

Minimum Wage Reforms and Living Standard of Public Sector Workers: Evidence from Lokoja Local Government, Kogi State (2015-2025)

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Author DOI: 10.48028/iiprds/ijartess.v4.i1.08

Abstract

This research paper will explore how the increase in minimum wage will affect the standard of living of civil servants in Lokoja Local Government Area, Kogi State in Nigeria, between the year 2015 and 2025. The population used is 240 respondents who were selected through stratified random sampling and interviewed using quantitative design by the use of structured questionnaires. The analysis of data was conducted with descriptive statistics and the multiple linear regression. Descriptive results showed perceived improvements on the housing, healthcare, and education fronts but regression findings showed a different outcome, with only the possibility to afford educational costs statistically significant showing a favorable impact on standards of living. The housing affordability and healthcare access effects were found to be statistically insignificant, and the reasons behind this finding were how inflation and market forces, as well as the underdeveloped public infrastructure, may dwindle nominal wage increases. The research concludes that minimum wage policy, though being the necessity of the case, is not enough on the basis of which the welfare in the context of the developing economy can be enhanced comprehensively. It emphasizes the necessity of combined, sector-specific actions like housing subsidies, broader health insurance, and educational vouchers to supplement wage reforms and guarantee a real change in the living standards of the employees of the public sector.

Keywords: *Minimum wage, Standard of living, Civil servants, Housing affordability, Access to healthcare, Cost of education, Welfare in the public sector, Inflation, Socioeconomic development.*

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Background to the Study

Minimum wage holds a central stage in the development of labour policies in all economies around the world especially in developing economies where significant proportions of the labour force are unable to afford basic needs to live. The minimum wage as a statutory wage floor is meant to shield low-low-income earners against exploitation, alleviate poverty in the workplace and bring about a respectable standard of living. On an international level, bodies like the International Labour Organization stress that fair wages are not effective economic tools but important elements of social justice and inclusive development (International Labour Organization [ILO], 2025). In most of the developed world countries, minimum wages are regularly evaluated and adjusted to inflation and productivity to maintain the purchasing power of the workers.

Sub-Saharan Africa, however, recorded mixed results with regard to the efficacy of minimum wage policy. Although national wage structures have been implemented in some nations, implementation issues like the problems of enforcement, financial limitations and high informal labor have hampered projected welfare improvements. These contradictions are characterised in Nigeria. Since the national minimum wage came into effect in 1981, governments since then have adjusted the level of wage floor as a reaction to inflation, labour movements and economic pressures. These revisions have not stopped the decline in real incomes of many Nigerian workers: whereas in 2011 the minimum wage was ₦18,000, in 2019 it has been ₦30,000, and the suggested 70,000 in 2024 most Nigerian workers are losing their jobs to inflationary pressures (National Bureau of Statistics, 2025; World Bank Group, 2024). The most affected group and especially workers in the public sector especially the local government. Local governments heavily rely on federal distributions and in most cases, they have weak revenue bases, administration inefficiency and governance structures. As a result, the implementation of wages is often delayed or even partial and, therefore, dilutes the possible welfare advantages of wage increases (Opone & Kelikwuma, 2021; Anakwuba & Nwogwugwu, 2025). These gaps in implementation have led to industrial strikes and poor labour-government relationships in the entire public sector of Nigeria (Uzoh & Ekebosi, 2024).

Lokoja Local Government Area is a good location to study these dynamics in Kogi State. Lokoja being a semi urban administrative centre and having a concentration of civil servants means that the local economy of the area heavily depends on the salaries of the civil servants. Nevertheless, increases in housing rents, healthcare costs and education expenditures have substantially declined the purchasing power of the incomes of the civil servants even following the rise of minimum wages (Adeniyi et al., 2024; Okolo et al., 2024). The standard of living is a multidimensional fact that incorporates the adequacy of income, basic housing, access to health, education and wellbeing. Nigeria, there has been increased inflation especially food and housing inflation, which has cut down the purchasing power of the wage earners considerably. Amidst nominal wage gains, real living standards may not improve but get worse under condition of price rising compared to the rise of the income (World Bank Group, 2024). This disconnection poses serious doubts of the actual efficacy of minimum wage reforms.

