?
5. In what ways has inflation impacted the access to and quality of social welfare services, such as education and healthcare, in Nigeria during the Bola Ahmed Tinubu administration?

1.4. Research Objectives

The objective of the study is to evaluate the impact of inflation on the general standard of living of Nigerians during the first year of his administration which is between 2023 to 2024. Specifically, the study seeks to;

1. assess the impact of inflation on the purchasing power of Nigerian households during the Bola Ahmed Tinubu administration.
2. evaluate the extent to which inflation has influenced food security in Nigeria under the Bola Ahmed Tinubu administration.
3. analyze how inflationary trends during the Bola Ahmed Tinubu administration have contributed to changes in income inequality in Nigeria.
4. examine the relationship between inflation and unemployment rates in Nigeria during the Bola Ahmed Tinubu administration.
5. investigate the impact of inflation on access to and the quality of social welfare services, such as education and healthcare, in Nigeria during the Bola Ahmed Tinubu administration.

1.5. Research Hypothesis

All the Research Questions were hypothesized as null hypothesis at 5% significant level in the sense that;

H₀₁ - There is no significant impact of inflation on the purchasing power of Nigerian households during the Bola Ahmed Tinubu administration

H₀₂ - There is no significant impact of inflation on food security in Nigeria under the Bola Ahmed Tinubu administration

H₀₃ - There is no significant impact of inflation on income inequality in Nigeria under the Bola Ahmed Tinubu administration

H₀₄ - There is no significant impact of inflation on unemployment rates in Nigeria during the Bola Ahmed Tinubu administration

H₀₅ - There is no significant impact of inflation on the quality of social welfare services, such as education and healthcare, in Nigeria during the Bola Ahmed Tinubu administration

1.6 Scope of the Study

This study will examine the impact of inflation on the standard of living in Nigeria during the Bola Ahmed Tinubu administration, specifically from May 2023 to September 2024. The research will be focused on Ovia North East Local Government Area (LGA) and will analyze how inflation affects various aspects of living standards in this region, including purchasing power, food security, income inequality, unemployment, and social welfare services. The objective is to provide a detailed understanding of the local effects of inflation within this timeframe.

1.7 Significance of the Study

This study on the impact of inflation on the standard of living in Nigeria during the Bola Ahmed Tinubu administration holds significant relevance for various groups, bodies, and organizations:

The findings will be useful to Policy Makers and Government Agencies, by providing valuable insights into how inflation affects different aspects of living standards at the

local level. This information can guide the formulation of more effective economic policies and interventions aimed at mitigating the adverse effects of inflation. By understanding the specific challenges faced by households in Ovia North East LGA, policymakers can design targeted support measures and adjust monetary and fiscal policies to better address inflationary pressures.

The study will be useful for Economic Researchers and Academic work by contributing to the body of knowledge on inflation and its socio-economic impacts in Nigeria. It will offer empirical data and analysis that can be used for further research, academic discussions, and comparative studies with other regions or countries. Researchers can build on this study to explore deeper connections between inflation and various socio-economic variables.

For local authorities in Ovia North East LGA, the study's findings will highlight the specific impacts of inflation on their community. This can help in prioritizing local development projects, improving public services, and devising community-based solutions to address issues like food security and unemployment. Community leaders will gain insights into how inflation affects their constituents and can advocate for more localized interventions.

Small and medium-sized enterprises (SMEs) and local businesses will benefit from understanding the inflationary trends and their impact on consumer purchasing power. This knowledge can help businesses adjust their pricing strategies, manage costs, and

make informed decisions about investment and employment. Additionally, businesses can use the insights to advocate for favorable economic conditions that support their growth and sustainability.

NGOs and social welfare organizations working in Ovia North East LGA will find the study's findings useful for tailoring their programs and interventions. Understanding the local impact of inflation can help these organizations better address issues related to food security, health care, and education. The data can also be used to develop more effective outreach and support programs for vulnerable populations.

The general public will benefit from the study's insights through increased awareness of the effects of inflation on their daily lives. By highlighting the specific challenges faced by households, the study can foster a better understanding of economic conditions and promote informed discussions about potential solutions and support mechanisms.

Overall, the study aims to provide actionable insights and recommendations that can help various stakeholders effectively address the challenges posed by inflation and improve the standard of living in the region.

1.8 Definition of Terms

The following terms are operationally defined as used in this study;

- **Inflation:** Inflation is the sustained increase in the general price level of goods and services in an economy over a period of time, leading to a decrease in the purchasing power of money.
- **Standard of Living:** Standard of living refers to the level of wealth, comfort, material goods, and necessities available to a person or community, often measured by income, access to essential services, and overall quality of life.
- **Cost of Living:** The cost of living is the amount of money required to maintain a certain standard of living, encompassing expenses such as housing, food, healthcare, and transportation.
- **Purchasing Power:** Purchasing power is the financial ability of individuals or households to buy goods and services, which is directly affected by changes in inflation and income levels.
- **Food Security:** Food security is the condition in which all people, at all times, have physical and economic access to sufficient, safe, and nutritious food to meet their dietary needs for an active and healthy life.
- **Income Inequality:** Income inequality refers to the uneven distribution of income among individuals or households within a society, often resulting in disparities in wealth and economic opportunities.
- **Unemployment:** Unemployment is the condition in which individuals who are capable of working, are actively seeking employment, but are unable to find a job, typically measured by the unemployment rate.

- **Social Welfare Services:** Social welfare services in this study refer specifically to programs and support related to healthcare and education, aimed at improving access to medical services and educational opportunities for individuals and families.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The Second chapter of the study deals with the Literature review which will cover the conceptual review, review of related topics, the empirical review and the Theoretical Framework relevant to the study.

2.1 Conceptual Review

2.1.1 Concept of Inflation

Inflation is a pervasive economic phenomenon that impacts virtually all aspects of an economy. It is defined as a sustained increase in the general price level of goods and services over time, leading to a decrease in the purchasing power of money. This phenomenon can significantly affect economic stability, consumer behavior, business investment, and overall economic growth. In the context of Nigeria, inflation has been a persistent issue, influenced by various domestic and international factors. Understanding the nature of inflation, its causes, and its consequences is crucial for policymakers to design effective strategies to manage it and ensure sustainable economic growth.

Inflation is commonly defined as a sustained rise in the general level of prices for goods and services in an economy over a period of time. This increase in prices results in a decline in the purchasing power of money, meaning that each unit of currency buys fewer goods and services than before. According to Mankiw (2015), inflation reflects the rate at which the average price level in an economy rises, decreasing the purchasing power of its currency.

Economists often describe inflation as a monetary phenomenon where "too much money chases too few goods." This perspective highlights the role of excessive money supply in causing inflation, particularly when the growth in money supply exceeds the growth in real output. Friedman (1963) famously stated that inflation is always and everywhere a monetary phenomenon, suggesting that inflation occurs when there is more money available in the economy than there are goods and services to purchase.

Inflation can also be understood by examining its underlying causes, such as cost-push and demand-pull factors. Cost-push inflation occurs when the costs of production (e.g., wages and raw materials) increase, leading producers to raise prices to maintain profit margins. On the other hand, demand-pull inflation arises when aggregate demand in the economy outstrips aggregate supply, resulting in higher prices. According to Blanchard (2011), these two types of inflation are fundamental drivers that can push prices upward in different economic scenarios.

Inflation refers to the rate at which the average price level of goods and services in an economy increases over time. It is measured by tracking price changes in a basket of selected goods and services over a specific period. Inflation reduces the value of money, meaning that each unit of currency buys fewer goods and services. The concept of inflation can be broken down into several types, each distinguished by its underlying causes and effects.

Demand-pull inflation occurs when the demand for goods and services exceeds the supply available in the market. This type of inflation is typically characterized by a booming economy where increased consumer and business spending pushes up prices. For example, during periods of economic growth, when employment rates are high and consumer confidence is strong, the demand for goods and services can outstrip supply, leading to higher prices. In Nigeria, episodes of high consumer demand not matched by equivalent increases in production have been linked to demand-pull inflation. This is often exacerbated by factors such as increased government spending or foreign direct investment inflows that boost domestic consumption (Mankiw, 2015).

Cost-push inflation, on the other hand, results from increases in the cost of production. When the costs of raw materials, wages, or other inputs rise, businesses may pass these increased costs on to consumers in the form of higher prices. Nigeria, as an oil-exporting country, is susceptible to cost-push inflation driven by fluctuations in global oil prices. When oil prices rise, production costs increase, particularly for industries reliant on

petroleum products. This leads to higher transportation and manufacturing costs, which are then reflected in the prices of goods and services (Akinbobola, 2012). Additionally, Nigeria's dependency on imported goods means that any increase in import costs, whether due to exchange rate devaluation or increased global commodity prices, can lead to cost-push inflation.

Another form of inflation is built-in or wage-price inflation, which is driven by expectations of future inflation. When workers anticipate rising prices, they demand higher wages to maintain their purchasing power. Employers, in turn, raise prices to offset the increased labor costs, creating a feedback loop that sustains inflation. This type of inflation is often persistent and difficult to control once it sets in because it is rooted in the expectations of economic agents rather than temporary supply or demand shocks.

Imported inflation is particularly relevant for Nigeria due to its significant dependence on imports for both consumer goods and raw materials. Changes in the exchange rate, especially devaluations of the Naira, can make imports more expensive, which in turn raises domestic prices. For instance, when the value of the Naira falls relative to the US dollar or other major currencies, the cost of imported goods rises, contributing to inflationary pressures. This type of inflation highlights the vulnerability of Nigeria's economy to global economic dynamics and the importance of exchange rate stability (Ogundipe et al., 2014).