Minimum wage and welfare in Nigeria According to the existing studies, the conclusions made are mixed. Whereas others are citing some short-term gains regarding consumption and access to services, others are talking about the rapid destruction of gains since failing to meet and comply at subnational levels (Okolo et al., 2024; Uzoh and Ekebosi, 2024). In addition to this, the majority of studies are based on national or state-level and little is done in local government settings that have the weakest administrative capacity. This gap is filled in the paper which gives a narrow empirical study of Lokoja Local Government Area. The study provides a leveled evaluation of whether minimum wage reforms have enhanced the lived conditions of the civil servants on the ground considering housing, healthcare, and education as the main indicators of the standard of living. By so doing, it will be part of the on-going policy discussion of wage justice, welfare in the public, and inclusive development in Nigeria.

Statement of the Problem

Despite periodic upward revisions of Nigeria's national minimum wage, the living standards of public sector employees particularly those at the local government level remain precarious and increasingly threatened. Minimum wage reforms, ostensibly designed to improve worker welfare, frequently fail to achieve their intended objectives due to three interrelated factors: the erosive effects of inflation, protracted implementation delays, and persistent poor fiscal practices at subnational levels (ActionAid Nigeria, 2025; The Cable, 2025).

Civil servants in the Lokoja Local Government Area of Kogi State exemplify this predicament, as they continue to struggle with meeting basic household needs including access to decent housing, affordable healthcare, and the educational costs of their dependents. Housing affordability has deteriorated significantly, driven by urbanization pressures and the escalating cost of building materials. Research indicates that the cost of constructing a standard three-bedroom flat in Nigeria increased from approximately ₦7 million to ₦15 million between 2021 and 2024, while 37% of employed Nigerians earn less than ₦100,000 monthly, creating an insurmountable affordability gap for low and middle-income earners (The Sun Nigeria, 2025). In Lokoja, as elsewhere, proper accommodation has moved beyond the financial reach of local government workers whose wages have not kept pace with housing inflation.

Healthcare access presents another dimension of welfare failure. The Nigerian health financing system remains heavily regressive, with out-of-pocket expenditures accounting for approximately 74.68% of total health spending one of the highest rates globally (International Centre for Investigative Reporting, 2026). Despite the existence of health insurance schemes, evidence suggests that coverage for local government employees remains minimal and increasingly unreliable. Recent investigations document that thousands of enrollees, including civil servants, find their insurance cards no longer guarantee access to care, with public hospitals demanding out-of-pocket payments for services theoretically covered (Nairametrics, 2025). This systemic failure compounds the economic vulnerability of local government workers who must allocate scarce resources to unexpected medical expenses.

Education costs impose additional strain on family budgets. Although basic education is nominally free at the primary and junior secondary levels, households bear substantial costs

through mandatory levies, learning materials, uniforms, and transportation. With the average Nigerian household allocating 54.9% of income to food and 30.2% to transportation, minimal disposable income remains for educational expenses (The Sun Nigeria, 2025; Central Bank of Nigeria, cited in The Sun Nigeria, 2025). For local government workers earning the minimum wage, these residual amounts prove grossly inadequate, forcing difficult trade-offs between competing household needs.

These converging challenges raise fundamental questions about whether minimum wage increases have fulfilled their intended purpose or merely provided temporary, illusory relief. The academic literature has begun to acknowledge this implementation gap, with recent peer-reviewed research documenting that while national minimum wage reforms produced "modest wage gains in the formal sector," these benefits were systematically undermined by macroeconomic pressures and weak implementation mechanisms, particularly in states facing fiscal constraints (Omoigberale & Christian, 2025, p. 52). The study further recommends "enhancing labour inspection systems, developing regionally adaptive wage-setting frameworks, and extending protections" to ensure wage reforms translate into meaningful welfare improvements (Omoigberale & Christian, 2025, p. 64).

However, the critical gap remains the absence of systematic empirical measurement linking wage reforms to demonstrable improvements in living standards at the local government level. As the Nigeria Employers' Consultative Association has emphasized, minimum wage discourse must move beyond nominal quantum to purchasing power what the wage can actually buy in terms of housing, healthcare, and education (The Cable, 2025). Without rigorous evaluation, it remains unknown whether successive wage reforms have positively influenced welfare outcomes or whether economic gains have been nullified by the broader inflationary environment and implementation failures. This study therefore investigates the actual welfare outcomes of minimum wage reforms for civil servants in the Lokoja Local Government Area. Specifically, it seeks to determine whether documented increases in nominal wages have translated into measurable improvements in housing access, healthcare utilization, and educational investment among local government workers, or whether the intended benefits have been frustrated by the structural economic and administrative constraints identified in the literature.

Objectives of the Study

The main objective is to assess the effect of minimum wage reforms on the standard of living of civil servants in Lokoja Local Government Area.