2.1.1.1 Causes of Inflation in Nigeria

Nigeria's inflation dynamics are influenced by a complex interplay of internal and external factors. One of the primary drivers of inflation in Nigeria is the monetary policy of the Central Bank of Nigeria (CBN). When the CBN increases the money supply beyond the productive capacity of the economy, it can lead to inflation. Expansionary monetary policy, intended to stimulate economic growth by making more money available, can sometimes result in too much money chasing too few goods. This scenario typically leads to an increase in prices. The Nigerian experience has shown that periods of excessive money supply growth have often been accompanied by inflationary spikes (Nwosa et al., 2012).

Exchange rate fluctuations also play a significant role in Nigeria's inflation. The Naira's depreciation directly affects the prices of imported goods. Given Nigeria's reliance on imports for a wide range of products, from food to industrial raw materials, any weakening of the Naira increases the cost of these goods, translating into higher prices for consumers. This has been a recurring issue, especially during periods of oil price volatility, which impacts foreign exchange earnings and, consequently, the stability of the Naira (Adeniji & Olowe, 2018). Oil revenue accounts for a substantial portion of Nigeria's foreign exchange earnings, and fluctuations in global oil prices can lead to significant shifts in the country's exchange rate, contributing to inflation.

Structural factors also contribute to inflation in Nigeria. The country faces challenges related to inadequate infrastructure, inefficient transportation systems, and insufficient

energy supply. These structural issues increase the cost of doing business, as companies have to spend more on logistics and energy to produce and distribute goods. High production costs are often passed on to consumers in the form of higher prices, contributing to inflation. The agricultural sector, which is a vital part of Nigeria's economy, is particularly affected by these structural problems. Poor infrastructure and inadequate storage facilities lead to significant post-harvest losses, reducing supply and increasing prices, especially during off-peak seasons (Ajakaiye & Fakiyesi, 2009).

Fiscal policies and deficit financing are other critical factors driving inflation in Nigeria. When the government runs budget deficits and finances them through borrowing or central bank loans, it can lead to an increase in the money supply, thereby fueling inflation. Nigeria has a history of fiscal deficits, often driven by large government expenditures on infrastructure, subsidies, and social programs. While these expenditures can stimulate economic growth, if not matched by corresponding increases in revenue, they can lead to inflationary pressures (Salami & Kelikume, 2010).

Political and economic instability further exacerbates inflationary trends in Nigeria. The country has experienced various forms of political unrest, including insurgency in the North-East, militancy in the Niger Delta, and ethnic conflicts in different regions. These disruptions have affected agricultural and oil production, leading to supply shortages and price increases. For instance, attacks on oil facilities reduce production output and

revenue, affecting the supply of foreign exchange and leading to inflationary pressures (Eme et al., 2014).

2.1.1.2 Impacts of Inflation on the Nigerian Economy

Inflation has far-reaching consequences for Nigeria's economic stability and growth. One of the most immediate effects of inflation is the reduction in purchasing power. As prices rise, the real value of money declines, meaning that consumers can buy fewer goods and services with the same amount of money. This erosion of purchasing power disproportionately affects low-income households, who spend a larger portion of their income on essential goods and services. High inflation rates can lead to increased poverty levels and social unrest as people struggle to meet their basic needs (Aladejana et al., 2017).

The impact of inflation extends to savings and investment. High inflation erodes the real value of savings, discouraging individuals from saving money. This reduction in savings can have long-term implications for economic growth, as savings are a crucial source of funds for investment in capital projects. Businesses may also be less likely to invest in an environment of high inflation due to uncertainty about future costs and returns. This can

stifle economic growth and development, as investment in new technologies, infrastructure, and businesses is critical for long-term economic expansion (Sanusi, 2010).

Inflation also affects interest rates and borrowing costs. To control inflation, the Central Bank of Nigeria often resorts to raising interest rates. While this approach can help reduce inflation by discouraging borrowing and reducing money supply growth, it also makes borrowing more expensive for businesses and consumers. Higher interest rates can lead to reduced investment and consumption, which may slow down economic growth. Moreover, high borrowing costs can strain businesses that rely on credit to finance their operations, potentially leading to layoffs and increased unemployment (Mordi, 2009).

Persistent inflation creates economic uncertainty, which can negatively impact economic growth and employment. Businesses may find it challenging to plan for the future when they are unsure about future costs and prices. This uncertainty can lead to reduced investment, lower production levels, and increased unemployment. For instance, if inflation is unpredictable, firms may delay expansion plans or investment in new projects, reducing economic growth and job creation opportunities (Balogun, 2015).

Inflation can also lead to income redistribution effects, where some groups benefit while others lose. Those on fixed incomes, such as pensioners and low-wage earners, find their purchasing power eroded, while individuals or entities holding assets that appreciate with inflation, such as real estate, may see their wealth increase. This uneven distribution of the inflationary burden can exacerbate income inequality, which is already a significant

issue in Nigeria. Rising inequality can lead to social tensions and undermine efforts to achieve inclusive economic growth (Ajakaiye & Fakiyesi, 2009).

2.1.1.3 Measures to Control Inflation in Nigeria

Addressing inflation effectively in Nigeria requires a multifaceted approach that tackles both demand and supply-side factors. One critical tool is the implementation of sound monetary policy by the Central Bank of Nigeria. By carefully managing the money supply and adjusting interest rates, the CBN can influence inflationary trends. Tightening monetary policy, such as through raising interest rates, can help reduce the money supply and curb inflation. However, this approach must be balanced with the potential risk of slowing economic growth, as high-interest rates can discourage investment and consumption (Egbuna et al., 2017).

Exchange rate management is another crucial aspect of controlling inflation in Nigeria. A stable and realistic exchange rate policy can help mitigate inflationary pressures arising from currency depreciation. To achieve this, the government and the CBN need to build foreign exchange reserves, promote export diversification, and implement policies that stabilize the exchange rate. These measures can reduce the impact of imported inflation and provide a more stable economic environment (Ogundipe et al., 2014).

Improving infrastructure is vital for reducing production costs and curbing inflation. Addressing structural constraints, such as inadequate transportation networks, unreliable energy supply, and poor storage facilities, can lower the cost of doing business in Nigeria.

Investments in infrastructure, particularly in the agricultural sector, can enhance productivity, reduce post-harvest losses, and stabilize food prices, thereby mitigating inflationary pressures (Oladipo & Akinbobola, 2011).

Fiscal discipline and prudent public spending are essential for controlling inflation. The government should aim to reduce budget deficits by aligning expenditures with revenue and avoiding excessive borrowing. Policies that promote transparency, accountability, and efficiency in public spending can help achieve this goal. Additionally, reducing reliance on deficit financing can help stabilize the money supply and prevent inflationary spikes (Salami & Kelikume, 2010).

Inflation is a multifaceted economic phenomenon with significant implications for Nigeria's economic stability, growth, and development. Understanding the various types of inflation, their causes, and their impacts is crucial for designing effective policy measures to manage inflation and ensure sustainable economic growth. By implementing sound monetary and fiscal policies, managing exchange rates, and addressing structural constraints, Nigeria can mitigate inflationary pressures and create a more stable economic environment. This stability is essential for promoting investment, enhancing productivity, and improving the living standards of Nigerian citizens.

2.1.2 Concept of Standard of Living

The concept of the standard of living is central to understanding economic and social well-being. It encompasses not only the wealth and income of individuals but also the

broader range of conditions that contribute to people's quality of life. These conditions include access to education, healthcare, employment opportunities, environmental quality, and social and political stability. As such, the standard of living is a multi-dimensional construct that reflects the overall welfare of individuals and communities. In this review, we will explore the various dimensions of the standard of living, the different methods used to measure it, the factors that influence it, and its specific relevance in developing countries such as Nigeria.

The standard of living can be broadly defined as the level of material comfort, well-being, and quality of life that individuals or groups experience. It typically refers to the availability and consumption of goods and services that meet basic needs and support a comfortable lifestyle. Standard of living is often associated with economic indicators, such as income levels and GDP per capita, which provide a quantitative measure of economic resources available to individuals. However, defining the standard of living solely in economic terms is overly simplistic and fails to capture the complex reality of people's lives.

Scholars have argued that the standard of living should include not only economic prosperity but also other dimensions of well-being, such as health, education, and access to public services (Stiglitz, Sen, & Fitoussi, 2010). The concept of the standard of living extends to the capabilities that individuals have to lead fulfilling lives, as articulated by Amartya Sen's capability approach, which emphasizes the freedom to achieve well-being

rather than just the accumulation of wealth (Sen, 1999). This broader view acknowledges that a higher income does not necessarily translate into a better standard of living if individuals cannot access healthcare, education, or safe living environments.

2.1.2.1 Measurement of Standard of Living

Given its multi-dimensional nature, measuring the standard of living requires a comprehensive approach that goes beyond traditional economic indicators. Various indices have been developed to provide a more holistic view of living standards.

The Gross Domestic Product (GDP) per capita remains one of the most widely used indicators, reflecting the average economic output per person. While useful for comparing economic performance across countries, GDP per capita has limitations as it does not account for income distribution, inequality, or non-material aspects of well-being. Therefore, it is often complemented by other indices that offer a more comprehensive picture of living standards.

The Human Development Index (HDI), developed by the United Nations Development Programme (UNDP), provides a broader measure of the standard of living. The HDI combines data on life expectancy, education levels, and per capita income to assess human development. By incorporating health and education, the HDI captures essential dimensions of well-being that GDP alone cannot measure (UNDP, 2013). This index has become a widely accepted tool for evaluating and comparing the standard of living across countries.

Another important measure is the Multidimensional Poverty Index (MPI), which assesses poverty based on various deprivations that people face in their daily lives. The MPI considers factors such as lack of education, poor health, inadequate living conditions, and limited access to basic utilities like clean water and sanitation. This approach is particularly relevant for developing countries, where poverty and living conditions may not be accurately captured by income-based measures alone (Alkire & Santos, 2014).

Additionally, the Gross National Happiness Index, initially developed in Bhutan, takes an alternative approach by measuring the collective happiness and well-being of the population. This index considers factors such as psychological well-being, health, education, time use, cultural diversity, good governance, community vitality, ecological diversity, and living standards. Although less commonly used, it offers valuable insights into the non-material aspects of the standard of living and highlights the importance of happiness and satisfaction in assessing quality of life (Ura et al., 2012).

2.1.2.2 Factors Affecting Standard of Living

The standard of living is influenced by a wide range of factors, both economic and non-economic, that shape individuals' quality of life. Income and employment are primary determinants, as they directly affect the ability of individuals to afford essential goods and services. Higher income levels enable access to better housing, healthcare, education, and recreational activities, which contribute to an improved standard of living.

Conversely, high levels of unemployment and underemployment can lead to poverty, social exclusion, and lower living standards.

Access to education is another critical factor that affects the standard of living. Education equips individuals with the knowledge and skills necessary to participate effectively in the labor market and secure higher-paying jobs. Moreover, education promotes awareness and understanding of health practices, civic responsibilities, and environmental sustainability, which are essential for improving living standards (World Bank, 2018). Countries with high literacy rates and access to quality education generally exhibit higher standards of living and more equitable distribution of wealth and opportunities.

Healthcare access and quality also play a crucial role in determining the standard of living. Access to healthcare services ensures that individuals can maintain good health, which is fundamental to their ability to work, learn, and lead fulfilling lives. Public health measures, such as vaccinations, disease prevention, and access to clean water and sanitation, are vital for maintaining population health and reducing mortality rates. Inadequate healthcare infrastructure and services can lead to poor health outcomes, reduced life expectancy, and lower overall quality of life (World Health Organization, 2016).

Housing and living conditions are equally important for the standard of living. Adequate housing provides safety, privacy, and comfort, contributing to individuals' physical and mental well-being. The availability of basic utilities, such as electricity, clean water, and

sanitation, is essential for maintaining healthy living environments. Poor housing conditions, overcrowding, and lack of access to basic amenities can lead to health problems, social issues, and diminished quality of life.

Environmental quality also significantly affects the standard of living. Clean air, water, and green spaces contribute to better health, relaxation, and overall well-being. Environmental degradation, pollution, and exposure to hazardous substances can negatively impact health, reduce life expectancy, and lower quality of life. Sustainable development practices that protect natural resources and promote environmental health are critical for maintaining and improving living standards (United Nations Environment Programme, 2018).

Social and political stability is another determinant of the standard of living. A stable political environment ensures the effective functioning of institutions, the protection of human rights, and the provision of public services. Stability reduces the risk of conflict and social unrest, creating a conducive environment for economic growth, investment, and development. Conversely, political instability, corruption, and weak governance can undermine development efforts, lead to economic decline, and result in lower living standards (Acemoglu & Robinson, 2012).

2.1.2.3 Standard of Living in Nigeria

In the context of Nigeria, a developing country with a rapidly growing population, improving the standard of living presents significant challenges. Despite its position as

one of Africa's largest economies, Nigeria grapples with high levels of poverty, inequality, and unemployment, which adversely affect the quality of life for many of its citizens.

Income inequality is a persistent issue in Nigeria, with a significant portion of the population living below the poverty line. The wealth distribution is highly uneven, with a small elite controlling a disproportionate share of the country's resources. This disparity limits access to essential services and opportunities for the broader population, leading to wide gaps in living standards. Addressing income inequality through inclusive economic growth and equitable distribution of resources is essential for raising the standard of living (World Bank, 2019).

Education and healthcare are critical areas that require improvement in Nigeria to enhance the standard of living. The country faces challenges in providing access to quality education, particularly in rural areas where infrastructure and resources are limited. The healthcare system is underfunded and struggles with inadequate facilities, shortages of medical personnel, and poor service delivery. Improving education and healthcare access is crucial for equipping individuals with the skills and health necessary to participate in the economy and improve their quality of life (National Bureau of Statistics, 2018).

Housing and infrastructure development are also vital for improving the standard of living in Nigeria. Rapid urbanization has led to the growth of slums and informal

settlements, where living conditions are often substandard. Addressing the housing deficit, improving infrastructure, and ensuring access to basic utilities are essential for creating livable urban environments and enhancing overall quality of life. Investment in public infrastructure, such as roads, electricity, and public transportation, is necessary to support economic activities and improve living conditions (Akinwale & Adepoju, 2019).

Environmental challenges, such as pollution and deforestation, pose significant threats to the standard of living in Nigeria. Environmental degradation, particularly in the Niger Delta region, has had severe impacts on local communities, affecting health, livelihoods, and the natural ecosystem. Implementing sustainable environmental practices, promoting clean energy, and reducing pollution are crucial for protecting the environment and ensuring a healthy and livable environment for all Nigerians (Nwankwo, 2016).

Social and political stability is fundamental to improving the standard of living in Nigeria. Issues such as corruption, political instability, and insecurity undermine economic development and the delivery of public services. Strengthening governance, promoting transparency, and ensuring security are essential for creating an environment conducive to economic growth, investment, and improved living standards (Transparency International, 2018).

The standard of living is a comprehensive concept that encompasses various dimensions of well-being, including economic prosperity, health, education, environmental quality, and social stability. It reflects the overall quality of life and the ability of individuals to

access resources and opportunities that support a fulfilling and healthy life. While traditional economic measures such as GDP per capita provide valuable insights into economic performance, they must be complemented by broader indicators like the HDI and MPI to capture the full scope of living standards.

In the context of Nigeria, improving the standard of living requires addressing critical challenges such as poverty, inequality, access to education and healthcare, housing, environmental sustainability, and political stability. Effective policies, investment in infrastructure, and commitment to good governance are essential for enhancing the quality of life for Nigerians. As Nigeria continues to develop, focusing on inclusive and sustainable growth will be key to achieving higher living standards and improving the well-being of its population.

2.1.2.4 Indices of Standard of Living

The standard of living is a key indicator of the quality of life experienced by individuals or groups within a particular region. It is a multidimensional concept that encompasses various aspects of life, such as income, education, health, housing, and environmental quality. To measure and compare the standard of living across different populations or regions, economists and social scientists use various indices. These indices aim to provide a comprehensive picture of well-being by capturing both material and non-material dimensions of life. This extensive review explores the main indices of standard of living, their methodologies, strengths, and limitations, as well as their relevance in

assessing and improving quality of life. Citations are provided to ensure the relevance and credibility of the information.

1. Gross Domestic Product (GDP) per Capita

One of the most commonly used indices to measure the standard of living is the Gross Domestic Product (GDP) per capita. GDP per capita is calculated by dividing the total economic output of a country by its population. This index provides a measure of the average income or economic output per person and is widely used as a proxy for economic well-being. A higher GDP per capita indicates a higher level of economic prosperity and, theoretically, a better standard of living (World Bank, 2018).

However, GDP per capita has several limitations when it comes to measuring the standard of living comprehensively. It focuses solely on economic output and does not account for income distribution, inequality, or the non-material aspects of well-being such as health, education, and environmental quality. Moreover, GDP per capita does not capture the informal economy, which is significant in many developing countries. As a result, while GDP per capita is useful for economic comparisons, it may not fully reflect the true standard of living experienced by individuals (Stiglitz, Sen, & Fitoussi, 2010).

2. Human Development Index (HDI)

The Human Development Index (HDI) is a composite index developed by the United Nations Development Programme (UNDP) to provide a more comprehensive measure of

the standard of living. The HDI considers three main dimensions: life expectancy (a proxy for health), education (measured by mean years of schooling and expected years of schooling), and per capita income. By combining these dimensions, the HDI captures both economic and non-economic aspects of human development (UNDP, 2019).

The HDI is calculated on a scale from 0 to 1, with higher values indicating better human development outcomes. Countries with high life expectancy, high levels of education, and high income per capita typically score high on the HDI. For example, Norway, Switzerland, and Ireland consistently rank among the highest on the HDI, reflecting their strong social and economic infrastructure (UNDP, 2020).

One of the strengths of the HDI is its ability to capture a broad range of factors that contribute to the standard of living, making it a more holistic measure compared to GDP per capita. However, the HDI also has limitations. It does not account for inequality within countries, nor does it include environmental sustainability or subjective measures of well-being. To address some of these limitations, the UNDP introduced the Inequality-adjusted HDI (IHDI), which adjusts the HDI for inequalities in the distribution of health, education, and income (Klugman, Rodriguez, & Choi, 2011).

3. Multidimensional Poverty Index (MPI)

The Multidimensional Poverty Index (MPI) is another important index used to measure the standard of living, particularly in the context of poverty. The MPI was developed by the Oxford Poverty and Human Development Initiative (OPHI) and the UNDP to capture

multiple deprivations that individuals face in their daily lives. The MPI considers ten indicators across three dimensions: health (child mortality, nutrition), education (years of schooling, school attendance), and living standards (cooking fuel, sanitation, water, electricity, flooring, and assets) (Alkire & Santos, 2014).

Each indicator is given a specific weight, and individuals are considered multidimensionally poor if they experience deprivations in one-third or more of the weighted indicators. The MPI provides a more nuanced understanding of poverty and standard of living by highlighting the different ways in which people can be deprived beyond just income. This index is particularly useful in developing countries, where income-based measures may not fully capture the complexity of poverty and living conditions (Alkire, Roche, & Vaz, 2017).

The MPI's strength lies in its ability to capture the multidimensional nature of poverty and well-being, making it a valuable tool for policymakers to target poverty reduction efforts effectively. However, the MPI also has limitations. It relies on survey data, which may not always be available or up-to-date, and the choice of indicators and their respective weights can be subjective. Despite these limitations, the MPI remains a powerful tool for assessing and addressing poverty and improving the standard of living.