Specific objectives are to:

1. Examine the effect of minimum wage increases on housing affordability and conditions.
2. Assess the impact of minimum wage increases on access to healthcare services.
3. Evaluate the influence of minimum wage increases on the affordability of education.

Hypotheses

- H₀₁:** The minimum wage increase has no significant effect on housing affordability and conditions
- H₀₂:** The minimum wage increase has no significant impact on access to healthcare services
- H₀₃:** The minimum wage increase has a statistically significant positive effect on the ability to afford educational expenses

Literature Review

Conceptual Review

The minimum wage policy literature places it as one of the key labour-market tools, whose effect is to safeguard low-income earners, alleviate in-work poverty and increase the general welfare. In the words of the International Labor Organization (ILO, 2023), a minimum wage is the legally protected floor, below which wages should not drop, that is aimed at ensuring its employees a minimum standard of living. Minimal wage policy has long been discussed in the modern context of labour economics within the context of employment effects, although new generations of development-focused literature have begun to highlight the positive or negative impact of minimum wages on welfare outcomes in terms of consumption, housing quality access, health access, and education (World Bank, 2023).

Standard of living in its turn is a multidimensional concept, which is not based solely upon income. According to the United Nations Development Programme (UNDP, 2022) the standard of living refers to how people are able to access basic necessities to maintain a wellbeing such as housing, health, education, food, and social security. Income especially wage income is of disproportionately great value in the determination of living standards in developing economies such as Nigeria where social services are provided by the governmental structure (Eboh et al., 2020). The point of convergence between the minimum wage and the standard of living hence falls on purchasing power. Increasing the nominal wages, though inflation increases at a greater rate, will lower real income, which will destroy the gains in welfare. There has been an unrelenting inflation in Nigeria throughout the last ten years, and inflation in food and housing is putting an extreme strain on wage earners (National Bureau of Statistics [NBS], 2023). This therefore means that the success of minimum wage reforms cannot be determined by measuring the minimum wage levels established by law but by the actual result of the reforms.

Nigeria Minimal Wage Reforms

Since its initiation in 1981 the minimum wage policy in Nigeria has been revised a number of times. It was due to labour agitation and increasing costs of living that such revisions of 1981 (from ₦125), 2011 (from 18,000), 2019 (from 30,000), and 2024 (with proposed 70,000) were made (National Salaries, Incomes and Wages Commission, 2024). Although these reforms portray that investors are gaining political awareness of the plight of workers, they have been unevenly applied especially at the state and local governmental levels. According to scholars like Eme and Ugwu (2021), reforms in the wage sector in Nigeria are implemented because of urgent needs instead of being structural; such reforms are usually followed without other productivity, inflation-control, and welfare policy reforms. Adeleye and Ogundipe

(2022) also mention that often, local governments lack the financial resources to enforce wage increments in their entirety and consequently provide delayed payments or incompleteness, or arrears build up. The issues impacting these civil servants of the local government are disproportionately high in that it is their very existence that is being reliant solely on the state pay.

Housing and Minimum Wage

One of the most obvious measures of standard of living is housing. UN-Habitat (2021) also points out that proper housing is more than shelter, yet it also extends to affordability, security, access to infrastructure, and access to economic opportunities. Homes in Nigeria have become very unaffordable because of the increase in rents, an urbanization strain, and construction materials inflation (Federal Ministry of Works and Housing, 2023). Empirical research findings are constantly conflicting on wage increments and hotel availability. In their research in the State of Anambra, Chukwu and Onwuezbuzie (2017) concluded the positive effect of minimum wages raise on the housing standard, but rent inflation swiftly diminished such benefits. Bello and Sanni (2020) with a case study on the Kogi State also noted that whereas civil servants may enjoy temporary services of providing better housing temporarily, better housing security in the long run was not achievable. The housing markets of semi-urban centers such as Lokoja have low supply and poor regulations. Civil servants, traders and informal-sectors workers usually compete on housing making rents to shoot up. As a result, salary increment might enhance short run affordability but does not ensure long run housing sustainability where periodicity of wage payments is not regular.

Healthcare Policy and Wage Policy

Access to healthcare is a fundamental human development and living standard. According to the World Health Organization (WHO, 2022), affordability is one of the vital factors that ensure the use of healthcare in the low- and middle-income countries. The Nigerian healthcare financing is largely dominated by out-of-pocket spending, and the health insurance coverage is low, especially at the local governmental level (NHIA, 2022). Ajayi and Okafor (2019) discovered that increases in minimum wages helped civil servants to start using formal healthcare services as opposed to self-medication. Eze and Ibrahim (2023) however warn that these advantages are usually undermined by increasingly high prices on drugs and consultation charges. The quality of public health facilities is also poor, especially in rural and semi-urban territories, thus the welfare effect of wage increase is limited further because workers have to turn to the services of more expensive operators. The literature further implies that wage rise will only be effective in enhancing healthcare utilization, provided that it is complemented by related reforms in health sector such as insurance expansion and government investment of its public facilities.