4. Quality of Life Index (QLI)

The Quality of Life Index (QLI) is an index that evaluates the standard of living by considering various factors that contribute to overall well-being. The QLI incorporates

indicators such as purchasing power, safety, health care, cost of living, property prices, traffic, pollution, and climate. This index aims to provide a broader perspective on the quality of life by including both economic and non-economic factors (Numbeo, 2020).

The QLI is based on subjective perceptions and objective data collected from surveys and other sources. It provides insights into how people perceive their quality of life in different cities or countries. Cities with high scores on the QLI typically offer a combination of economic opportunities, safety, good healthcare, and a clean environment. For example, cities like Zurich, Sydney, and Vancouver consistently rank high on the QLI due to their high living standards and quality of life (Mercer, 2019).

While the QLI offers valuable insights into the overall quality of life, it is important to recognize its limitations. The index relies heavily on subjective perceptions, which can vary widely among individuals and cultures. Additionally, the QLI may not fully capture the experiences of marginalized or vulnerable populations who may face different challenges in their daily lives.

5. Sustainable Development Goals (SDGs) and the SDG Index

The Sustainable Development Goals (SDGs) are a set of 17 global goals adopted by the United Nations in 2015 to address various dimensions of sustainable development, including poverty, inequality, health, education, environmental sustainability, and economic growth. The SDG Index is a tool used to measure progress towards achieving these goals at the national level. It assesses countries' performance across multiple

indicators related to each SDG, providing a comprehensive view of the standard of living and sustainable development (Sachs et al., 2020).

The SDG Index allows countries to track their progress and identify areas where additional efforts are needed to achieve sustainable development. It also highlights disparities between countries and regions, helping policymakers prioritize interventions to improve living standards. The SDG Index recognizes that a high standard of living is not only about economic prosperity but also about social inclusion, environmental sustainability, and good governance.

The SDG Index's strength lies in its comprehensive approach, which covers a wide range of dimensions relevant to the standard of living. However, the index's effectiveness depends on the availability and quality of data, as well as the commitment of governments to implement policies aligned with the SDGs. Additionally, the SDG Index may not fully capture the complexities of local contexts, as it aggregates data at the national level (Hák, Janoušková, & Moldan, 2016).

The standard of living is a complex and multi-dimensional concept that encompasses various aspects of well-being, including economic prosperity, health, education, environmental quality, and social inclusion. To measure and compare the standard of living across different populations and regions, various indices have been developed, each with its strengths and limitations.

Each of these indices contributes valuable insights into the standard of living and helps policymakers, researchers, and organizations understand the challenges and opportunities for improving quality of life. By using a combination of these indices, a more holistic and accurate assessment of living standards can be achieved, guiding efforts to enhance well-being and achieve sustainable development globally.

2.2. Review of Related Topics

2.2.1. History of Inflation in 4th Republic Nigeria

Inflation, defined as the sustained increase in the general price level of goods and services over a period, has been a persistent economic challenge in Nigeria, especially during the Fourth Republic, which began in 1999 following the transition from military rule to democracy. The Fourth Republic has been marked by several economic shifts, policy reforms, and external influences that have shaped the inflationary trends in the country. Understanding the history of inflation during this period is crucial for grasping the economic realities of Nigeria and the effectiveness of its monetary policies.

2.2.1.1. Early Years of the Fourth Republic (1999–2003)

The return to democratic governance in 1999 under President Olusegun Obasanjo came with high expectations for economic stability and growth. However, the early years of the Fourth Republic were marked by significant inflationary pressures. In 1999, inflation stood at about 6.6%, but it rapidly escalated to double digits, reaching 18.9% in 2001 (Central Bank of Nigeria, 2010). This surge was largely attributed to several factors, including the initial adjustment of prices after years of price controls during the military era, increased government spending, and the removal of subsidies on petroleum products, which increased transportation and production costs.

Additionally, these years witnessed fluctuating oil prices in the international market, which affected government revenues and expenditure, leading to macroeconomic instability. Nigeria's heavy reliance on oil exports made the economy vulnerable to external shocks. The oil price fluctuations, combined with increased money supply due to fiscal expansions, resulted in inflationary pressures (Adebayo, 2011). The Central Bank of Nigeria (CBN) attempted to combat inflation through various monetary policy instruments, including interest rate adjustments and open market operations, but these measures had limited success due to structural weaknesses in the economy, such as inadequate infrastructure and a large informal sector.

2.2.1.2. Mid-2000s Stability and Economic Reforms (2003–2007)

From 2003, under the continued leadership of President Obasanjo, Nigeria experienced a relative decline in inflation rates, averaging around 10% annually. This period saw

significant economic reforms, including the introduction of the National Economic Empowerment and Development Strategy (NEEDS), which aimed at macroeconomic stability, sustainable growth, and poverty reduction (IMF, 2005). The Nigerian government also implemented fiscal discipline measures, such as the establishment of the Excess Crude Account (ECA) to save oil revenues above a benchmark price, thus insulating the economy from the volatility of oil prices.

The CBN, under the leadership of Professor Charles Soludo, pursued a policy of monetary tightening to reduce inflation. The bank also strengthened the banking sector through a recapitalization exercise that increased the minimum capital requirement for banks, leading to consolidation in the sector. These reforms improved investor confidence, increased capital inflows, and stabilized the financial system (Sanusi, 2010). Inflation rates showed signs of improvement, dropping to as low as 8.2% in 2006 (World Bank, 2008). However, the gains were somewhat undermined by sporadic increases in inflation due to administrative adjustments in fuel prices and the inherent structural challenges within the Nigerian economy.

2.2.1.3. Global Economic Crisis and Inflation Resurgence (2008–2010)

The global financial crisis of 2008–2009 had significant repercussions for Nigeria's inflation trajectory. While Nigeria was somewhat insulated due to limited exposure to global financial markets, the drop in global oil prices severely impacted government revenues and foreign exchange earnings. In response, the Nigerian government increased

domestic borrowing to finance budget deficits, leading to a rise in money supply and inflationary pressures (Akpan, 2009).

Inflation rates, which had been relatively stable, began to rise again, peaking at about 15.1% in 2008 before gradually declining. The CBN, under Governor Lamido Sanusi, focused on stabilizing the naira and controlling inflation by implementing tight monetary policies. These measures included increasing the Monetary Policy Rate (MPR) and restricting liquidity through open market operations. By 2010, inflation had been brought down to around 11.8%, but the underlying vulnerabilities of the economy, such as dependency on oil exports and weak industrial output, continued to pose challenges to achieving sustainable low inflation (Sanusi, 2010).

2.2.1.4. The Jonathan Administration and Inflation Trends (2010–2015)

The administration of President Goodluck Jonathan, which began in 2010, was characterized by continued efforts to manage inflation amidst various economic and security challenges. During this period, inflation fluctuated, driven by factors such as changes in food prices, exchange rate volatility, and government fiscal policies. Food inflation was particularly significant due to Nigeria's heavy reliance on imports for food supply, coupled with inadequate domestic agricultural production and infrastructure (Adedipe, 2014). The flooding of agricultural lands and insurgencies in the northern part of Nigeria also disrupted food supply chains, exacerbating inflation.

In January 2012, the government's attempt to remove the fuel subsidy, which resulted in a significant increase in fuel prices, led to widespread protests and social unrest. This move, intended to free up resources for infrastructural development, sparked fears of a spike in inflation. Although the government partially reversed the subsidy removal, the incident underscored the sensitive nature of fuel prices on the overall inflationary environment in Nigeria (Eboh & Ujah, 2012).

Despite these challenges, the CBN maintained a tight monetary policy stance, with the MPR set at relatively high levels to curb inflation. The CBN also employed foreign exchange market interventions to stabilize the naira, as exchange rate depreciation could further fuel inflation. These efforts contributed to moderating inflation, which averaged around 8% to 9% during this period, but with occasional spikes linked to supply shocks and administrative adjustments (CBN, 2015).

2.2.1.5. Inflation under the Buhari Administration (2015–2023)

The election of President Muhammadu Buhari in 2015 marked a new phase in Nigeria's inflation history. His administration faced significant economic challenges, including a sharp decline in global oil prices, which reduced government revenue and foreign exchange reserves. The economy entered a recession in 2016, driven by lower oil earnings, militant activities in the Niger Delta disrupting oil production, and foreign exchange shortages (Adelabu, 2016).

The recession and the attendant economic instability led to a rise in inflation, which peaked at 18.6% in 2016 (NBS, 2017). The CBN responded with stringent monetary policies, including raising the MPR to 14% and implementing foreign exchange controls to stabilize the naira. Inflationary pressures were further compounded by the depreciation of the naira against the dollar, increasing the cost of imported goods and raw materials.

By 2017, the Nigerian economy began to recover from the recession, and inflation rates started to decline, falling to around 11% by 2018. However, inflation remained a persistent issue due to structural bottlenecks, such as inadequate power supply, poor infrastructure, and dependency on imported goods. The Buhari administration's economic policies, including the Economic Recovery and Growth Plan (ERGP), aimed to diversify the economy, improve infrastructure, and enhance food security to stabilize prices and promote sustainable growth (ERGP, 2017).

The history of inflation in Nigeria's Fourth Republic reflects the complex interplay of economic policies, global market dynamics, structural weaknesses, and socio-political factors. Despite various reforms and monetary policy interventions, inflation has remained a persistent challenge, driven by both demand-pull and cost-push factors. The reliance on oil exports, inadequate infrastructure, security issues, and the effects of global economic trends continue to shape the inflationary environment in Nigeria. Moving forward, achieving sustainable low inflation will require comprehensive economic

diversification, improved agricultural productivity, and enhanced governance to address the root causes of inflationary pressures.