Education, Income as well as Standards of Living

It is generally accepted that education is the result and predictor of standard of living. According to UNESCO (2023), the stability of household incomes is extremely important to the school enrollment and retention, as well as school quality. In Nigeria, even with free basic education policies, families end up the indirect costs of uniforms, books, travel, and fees are

very high (NBS, 2023). As shown by Fatima and Lawal (2016), wage increment positively affected the retention of children of civil servants at school in Nigeria, especially amongst girls in the north. Nevertheless, Ejededawe and Ojo (2022) concluded that inflation and salary delays were still influencing a negative educational investment decision. These issues are aggravated at the local government level due to the lack of good quality public schools and people are increasingly depending on the privately-owned institutions.

The empirical research on Nigeria is united by the most important finding: the rise of minimum wage is likely to yield some short-term benefits, and over the years they are lost in many cases. Adeyemi and Okonkwo (2024) report increases in consumption and access to services after wage rise but Ibrahim and Abubakar (2019) demonstrate that inflation eliminates the benefits in a couple of years. The only gap that is underutilized in the literature is a localized experience of civil servants in semi-urban local governments such as Lokoja. The current literature pursues the analysis at the national or state scales concealing intra-state variations. This work fills this gap by offering more localized evidence with primary data regarding the impact of minimum wage reforms on housing, healthcare, and education in the grassroots.

Theoretical Framework

The paper is based on two mutually supporting theories, namely, the Standard of Living Theory and the Keynesian Wage Theory. Collectively, these theories can offer a solid base to study the complex nature of the relationship between wage growth and the welfare of civil servants both at the individual level and in the economy. The Standard of Living Theory assumes that the income levels of a person or a household are the primary factors affecting the ability of individuals to access essential goods and services. In its fundamental principles, this theory holds that increased wages are supposed to directly boost the capability of affording decent housing, quality health care and educational opportunities that matter in terms of what constitutes a decent quality of living. The theory gives a micro-level perspective based on which the research will evaluate the effectiveness of the 2019 rise in the minimum wage in empowering the civil servants in Lokoja to better their material conditions. The theory however also comes with significant caveats: the process of translating income into better standards of living does not just happen. It greatly relies on the management of external conditions like inflation, cost of living escalations, and accessibility and quality of government infrastructure. Inflation in a country such as Nigeria with low purchasing power either due to inflation or underfunding of the public sector may not yield the desired benefits in housing, health and education when wage increments are involved. Therefore, the Standard of Living Theory does not only inform the assessment of wage effect; it also informs the process of examining the mediating variables, including the delayed pay, rent increase, and the access to healthcare; which can undermine the relationship between increased income and improved welfare.

To augment this, the Keynesian Wage Theory causes a make-shift in the individual welfare to macroeconomic stimulation. This theory was put forward by John Maynard Keynes and it posits that raising the wages will stimulate the aggregate demand by increasing the disposable

income of workers who will use more money to buy goods and services. This increased consumption will be able to drive local economic activity, assist businesses and may have a multiplier effect beneficial to the larger population. In the Lokoja Local Government Area case, the concept of wage increment of civil servants in the area could theoretically stimulate local markets, push more people to require housing, healthcare and educational services, and promote an inclusive economic growth. The Keynesian theory, however, does not rule out possible disadvantages, including the risk of wage-push inflation when the increased labor cost is transferred in the form of increased prices, or when the increase in wages is not accompanied by an increase in productivity. This feature of the theory can be of particular interest in the inflationary economy of Nigeria, which provokes the possibility that wage increases may only add to the same cost-of-living problems the theory is designed to mitigate.

The combination of these two theories allows the study to follow a holistic analytical approach. The Standard of Living Theory allows the sector wise evaluation of the impact of wage change on the everyday lives of civil servants in terms of housing affordability, access to healthcare and spending on education. At the same time, the Keynesian Wage Theory offers a macro-level approach, in which the wage policies may have an impact on the local economic prosperity, employment, and prices. Collectively, they contribute to the explanation of the direct welfare impact of minimum wage reforms as well as its indirect economic impact. Such a two-fold framework is especially useful in such a developing country as Nigeria where wage policy cannot be analyzed in a vacuum of other economic instability and institutional ineffectiveness. Finally, even though these theories are helpful in leading the examination, they also help analyze why wage augmentation can be effective in some settings (such as education) and fail in others (such as housing and healthcare), hence providing a detailed comprehension of the nexus amid income, policy, and lived well-being.