2.2.2. Challenges in addressing inflation in Nigeria

Inflation, defined as the sustained increase in the general price level of goods and services over a period, remains a significant macroeconomic challenge in Nigeria. Despite numerous policy interventions by the Nigerian government and the Central Bank of Nigeria (CBN), inflation persists at levels that undermine economic growth and development. The complexities of the Nigerian economy, characterized by structural weaknesses, heavy reliance on oil exports, and socio-political factors, make addressing inflation particularly challenging. This review examines the various obstacles that hinder effective inflation control in Nigeria, highlighting both internal and external factors.

1. Structural Weaknesses in the Economy

One of the primary challenges in addressing inflation in Nigeria is the structural weakness of its economy. Nigeria's economy is heavily reliant on oil exports, which account for over 90% of its foreign exchange earnings and a significant portion of government revenue (Adenikinju & Falobi, 2020). This dependence makes the economy highly vulnerable to external shocks, such as fluctuations in global oil prices. When oil prices fall, government revenues decline, leading to budget deficits and increased borrowing. This, in turn, can result in increased money supply, causing inflationary pressures (Akpan, 2009). The lack of diversification in the Nigerian economy limits the

government's ability to stabilize inflation through alternative revenue sources or economic activities.

In addition to the dependency on oil, Nigeria's agricultural sector, which employs a large portion of the population, is plagued by inefficiencies, inadequate infrastructure, and insecurity. Poor roads, insufficient storage facilities, and a lack of access to modern farming technology lead to low agricultural productivity and high post-harvest losses (Eboh, 2014). Consequently, food supply often falls short of demand, contributing to food inflation, which is a significant component of overall inflation in Nigeria (NBS, 2020). The inability to address these structural deficiencies in the agricultural sector exacerbates inflationary trends, especially given the centrality of food prices in Nigeria's inflation dynamics.

2. Inadequate Monetary Policy Transmission

The effectiveness of monetary policy in controlling inflation in Nigeria is hampered by weak monetary policy transmission mechanisms. The banking sector, although relatively developed, faces issues such as high levels of non-performing loans, poor credit accessibility for small and medium-sized enterprises (SMEs), and limited financial inclusion (Sanusi, 2010). These factors constrain the ability of the CBN to influence economic activities through conventional monetary policy tools, such as adjustments in the Monetary Policy Rate (MPR). When the CBN increases the MPR to curb inflation,

the intended effects may not be fully realized due to these structural inefficiencies within the banking system.

Additionally, the high level of informality in the Nigerian economy, where a significant proportion of transactions are conducted outside the formal financial sector, limits the reach and impact of monetary policy (IMF, 2021). The informal sector, which is estimated to account for about 65% of Nigeria's GDP, operates largely on cash transactions and is less sensitive to changes in interest rates and other monetary policy instruments. This weak transmission of monetary policy actions makes it difficult to control inflation effectively, as changes in policy rates may not translate into the desired impact on inflationary pressures.

3. Exchange Rate Volatility

Exchange rate volatility is another significant challenge in managing inflation in Nigeria. The naira's exchange rate against major currencies, particularly the US dollar, has been unstable, primarily due to fluctuations in oil prices, capital flight, and speculative attacks on the currency (Adesina, 2013). Depreciation of the naira increases the cost of imported goods and services, contributing to cost-push inflation. Nigeria's high dependency on

imports for consumer goods, raw materials, and capital equipment means that exchange rate fluctuations directly impact domestic prices (Adebayo, 2019).

Efforts by the CBN to stabilize the exchange rate, such as interventions in the foreign exchange market and maintaining multiple exchange rate windows, have not fully mitigated the inflationary impact of currency depreciation (CBN, 2017). These interventions often lead to depletion of foreign reserves and create distortions in the market, further complicating inflation management. The challenge lies in balancing the need for exchange rate stability with the sustainable use of foreign reserves, especially in an environment of volatile oil prices and external economic uncertainties.

4. Fiscal Policy and Government Spending

Fiscal policy mismanagement, characterized by excessive government spending, budget deficits, and high public debt levels, poses a significant challenge to controlling inflation in Nigeria. Government expenditure often exceeds revenue, leading to budget deficits that are financed through borrowing or the monetization of debt by the CBN. This practice increases the money supply in the economy, creating inflationary pressures (Ajakaiye & Fakiyesi, 2018). In periods of high oil revenue, government spending tends to increase significantly, often leading to overheating of the economy and inflation. Conversely, when oil revenues decline, the resulting budget deficits and borrowing needs put pressure on the money supply, again leading to inflation.

Furthermore, the efficiency of public spending is often compromised by corruption and mismanagement, which dilute the effectiveness of government expenditures in stimulating productive economic activities (Ogunyemi, 2017). Wasteful spending, leakages, and misallocation of resources not only exacerbate inflation but also undermine economic growth and development. To address inflation effectively, Nigeria needs to adopt a more disciplined and transparent fiscal policy framework that aligns government spending with long-term economic stability and development goals.

5. Supply-Side Constraints

Supply-side constraints, including infrastructural deficiencies, energy shortages, and insecurity, contribute to inflationary pressures in Nigeria. Poor infrastructure, such as inadequate roads, unreliable power supply, and limited transport networks, increase production and distribution costs for businesses. These costs are often passed on to consumers in the form of higher prices, leading to inflation (Fashola, 2018). For instance, frequent power outages necessitate the use of alternative power sources, such as generators, which increases the operational costs for manufacturers and service providers. The high cost of logistics and transportation due to poor road networks also adds to the inflationary burden, particularly for food items that need to be transported from rural areas to urban centers.

Insecurity, especially in the northern regions of Nigeria, has disrupted agricultural activities and food supply chains. The activities of insurgents, bandits, and kidnappers

have forced many farmers to abandon their lands, reducing agricultural output and increasing food prices (Adelaja, 2021). The persistent threat of violence and instability discourages investment in the agricultural sector, exacerbating food shortages and contributing to inflation. Addressing these supply-side constraints is essential for achieving sustainable price stability and reducing inflationary pressures in Nigeria.

Addressing inflation in Nigeria is a complex and multifaceted challenge that requires a holistic approach. The structural weaknesses of the economy, inadequate monetary policy transmission, exchange rate volatility, fiscal policy mismanagement, supply-side constraints, and policy inconsistencies all contribute to persistent inflationary pressures. Effective inflation control in Nigeria will require concerted efforts to diversify the economy, strengthen monetary and fiscal policy coordination, improve infrastructure, enhance agricultural productivity, and ensure policy consistency and effective implementation. By addressing these challenges, Nigeria can achieve sustainable price stability, promote economic growth, and improve the overall standard of living for its population.

2.3. Empirical Review

Inflation is a persistent economic issue in Nigeria, significantly affecting the standard of living of its citizens. The empirical studies reviewed here provide insights into how inflation has influenced various aspects of life in Nigeria, focusing on the most recent findings and moving backward chronologically.

A study by Adamu and Obafemi (2022) investigated the relationship between inflation and household welfare in Nigeria. This research utilized data from the Nigerian Living Standards Survey (NLSS) of 2018-2019 and adopted a structural equation modeling approach to understand the complex interactions between inflation, household income, and expenditure patterns. The findings revealed that inflation negatively impacts household welfare by eroding real income, leading to reduced purchasing power and increased poverty levels. Specifically, food inflation emerged as a critical driver of household welfare reduction, as it disproportionately affected low-income households, which allocate a significant portion of their income to food consumption. The study concluded that controlling food prices through effective agricultural policies and stabilization measures is essential for improving Nigerians' standard of living.

Similarly, Ogundipe and Lawal (2020) conducted an empirical analysis on the impact of inflation on the poverty rate in Nigeria. Using a time-series dataset spanning from 1980 to 2018, the study employed the autoregressive distributed lag (ARDL) model to establish the long-term and short-term relationships between inflation and poverty. The results indicated a positive correlation between inflation and poverty rates, suggesting that higher inflation rates exacerbate poverty levels. This relationship was particularly pronounced during periods of high food and fuel price volatility. The study highlighted that inflationary pressures lead to increased costs of essential goods and services, thereby diminishing the standard of living, particularly among vulnerable populations. Ogundipe

and Lawal recommended the implementation of targeted social protection programs to cushion the effects of inflation on the most affected groups.

In an earlier study, Adeola and Olayemi (2019) examined the impact of inflation on income inequality in Nigeria, focusing on how inflationary trends influence the distribution of wealth. Utilizing the Gini coefficient to measure income inequality and inflation data from the Central Bank of Nigeria, the study found that inflation significantly exacerbates income inequality. High inflation rates tend to benefit asset-rich individuals who can hedge against inflation through investments in real estate and other assets. In contrast, low-income earners and wage-dependent households experience a decline in real income, as their nominal earnings do not keep pace with rising prices. This divergence in economic outcomes contributes to widening income inequality and reduces the overall standard of living for the majority of the population. The authors suggested that macroeconomic stability, along with inclusive growth policies, is crucial for improving living standards and reducing inequality.

Ojo and Akanbi (2018) provided a comprehensive analysis of the impact of inflation on the cost of living and consumer welfare in Nigeria. Their research focused on the period between 2000 and 2017, utilizing the consumer price index (CPI) and real household consumption data to assess changes in the cost of living. The study found that inflation had a substantial negative effect on consumer welfare, as reflected in declining real household consumption levels. Rising prices, especially for food, healthcare, and

education, forced households to reallocate resources, often cutting back on essential services to cope with increased living costs. The study underscored that inflation disproportionately affects urban households due to their higher dependency on market-purchased goods compared to rural households. Ojo and Akanbi recommended comprehensive policies to stabilize prices, such as improving agricultural productivity and enhancing the efficiency of supply chains.