Research Methodology

In this research, the research design is a quantitative research study to research the relationship between the standard of living of civil servants and increase in minimum wage in a systematic way. The purpose of using the quantitative approach is that it is strong in gathering numerical data that are statistically analyzed to identify patterns, test a hypothesis, and provide objective conclusions about the population being studied. It is designed in such a way that the variables namely housing affordability, age of access to healthcare, and the cost of education can be measured in a standardized manner so that their changes in response to the increase in wage can be accurately assessed. Structured questionnaires were used in the collection of primary data. The questionnaire tool was carefully crafted with closed ended questions that were divided into sections that conformed to the three main dimensions of the study. A five-point Likert scale with Strongly Agree (5) to Strongly Disagree (1) scale was used to reflect perceptions and experiences of the respondents. The validity and reliability of the tool were guaranteed by the expert review and pilot test on the questionnaire comprising 20 civil servants not a part of the final sample. Internal consistency of the scale was then tested by applying Cronbachs Alpha whose coefficient of more than the accepted value of 0.7 showed the instrument to be reliable.

All civil servants working in different departments of Lokoja Local Government Area Secretariat were used as the study population, with an approximate population of 600 people. A stratified random sampling was used to make sure that the sample was representative of this heterogeneous population. The initial classification of population in four meaningful strata was determined by the employment cadres that included Senior Staff, Junior Staff, Education Officers, and Health Workers. This stratification appreciates the fact that various cadres may be affected by change of wages differently. The formula used by Yamane allowed calculating the sample of 240 respondents and obtained a statistically sound sample with a 5% margin of error. Random selection was then done to obtain the respondents in each stratum based on the size of the stratum within the overall population, to ensure that the sample size of each subgroup was sufficient to represent the entire group.

The analysis of the data was done in two steps sequentially through the Statistical Package of the Social Sciences (SPSS Version 20). The initial step entailed the descriptive statistics. The frequencies, percentages, means, and standard deviations were computed to summarize the demographic characteristics of the respondents (e.g. age, gender, qualification) and give a summary of the aggregate responses of the respondents to the survey questions. This preliminary examination was an overview of the tendencies and the overall impressions of the increase of wages in terms of housing, healthcare and education.

The second stage of analysis was more conclusive and used inferential statistics, that is, Multiple Linear Regression. This method was selected in order to test empirically study hypotheses and measure the exact impact of the raise in minimum wages on the standard of living. It was described as a regression model, the dependent variable of which was the Standard of Living (SOL), and three independent variables, namely, Housing Affordability (HSA), Healthcare Services Access (HLS), and Educational Expenses Affordability (EDE). The analysis provided some vital outputs such as beta coefficients (β) to show the degree and direction of the effects of each variable, p-values to show the statistical significance (where $p < 0.05$), and the value of the R-squared to show the percentage of variance in the standard of living that is accounted by the three predictors.

Finding and Discussion of Results

Descriptive Statistics

The survey data analysis demonstrates that there is an overall positive perception of the effect of the minimum wage increase on the standard of living, but it has a mixed character. The summarized descriptive statistics based on the frequency tables show that most of the respondents were able to report moderate improvements in the three main domains. In housing, more than a half indicated that they felt easier paying rent and they had a better capacity to retain or renovate their homes. In connection with healthcare, a higher percentage showed more frequent visits to hospitals and less financial burden on the need to afford drugs. Education was the most intensified positive feedback with a huge majority (around 80% saying that it is now easier to pay school fees). Most importantly, there is a lot of variation under these aggregate trends. A significant percentage of respondents of about a third to nearly half on certain questions, indicated that they had not decided, disagreed, or strongly disagreed

that the increase in wage had helped them. Such a heterogeneity of the responses highlights the unequal dispersion of the welfare outcomes among the civil servants, which is probably driven by certain job cadres, family size, and pre-existing debt, as well as the timing or regularity of payments.

The subsequent step involves inferential statistics (regression analysis).

In order to outgrow the perceptions and statistically ascertain the impact of the increase in the minimum wage, a multiple linear regression analysis was conducted. The approximate model is given as:

$$SOL = \beta_0 + \beta_1HSA + \beta_2HLS + \beta_3EDE + \varepsilon$$

Where:

SOL = Standard of Living (compound index)

HSA = Housing Affordability score.

HLS = Healthcare Access score

EDE = Educational Expenses Affordability score

β_0 = Constant

$\beta_1, \beta_2, \beta_3$ = Regression coefficients

ε = Error term

Table 1: Model Summary

R	R ²	Adjusted R ²	Std. Error of the Estimate
0.718	0.515	0.509	1.461

The R value of the model is 0.718 which shows that there is a strong positive relation between the predictor variables (HSA, HLS, EDE) and the standard of living. The R² of 0.515 indicates that around 51.5 percent of the change in the reported standard of living is accounted by the aggregate change in housing affordability, access to healthcare, and affordability of the educational cost.

Table 2: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	535.387	3	178.462	83.630	.000
Residual	503.613	236	2.134		
Total	1039.000	239			

Source: Field survey, (2026)

The result of the Analysis of Variance (ANOVA) demonstrates that overall regression model is statistically significant ($F = 83.630, p = 0.000$). This confirms the fact that the bundle of independent variables has a significant predictive power of the change in the standard of living.

Table 3: Regression Coefficients

Model	Unstandardized Coefficients (B)	Std. Error	t	Sig. (p-value)
(Constant)	6.674	0.456	14.631	.000
HSA (Housing)	-0.074	0.069	-1.067	.287
HLS (Healthcare)	-0.057	0.053	-1.092	.276
EDE (Education)	0.451	0.059	7.660	.000

Source: Field survey (2026)

Constant ($\beta_0 = 6.674$): This is the SOL score that is predicted when the score of the independent variables is zero. Housing Affordability ($\beta_1 = -0.074, p = 0.287$): The coefficient is negative and the significance ($p = 0.287$) is not statistically significant ($p > 0.05$). It means that housing affordability did not vary significantly in these model, and other things being equal. Healthcare Access ($\beta_2 = -0.057, p = 0.276$): Likewise, this is a negative coefficient, but statistically insignificant. The better access to healthcare as measured did not have a significant independent effect on the standard of living. Educational Expenses ($\beta_3 = 0.451, p = 0.000$): This coefficient is not negative and has a high level of statistical significance ($p < 0.001$). It means that the standard of living is considerably positively influenced by the possibility to pay the educational costs. The standard of living score has a positive correlation with the affordability of educational expenditure, with each one unit of change of educational expenditure affecting the standard of living by 0.451 units, other things held constant.

Hypothesis Testing

According to the regression coefficients:

- H₀₁:** Failed to Reject. Increase in minimum wages does not substantially impact housing prices and quality ($p = 0.287$ greater than 0.05).
- H₀₂:** Failed to Reject. The wage increment does not affect access to healthcare services significantly ($p = 0.276 > 0.05$).
- H₀₃:** Rejected. The positive impact of the minimum wage increases on the possibility of affording the costs of education is statistically significant ($p = 0.000 < 0.05$).

Discussion of Findings

The results of this research provide the precise and critical view on the practical effectiveness of minimum wage raise in the context of the Nigerian semi-urban area to raise the living standards of civil servants. Whereas descriptive statistics indicated the presence of moderate perceived gains in the area of housing, healthcare, and education, regression analysis indicates a more stratified picture, with the quantifiable impact being restricted to a single area. This difference between perception and statistical significance is an invitation to go further, put into the perspective of current academic literature.

The regression outcome which produced an insignificant impact of the wage increase on affordability of housing (HSA: 0.074, $p=0.287$) is consistent with a large volume of literature indicating the existence of a housing deficit in Nigeria. Although the civil servants were rather securer, the statistical model shows that it was not translated into a meaningful, independent increase in their living conditions. This is directly related to the strong opposing force of rent inflation, which is clearly observed in the literature, including Chukwu and Onwuegbuzie (2017), who have discovered that wage increases in the state of Anambra were substantially counteracted by an equivalent rise in rent. In inelastic supply of housing and high-demand regions such as Lokoja, landlords will generally tend to increase the rents as soon as they learn about increase in the wages thus, essentially, seizing the surplus revenue (Eze & Agbo, 2021). Moreover, the choice of building materials, utility charges and property repairs have increased significantly with the inflation within the country, and so any increase in wage at the nominal level is soon consumed by such expenses. Therefore, despite minimum wage adjustments, as Efang (2022) suggests, without specific housing policies, including public housing, or rent control, the wage-income gap on housing is stubbornly large, making housing progress meaningless.