Earlier empirical work by Afolabi and Atolagbe (2017) analyzed the macroeconomic implications of inflation on living standards in Nigeria. Using a vector autoregression (VAR) model and data from 1985 to 2015, the study explored the dynamic interactions between inflation, economic growth, and unemployment. The findings revealed that inflation negatively affects economic growth and employment, which, in turn, deteriorates living standards. High inflation was found to create uncertainty in the economy, discouraging investment and leading to reduced economic output. This, coupled with rising unemployment, contributed to lower household incomes and diminished access to basic goods and services. Afolabi and Atolagbe emphasized the need for prudent fiscal and monetary policies that target inflation control as a means to promote economic stability and enhance the standard of living for Nigerians.

These empirical studies collectively highlight the pervasive impact of inflation on various aspects of the standard of living in Nigeria. From household welfare and poverty levels to income inequality and consumer welfare, inflation consistently emerges as a key factor

that diminishes economic well-being. The findings emphasize the importance of maintaining macroeconomic stability, implementing effective inflation control measures, and adopting inclusive economic policies that protect vulnerable populations from the adverse effects of inflation. As Nigeria continues to grapple with inflationary pressures, these insights provide valuable guidance for policymakers aiming to improve the standard of living and promote sustainable economic development.

2.4. Theoretical Framework: Systems Theory

The Systems Theory, specifically as developed by David Easton in the 1950s, provides a framework for understanding the political system as a set of interrelated components that interact to produce outcomes. Easton's version of the theory, known as the "Political System Theory", views the political system as a process where inputs (demands and support) are processed through governmental structures (e.g., institutions and policies) to produce outputs (decisions and actions) that affect society. This theory emphasizes the dynamic interaction between political institutions and their environment, focusing on how changes in one part of the system, such as inflation, can influence other parts, such as the economy, society, and governance.

Easton's model operates on the premise that political systems maintain equilibrium by responding to environmental pressures, including economic factors like inflation. The theory is useful for analyzing how government decisions, such as fiscal policies or inflation control measures under President Bola Ahmed Tinubu's administration, can

impact the wider society. It helps to understand how inflation (as an input) is processed by the government and its implications for the standard of living (as an output), and how these outputs, in turn, influence the level of public support for the government.

Critics of Easton's Systems Theory argue that it oversimplifies the complexities of political processes by focusing too much on equilibrium and stability, while underplaying conflict and power struggles. Critics also contend that the model doesn't fully account for the influence of external factors, such as global economic trends, on domestic political systems. Furthermore, some assert that it fails to adequately address issues of inequality, as it treats the political system as a neutral entity without fully accounting for the impact of power imbalances on policy outcomes.

Basic Assumption

Easton's Systems Theory is based on several key assumptions:

- I. **Input-Output Process:** The political system processes inputs (demands and support) from the environment, transforming them into outputs (policies and decisions) that affect society.

- II. **Equilibrium Maintenance:** The theory assumes that political systems work to restore stability and balance when faced with disturbances or pressures, such as economic challenges or social unrest.
- III. **Environmental Interaction:** Political systems interact with their environment, with factors like the economy and social movements influencing political decisions.
- IV. **Feedback Mechanisms:** Outputs generate feedback in the form of public support or dissent, which then influences future decisions, creating an adaptive system.
- V. **Systemic Interdependence:** The various components of the system, such as institutions and public opinion, are interconnected, with changes in one part affecting the others.

These assumptions help analyze how political systems respond to pressures, produce policies, and adapt over time.

2.4.1. Theoretical Application to the Study

Easton's Systems Theory is highly relevant to the research on evaluating the impact of inflation on Nigerians' standard of living under President Bola Ahmed Tinubu's administration. The theory's focus on the interaction between inputs, outputs, and feedback within a political system provides a useful lens for understanding how inflation,

as an input, influences government policies and decisions. The theory allows for an analysis of how inflationary pressures (such as rising prices and reduced purchasing power) lead to government responses (outputs), such as fiscal adjustments or economic reforms (Easton, 1960).

Additionally, the theory's emphasis on maintaining equilibrium is pertinent for assessing how the government attempts to stabilize the economy through inflation control measures, balancing economic stability with social welfare needs. Furthermore, feedback mechanisms in the theory help analyze how public opinion, social unrest, or dissatisfaction with inflationary policies might influence future government actions.

By applying Easton's Systems Theory, the study can trace how inflation affects the broader political and economic system in Nigeria, considering the interactions between economic policies, social welfare, and the standard of living. The theory also highlights the adaptive nature of the system, where the government's response to inflation may evolve based on societal feedback, providing a deeper understanding of the relationship between inflation and the standard of living in Nigeria.

2.5. Research Gap

The research gap in this study lies in the limited empirical examination of how inflation under President Bola Ahmed Tinubu's administration specifically impacts the standard of living in Nigeria. While previous studies have explored the general effects of inflation on economic variables such as income inequality, unemployment, and purchasing power,

there is a lack of focused analysis on the distinct and nuanced relationship between inflation and the standard of living during this specific political era. Additionally, while several studies have assessed inflation from a macroeconomic perspective, there is a need for more detailed exploration of how inflationary policies, government actions, and socio-economic conditions interact to shape everyday living conditions for Nigerian households, especially considering recent economic reforms and political shifts under Tinubu's administration. This gap presents an opportunity to contribute new insights into the intersection of government policies, inflation, and the lived experiences of Nigerians in a dynamic political environment.

CHAPTER THREE

METHODOLOGY

This chapter deals with the methodology of the study which are discussed as follow;

3.1 Design of the Study

Descriptive survey research design was employed. This design was suitable because it uses a representable sample to make to make generalization of the phenomenon as the study determine; the impact of inflation on the standard of living among Nigerian during the President Bola Ahmed Tinubu’s Administration between 2023 and 2024.

3.2. Population of the Study

The population of the study deals with Nigerians in three local government of Edo state namely; Ovia North East, Egor and Oredo Local Government area; Nigeria has not had an official census since 2006, hence the most recent official data for this area is the voters register from the Independent National Electoral Commission (INEC), which are presented as follow;

S/N	LGA	POPULATION
1	Ovia North East	177,106
2	Egor	242,266
3	Oredo	357,371
TOTAL		776,743

Source: INEC voters register for Edo State (2024)

The population of the study according to the last register released by INEC in August 7th, 2024 is 776, 743 (INEC 2024).

3.3. Sample and Sampling Technique

Convenience and purposeful sampling technique will be adopted in which 200 persons from the study population will be selected randomly from three wards within the three local area of the study to serve as the sample size of the study; from which the findings will be generalized on the study population.

S/N	LOCAL GOVERNMENT	WARD
1	Oredo	Ogbe
2		Ekiosa
3		Obazee
4	Egor	Ugbowo
5		Uselu
6		Uwelu
7	Ovia North East	Oluku
8		Adolor
9		Iyowa

3.4 Research Instrument

The major instrument used for data collection was a well - structured questionnaire titled “Impact of Inflation on Standard of Living” (IISOL). The instrument was designed into two section (A and B); Section A deals the data of the respondents such as Gender, Age range, religion and educational qualification; Section B was divided into 20 Statement formulated using a 4 scale point rating Questionnaire across the 5 Research Question; The Likert scale is designated with the scale of Strongly Agree (SA) – 4; Agree (A) – 3; Disagree (D) – 2; and Strongly Disagree (SD) – 1, was used for the study. The research

instrument will be the combination of physically printed questionnaire and electronic questionnaire to target respondents within the study area.

3.5 Validity of The Instrument

The face and content validity of the instrument will be done by the project supervisor and two other experts in the Department of Political Science who will read through the items and make useful suggestions which will be incorporated into the final copy of the research instrument.

3.6 Method of Data Collection

The data will be collected through the issuance of a well drafted questionnaire distributed to adult residents in Ovia North East, Egor and Oredo Local Government Area. Their response was collected for data analysis.

3.7 Method of Data Analysis

The data collected will be analysed using Mean and standard deviation to answer the research questions. A mean criterion of 2.50 will be used. the decision rule is such that any mean above 2.50 will be regarded as Agreed, while any mean below 2.50 will be regarded as disagrees. While the Hypothesis was tested 5% significant level using Chi Square.

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

4.1. Introduction

This chapter deals with the presentation and analysis of data collected through 20 items from the research instrument across 5 research question, the hypotheses testing (5) at 5% significant level and the discussion of findings. Out of 200 expected responses for analysis, 127 were returned for analysis. Mean analysis was used to report the response to the items on the research question, while Chi Square analysis was used to test significant relationship of the null hypotheses.

4.2. Presentation and Analysis of Data

Research Question 1: How has inflation during the Bola Tinubu's administration affected the purchasing power of Nigerian households?

Table 1: Mean analysis of the impact of inflation on purchasing power.

S/N	STATEMENTS	n	X	DECISION
1	Inflation has significantly reduced the ability of my household to afford basic necessities.	127	3.15	AGREED
2	The cost of essential goods and services has increased faster than household income during this administration.	127	3.12	AGREED
3	Inflation has forced my household to prioritize certain needs over others due to declining purchasing power.	127	2.87	AGREED
4	Government interventions have been effective in reducing the impact of inflation on household purchasing power.	127	1.82	DISAGREED

Source: Researcher's Survey (2025)

Table 1 showed the mean analysis of the impact of inflation on purchasing power of households during Bola Tinubu's Administration. The analysis through the mean score

greater than the criterion of 2.50 showed agreed, while mean score lesser than the criterion of 2.50 is reported and disagreed. The interpretation of the analysis showed that majority of the respondents agreed that Inflation has significantly; reduced household ability to afford basic necessities; increased the cost of essential goods and services faster than household income; forced households to prioritize certain needs over others due to declining purchasing power; on the other side, majority of the respondents disagreed that Government interventions have been effective in reducing the impact of inflation on household's purchasing power.

Research Question 2: To what extent has inflation influenced food security in Nigeria under the Bola Tinubu administration?

Table 2: Mean analysis of the impact of inflation on food security

S/N	STATEMENTS	n	X	DECISION
5	Rising food prices have made it difficult for my household to maintain a balanced diet.	127	3.06	AGREED
6	Inflation has led to increased reliance on less nutritious or lower-quality food items.	127	3.23	AGREED
7	Inflation has disproportionately affected food security for low-income households.	127	3.18	AGREED
8	Policies aimed at stabilizing food prices have been effective under this administration.	127	1.45	DISAGREED

Source: Researcher's Survey (2025)

Table two showed the mean analysis on of the impact of inflation on food security in President Bola Tinubu's administration. The analysis through the mean score greater than the criterion of 2.50 showed agreed, while mean score lesser than the criterion of 2.50 is reported and disagreed. The interpretation of the analysis showed that majority of the

respondents agreed that inflation has; made it difficult for my household to maintain a balanced diet; led to increased reliance on less nutritious or lower-quality food items; disproportionately affected food security for low-income households; on the other hand, majority of the respondents disagreed that government policies aimed at stabilizing food prices have been effective in President Bola Tinubu’s ongoing administration.

Research Question 3: How has the inflationary trend during the Bola Ahmed Tinubu administration contributed to changes in income inequality in Nigeria?

Table 3: Mean analysis on how inflationary trend has contributed to income inequality.

S/N	STATEMENTS	n	X	DECISION
9	Inflation has widened the gap between high-income and low-income groups in Nigeria.	127	2.98	AGREED
10	Rising prices have negatively affected those with fixed or low incomes.	127	2.67	AGREED
11	High inflation has made it more challenging for individuals in low-income groups to improve their economic status.	127	3.12	AGREED
12	Government policies have helped reduce the effects of inflation on income inequality.	127	1.22	DISAGREED

Source: Researcher’s Survey (2025)

Table 3 showed the mean analysis on how inflationary trend has contributed to income inequality in President Bola Tinubu’s administration. The analysis through the mean score greater than the criterion of 2.50 showed agreed, while mean score lesser than the criterion of 2.50 is reported and disagreed. The interpretation of the analysis showed that majority of the respondents agreed that inflation has; has widened the gap between high-income and low-income groups; negatively affected those with fixed or low incomes;

made it more challenging for individuals in low-income groups to improve their economic status; on the other side, majority of the respondents disagreed that Government policies have helped reduce the effects of inflation on income inequality.

Research Question 4: What is the relationship between inflation and unemployment rates in Nigeria during the Bola Tinubu’s administration?

Table 4: Mean analysis of the relationship between inflation and unemployment rates.

S/N	STATEMENTS	n	X	DECISION
13	Rising inflation has led to increased unemployment rates in my community.	127	3.12	AGREED
14	The cost of living has discouraged entrepreneurship or business expansion under this administration.	127	2.89	AGREED
15	Inflation has contributed to job losses in sectors highly sensitive to price increases.	127	3.00	AGREED
16	Government efforts to create jobs have effectively countered the impact of inflation.	127	1.65	DISAGREED

Source: Researcher’s Survey (2025)

Table 4 showed the mean analysis of the relationship between inflation and unemployment rates in President Bola Tinubu’s administration. The analysis through the mean score greater than the criterion of 2.50 showed agreed, while mean score lesser than the criterion of 2.50 is reported and disagreed. The interpretation of the analysis showed that majority of the respondents agreed that rising inflation has; led to increased unemployment rates; discouraged entrepreneurship or business expansion; contributed to job losses in sectors highly sensitive to price increment; on the other hand, the

respondents disagreed that government efforts to create jobs have effectively countered the impact of inflation.

Research Question 5: In what ways has inflation impacted the access to and quality of social welfare services, such as education and healthcare, in Nigeria during the Bola Tinubu’s administration?

Table 5: Mean analysis on how has inflation has impacted access to quality social welfare services

S/N	STATEMENTS	n	X	DECISION
17	Rising costs have reduced access to quality education services	127	3.22	AGREED
18	Healthcare affordability has been negatively affected by inflation	127	3.15	AGREED
19	Inflation has worsened the quality of public education and healthcare facilities.	127	3.38	AGREED
20	Rising inflation has forced households to prioritize other expenses over social welfare services.	127	3.40	AGREED

Source: Researcher’s Survey (2025)

Table 5 showed the mean analysis on how has inflation has impacted access to quality social welfare services in President Bola Tinubu’s administration. The analysis through the mean score greater than the criterion of 2.50 showed agreed, while mean score lesser than the criterion of 2.50 is reported and disagreed. The interpretation of the analysis showed that majority of the respondents agreed that inflation has; reduced access to quality education services; reduced accessibility to quality Healthcare; worsened the quality of public education and healthcare facilities; forced households to prioritize other expenses over social welfare services.

4.3. Hypotheses Testing

The following null hypothesis were tested using Chi-Square (X^2) at 5% significant level.

H₀₁ - There is no significant impact of inflation on the purchasing power of Nigerian households during the Bola Tinubu's administration

H₀₂ - There is no significant impact of inflation on food security in Nigeria under the Bola Tinubu's administration

H₀₃ - There is no significant impact of inflation on income inequality in Nigeria under the Bola Tinubu's administration

H₀₄ - There is no significant impact of inflation on unemployment rates in Nigeria during the Bola Tinubu's administration

H₀₅ - There is no significant impact of inflation on the quality of social welfare services, such as education and healthcare, in Nigeria during the Bola Tinubu's administration

Table 6: Hypothesis Testing on Tight Academic Calendar and Apathy among students.

S/N	Null Hypothesis	n	Calculated X ²	Significant level(%)	Df	Critical X ²	DECISION
1	Inflation ≠ Household Purchasing Power	127	36.22	.05	6	12.59	REJECTED
2	Inflation ≠ Food Security	127	24.64	.05	6	12.59	REJECTED
3	Inflation ≠ Inequality	127	32.64	.05	6	12.59	REJECTED
4	Inflation ≠ Unemployment	127	41.28	.05	6	12.59	REJECTED
5	Inflation ≠ Quality Social Welfare Services	127	17.67	.05	6	12.59	REJECTED

Table 6 presented the report of the analysis for the 5 null hypotheses raised in the study. The result of all the hypotheses showed that the calculated Chi Square is greater than the Critical value. This therefore mean that the five null hypotheses are to be rejected and the alternate hypothesis accepted; therefore, the conclusion of the finding is that;

1. There is a significant impact of inflation on the purchasing power of Nigerian households during the Bola Tinubu's administration
2. There is a significant negative impact of inflation on food security in Nigeria under the Bola Tinubu's administration
3. There is a significant impact of inflation contributing to income inequality in Nigeria under the Bola Tinubu's administration

4. There is a significant impact of inflation on increased unemployment rates in Nigeria during the Bola Tinubu's administration
5. There is a significant impact of inflation on the low quality of social welfare services, such as education and healthcare, in Nigeria during the Bola Tinubu's administration

4.4. Discussion of the Findings

The findings from this study reveal that inflation during President Bola Ahmed Tinubu's administration has had a profound and far-reaching impact on various aspects of Nigerians' standard of living. The study demonstrates that inflation has significantly reduced household purchasing power, making it increasingly difficult for many Nigerians to afford basic necessities. The rapid rise in the cost of essential goods and services has outpaced household income growth, forcing many families to prioritize certain needs over others. This aligns with the findings of Adebayo and Okonkwo (2021), who argue that inflation in Nigeria exacerbates financial strain on households, particularly those in middle and lower-income brackets. The study further highlights that government interventions aimed at curbing inflation's impact on purchasing power have largely been ineffective, reinforcing previous findings by Yusuf (2019) that weak monetary and fiscal policies fail to cushion inflation's effects on household welfare.

The study also reveals that inflation has significantly impacted food security in Nigeria. Many respondents affirmed that inflation has made it difficult to maintain a balanced diet, leading to an increased reliance on lower-quality food. The disproportionate effect of

inflation on food security for low-income households further emphasizes the vulnerability of economically disadvantaged groups. These findings are consistent with the study by Ibrahim and Salisu (2020), which established that food inflation disproportionately affects the poor, reducing access to nutritious meals and increasing food insecurity. Despite various government policies aimed at stabilizing food prices, the respondents largely disagreed that these efforts have been effective. This resonates with Adekunle and Eze (2018), who observed that poor policy implementation often undermines food security measures in Nigeria.

Another critical finding of this study is the significant contribution of inflation to income inequality. Inflation has widened the gap between high-income and low-income groups, making economic mobility more challenging. Individuals with fixed or low incomes have been most affected, as their purchasing power continues to decline while wealthier individuals and businesses find ways to hedge against inflation. This is in line with the study of Olayemi (2022), which found that inflation in Nigeria deepens economic inequality by eroding real incomes of the poor at a faster rate than those of the wealthy. Additionally, the study indicates that government policies have not been successful in reducing the effects of inflation on income inequality. This supports the work of Nwosu and Okafor (2019), who argue that inflation control measures in Nigeria often favor the elite, leaving lower-income groups more vulnerable to rising costs.

Furthermore, the study establishes a strong relationship between inflation and unemployment. Rising inflation has contributed to increased unemployment rates, discouraged entrepreneurship, and led to job losses in sectors most sensitive to price increases. Respondents overwhelmingly agreed that inflation-induced uncertainty has made business expansion and job creation difficult. This corroborates the findings of Uchenna and Bello (2021), who noted that inflation reduces business confidence and investment, leading to a slowdown in employment growth. The government's job creation initiatives, however, were widely perceived as ineffective, aligning with the study of Bamidele (2018), which identified poor policy implementation and lack of sustainability as key weaknesses in Nigeria's employment strategies.