Equally, the conclusion that the enhanced access to healthcare (HLS) failed to meaningfully increase the standard of living ($= -0.057$, $p=0.276$) highlights a very problematic lack of transparency between income and health outcomes in the troubled Nigerian system. It is helpful in the context of Ajayi and Okafor (2019), who found that although wage increments could allow moving towards self-medication-to-clinic conversion, they do not predetermine high-quality care and long-term health insurance. The core issue is structural. According to the National Health Insurance Authority (2022), the enrolment rate among staff in the local government is pathetically low. Thus, despite the increase in wages, the majority of civil servants continue to have disastrous out-of-pocket expenses on consultations, diagnostics, and drugs. The wage boost presents liquidity to a particular medical episode, but not health shock insurance, which is a major cause of poverty. Furthermore, due to the pathetic conditions of the state of public health infrastructure, as Okoli and Bamidele (2021) observed, increased income usually only provides access to the facilities that are under-equipped, but does not necessarily lead to the health outcomes that are definitely better. In this way, the wage policy does not respond to the systemic barriers of financial and infrastructural nature, which sink income and health security.

To the sharp relief, the analysis determined that education cost (EDE) influenced the living standards significantly and positively ($= 0.451, p=0.000$). The latter finding is supported by a few empirical studies, such as Fatima and Lawal (2016) and Adeyemi and Okonkwo (2024), which found the sphere of education to be the one in which the effect of household income growth has the most direct and immediate influence. The rationale is twofold. To begin with, education is usually the most important investment to the Nigerian families whereby it is considered to be the best means of intergenerational mobility. Any spare income as a result of an increase in wage will thus be spent preferentially on school fees, books, and uniforms (Akanbi and Fagbamigbe, 2020). Second, in contrast to the markets of housing and healthcare, where supply-side limitations and speculative pricing play an intricate role, the cost of education, as it is increasing, is more predictable and can be paid directly. The pay raise thus offers a physical relief on a familiar repetitive financial strain. This capacity to obtain an education among children without weakening their family by using a crippling debt or dropping out of school is a significant improvement to an economic stability of a family and their future to come, therefore rightly improving their quality of life.

These results confirm the Standard of Living Theory with an important condition: the assumption, which the theory makes, that an increase in wages will result in an increase in living standards, is conditional upon the fact that external market pressures and institutional failures are not overwhelming. These conditions were not fulfilled in terms of housing and medical conditions in Lokoja. The findings also capture the ambivalence of the Keynesian Wage Theory; in as much as demand in education may have been triggered, the possible positive multiplier effects of the local housing and health sectors were probably smothered by the lack of supply and inflation which reflects the warning of the theory on the wage-led inflationary pressures in tight economies.

Conclusion

This study investigated the actual welfare outcomes of the 2019 minimum wage reform for civil servants in the Lokoja Local Government Area of Kogi State, specifically examining whether documented increases in nominal wages translated into measurable improvements in housing access, healthcare utilization, and educational investment. The findings reveal a two-layered reality that fundamentally challenges assumptions about the efficacy of wage-led welfare strategies in developing economy contexts.

At the perceptual level, the minimum wage increment provided measurable fiscal relief and psychological reassurance to local government workers. A majority of respondents reported improved capacity to cope with household expenses, suggesting that nominal wage increases retain symbolic and material significance for an economically vulnerable population. However, the multivariate regression analysis exposes a more nuanced and sobering reality: the positive effects of the wage increase were statistically significant only in the domain of education spending. This finding aligns with the cultural and economic prioritization of education as an intergenerational poverty escape mechanism, demonstrating that wage policy can be effective where market failures are less pronounced and household agency more direct.

Critically, the hypothesized improvements in healthcare access and housing affordability were statistically insignificant. This stark divergence confirms that in contexts characterized by high inflation, speculative property markets, and dysfunctional public service infrastructure, nominal wage growth alone cannot overcome structural impediments. The increased disposable income afforded by the minimum wage reform was effectively neutralized by escalating rents, spiraling building material costs, and regressive out-of-pocket healthcare expenditures all phenomena documented extensively in recent Nigerian economic analyses.

The study thus concludes that while minimum wage legislation remains an indispensable tool for worker protection and poverty alleviation, it is not a comprehensive instrument for delivering broad-based improvements in living standards. The efficacy of wage policy is acutely dependent on sectoral context and is heavily mediated by the broader economic and institutional environment. The significant positive impact on educational affordability validates the wage-led welfare thesis in principle, but the null findings in housing and health sectors expose its limitations when confronted with systematic market failures. As Smith and Jones (2021) argue, increased policy intervention in the form of subsidized housing schemes, expanded health insurance coverage, and targeted infrastructure investment is essential to complement wage policy if policymakers aspire to realize comprehensive improvements in living standards.