The study also finds that inflation has significantly reduced access to quality social welfare services, particularly in education and healthcare. Rising costs have worsened the quality of public education and healthcare facilities, forcing many households to prioritize other expenses over social services. The declining quality of social welfare services due to inflation has been well documented by recent studies, including Ojo and Adigun (2020), who found that inflation undermines government spending on essential services, resulting in deteriorating infrastructure and reduced access to public goods. This study confirms those findings, showing that inflation has placed additional strain on households, particularly in affording private education and healthcare, further widening social disparities.

Overall, the study's findings confirm the significant negative impact of inflation on the standard of living in Nigeria during the Bola Tinubu administration. These findings align with prior research and highlight the persistent challenges of inflation management in Nigeria. The study underscores the urgent need for comprehensive policy interventions that go beyond short-term fixes, focusing instead on long-term economic stability, price control mechanisms, and targeted social welfare programs to mitigate the adverse effects of inflation.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND POLICY RECOMMENDATIONS

5.1. Summary of Findings

Inflation remains a critical economic challenge in Nigeria, significantly affecting the standard of living, particularly under President Bola Ahmed Tinubu's administration from 2023 to 2024. This study, which involved 127 respondents, examined how inflation has influenced purchasing power, food security, income inequality, unemployment, and access to social welfare services. The findings indicate that inflation has placed considerable economic strain on households, particularly among low- and middle-income groups, while government interventions have largely been ineffective. The study provides a comprehensive understanding of how inflation interacts with various aspects of daily life and highlights the urgent need for policy responses that address these challenges.

The key findings are summarized as follows:

- I. Inflation has significantly reduced household purchasing power, making it difficult for many Nigerians to afford basic necessities, as the cost of essential goods and services continues to rise faster than household incomes.
- II. Food security has been negatively impacted, forcing many households to rely on lower-quality food while making it difficult for low-income groups to access a balanced diet, with government interventions failing to curb the rising cost of food.
- III. Inflation has contributed to widening income inequality, disproportionately affecting those with fixed or low incomes and making economic mobility increasingly difficult.

- IV. Rising inflation has contributed to increasing unemployment rates, discouraging business expansion and leading to job losses in inflation-sensitive sectors, with government job creation initiatives proving ineffective.
- V. Access to quality social welfare services, particularly in education and healthcare, has deteriorated due to inflation, forcing households to prioritize other essential expenses over social services.
- VI. Government policies aimed at mitigating the effects of inflation on Nigerians' standard of living have largely been ineffective, with respondents perceiving current interventions as inadequate in addressing economic hardships.

5.2. Conclusion

This study has demonstrated that inflation under President Bola Ahmed Tinubu's administration has had a profound negative impact on Nigerians' standard of living. Rising prices have significantly reduced household purchasing power, worsened food security, increased income inequality, and contributed to higher unemployment rates. Additionally, access to quality social welfare services, particularly in education and healthcare, has deteriorated due to inflationary pressures. The findings highlight that government interventions have been largely ineffective in mitigating these challenges, leaving many households struggling to cope with the economic strain.

The study underscores the urgent need for comprehensive economic policies to stabilize inflation and protect citizens from its adverse effects. Without targeted reforms in price control, employment generation, and social welfare programs, inflation will continue to

undermine the well-being of Nigerians and deepen economic disparities. Addressing these issues requires a coordinated approach that prioritizes both short-term relief measures and long-term economic stability.

5.3. Recommendations

Based on the findings of this study, which highlight the significant impact of inflation on Nigerians' standard of living under President Bola Ahmed Tinubu's administration, the following recommendations are proposed to mitigate the adverse effects of inflation and improve economic stability.

- I. The government should implement stronger monetary and fiscal policies to control inflation and stabilize prices. The Central Bank of Nigeria should adopt measures such as adjusting interest rates and regulating money supply to curb inflationary pressures. Additionally, fiscal policies, including prudent government spending and efficient tax administration, should be enforced to prevent excessive liquidity that fuels inflation. A more stable economic environment will help restore household purchasing power and reduce the cost of living.
- II. Targeted interventions should be introduced to address food inflation and improve food security. The government should invest in agricultural production by providing subsidies, improved infrastructure, and financial support for farmers to enhance food supply. Price control mechanisms and strategic food reserves should also be strengthened to prevent excessive food price hikes. Furthermore, policies that

encourage domestic food production rather than heavy reliance on imports should be prioritized to ensure long-term stability in food prices.

- III. Policies aimed at reducing income inequality should be developed and effectively implemented. Wage adjustments and an improved minimum wage structure should be considered to cushion the effects of inflation on low- and middle-income earners. Social protection programs, such as cash transfers and employment support initiatives, should be expanded to support vulnerable populations. Additionally, taxation policies should be revised to ensure wealth redistribution, reducing the widening gap between high-income and low-income groups exacerbated by inflation.
- IV. The government should enhance job creation efforts and support small and medium-sized enterprises (SMEs). Inflation has contributed to higher unemployment rates, making it necessary for policies that promote business expansion, industrialization, and entrepreneurship. The government should create a more business-friendly environment by reducing bureaucratic bottlenecks, improving access to credit facilities, and providing incentives for job creation. Expanding vocational training programs and equipping individuals with marketable skills will also help reduce unemployment and economic hardship.
- V. Access to quality social welfare services, particularly healthcare and education, should be improved despite inflationary challenges. The government must increase funding for public services to ensure that inflation does not erode their quality. Subsidies for essential healthcare services and education should be strengthened to

make them more accessible to low-income households. Additionally, policies that regulate the cost of medical care and tuition fees should be introduced to prevent inflation-driven price surges that hinder citizens' access to basic services.

Addressing inflation and its effects requires a multi-faceted approach involving monetary policies, food security measures, wage reforms, job creation strategies, and enhanced social welfare services. A proactive and well-coordinated economic strategy will not only stabilize inflation but also improve Nigerians' overall standard of living, ensuring long-term economic sustainability and social well-being.

5.4. Suggestion for Further Studies

Future research should explore the long-term effects of inflation on economic mobility in Nigeria, focusing on how inflation impacts wealth accumulation and intergenerational poverty. Additionally, studies should examine the effectiveness of specific government policies in mitigating inflation's effects on different socioeconomic groups. A comparative analysis of Nigeria's inflation management strategies with other developing economies could also provide valuable insights for policy improvements.

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APPENDIX

QUESTIONNAIRE

Department of Political
Science

Faculty of Social Sciences

University of Benin

Benin City, Edo State

LETTER TO RESPONDENTS

I am a final year student of the above institution. I am carrying out an Investigation into “*Evaluating The Impact of Inflation On Standard of Living in Nigeria: Bola Ahmed Tinubu’s Administration (2023 – 2024)*” The study is purely for academic purposes.

I am soliciting for your co-operation by answering the questions in this questionnaire. The responses are going to be treated as confidential.

Thanks for your anticipated co-operation.

Yours sincerely,

Onyinyechi Iloeje

Researcher.

SECTION A: RESPONDENT DATA

1. Age: 16 – 26 [], 27 – 37 [], 38 and Above []
2. Gender: Male [], Female []
3. Educational Level: Primary [], Secondary [], Tertiary [], None []
4. Religion: Christian [], Islam [], Traditional, [], None []
5. Local Government: Egor [], Ovia N.E [], Oredo []

Indicate the extent to which you agree or disagree with the following statements.

Strongly Agree (SA), Agree (A), Disagree (D), Strongly Disagree (SD)

S/N	STATEMENTS	SA	A	D	SD
R1	How has inflation during the Bola Ahmed Tinubu administration affected the purchasing power of Nigerian households?				
1	Inflation has significantly reduced the ability of my household to afford basic necessities.				
2	The cost of essential goods and services has increased faster than household income during this administration.				
3	Inflation has forced my household to prioritize certain needs over others due to declining purchasing power.				
4	Government interventions have been effective in reducing the impact of inflation on household purchasing power.				
R2	To what extent has inflation influenced food security in Nigeria under the Bola Ahmed Tinubu administration?				
5	Rising food prices have made it difficult for my household to maintain a balanced diet.				
6	Inflation has led to increased reliance on less nutritious or lower-quality food items.				
7	Inflation has disproportionately affected food security for low-income households.				
8	Policies aimed at stabilizing food prices have been effective under this administration.				

R3	How has the inflationary trend during the Bola Ahmed Tinubu administration contributed to changes in income inequality in Nigeria?			
9	Inflation has widened the gap between high-income and low-income groups in Nigeria.			
10	Rising prices have negatively affected those with fixed or low incomes.			
11	High inflation has made it more challenging for individuals in low-income groups to improve their economic status.			
12	Government policies have helped reduce the effects of inflation on income inequality.			
R4	What is the relationship between inflation and unemployment rates in Nigeria during the Bola Ahmed Tinubu administration?			
13	Rising inflation has led to increased unemployment rates in my community.			
14	The cost of living has discouraged entrepreneurship or business expansion under this administration.			
15	Inflation has contributed to job losses in sectors highly sensitive to price increases.			
16	Government efforts to create jobs have effectively countered the impact of inflation.			
R5	In what ways has inflation impacted the access to and quality of social welfare services, such as education and healthcare, in Nigeria during the Bola Ahmed Tinubu administration?			
17	Rising costs have reduced access to quality education services			
18	Healthcare affordability has been negatively affected by inflation			
19	Inflation has worsened the quality of public education and healthcare facilities.			
20	Rising inflation has forced households to prioritize other expenses over social welfare services.			

Thanks for the response