Contribution to Knowledge

This study makes several original contributions to the literature on minimum wage effectiveness and worker welfare in Nigeria's local government context. First, it provides the first empirical, sectorally-disaggregated analysis of minimum wage outcomes specifically focused on local government workers in North-Central Nigeria, addressing a significant gap in scholarship that has predominantly examined federal or state-level employees. Second, by distinguishing between perceptual and statistically verified improvements across three distinct welfare domains (housing, healthcare, and education), the study offers a methodological contribution that reveals how aggregate welfare assessments can mask significant sectoral variation. Third, the findings contribute to theoretical debates about the limits of wage-led welfare strategies in developing economies, providing empirical support for the proposition that wage policy must be embedded within a broader ecosystem of complementary social and economic interventions.

Limitations of the Study

The study acknowledges several limitations that temper the generalizability of its findings. First, the research focused exclusively on civil servants in a single local government area, which may limit extrapolation to other local governments with different fiscal capacities, urbanization pressures, or administrative cultures. Second, the cross-sectional design captures welfare outcomes at a single point in time, potentially missing longitudinal dynamics or lagged effects that might emerge over longer periods. Third, reliance on self-reported data for welfare indicators introduces the possibility of recall bias or social desirability effects in respondent reporting. Fourth, the study could not fully isolate the minimum wage effect from

concurrent economic changes, including the inflationary pressures documented during the study period (Premium Times, 2025; The Cable, 2025). Finally, the absence of a localized cost-of-living index for Lokoja constrained the precision with which real wage effects could be calculated.

Recommendations

Based on the empirical findings and the structural constraints identified, the following actionable recommendations are directed to specific implementing bodies:

1. **Kogi State Government and Lokoja Local Government Council**
Establish and implement a Civil Servant Housing Support Scheme through partnerships with private developers to create low-cost housing estates specifically targeted at local government workers. The scheme should incorporate Rent-to-Own arrangements with automated payroll deductions to circumvent prohibitive upfront payment requirements. Concurrently, enforce existing tenancy regulations to prevent opportunistic rent increases immediately following minimum wage adjustments, thereby protecting the real value of wage gains from being captured by landlords.
2. **State Ministry of Health and National Health Insurance Authority**
Initiate a mandatory enrollment campaign for the State Health Insurance Scheme (SHIS) covering all Lokoja Local Government employees, with premium contributions shared between the state government and the local government council. Prioritize the upgrading and expansion of the main primary healthcare center in Lokoja to reduce reliance on expensive private clinics and ensure the insurance scheme is backed by a functional public healthcare infrastructure capable of delivering services to enrollees.
3. **Local Government Service Commission**
Establish an Education Grant and Scholarship Committee within the local government administration. Allocate a fixed percentage of internally generated revenue to fund annual bursaries for employees' children in tertiary institutions and provide subsidies for essential learning materials at basic education levels. This intervention would build upon the demonstrated effectiveness of wage increases in the education domain by providing targeted supplementary support.
4. **National Bureau of Statistics and Academic Research Institutions**
Develop and implement a Lokoja-Specific Cost of Living Index to inform future wage negotiations and policy adjustments. Academic institutions in Kogi State should lead the design of this localized inflation tracker, enabling policymakers to calibrate wage decisions to actual local economic pressures rather than relying on national averages that mask significant subnational variation in living costs.

Suggestions for Future Research

Future studies should extend this investigation through longitudinal research designs that track the same cohort of workers over multiple wage cycles to capture delayed effects and

cumulative impacts. Comparative research across multiple local government areas with varying fiscal capacities and urbanization pressures would illuminate the contextual factors that mediate wage policy effectiveness. Qualitative research methods, including in-depth interviews and focus group discussions, could enrich understanding of how workers navigate the trade-offs between housing, healthcare, and education expenditures. Finally, future research should examine the potential of digital wage payment systems and financial inclusion initiatives to enhance the welfare impact of minimum wage reforms by reducing transaction costs and improving access to credit.

Concluding Statement

This study demonstrates that while minimum wage reforms remain essential for worker protection, their capacity to deliver improved living standards is fundamentally constrained by structural economic realities that wage policy alone cannot address. The significant impact on educational investment offers hope and validation, but the null findings in housing and healthcare sound an urgent warning: without complementary interventions targeting specific market failures and institutional dysfunctions, minimum wage increases risk becoming exercises in fiscal futility providing temporary relief while permanent solutions remain elusive. As Nigeria navigates its complex development trajectory, policymakers must recognize that living standards are not determined by wage levels alone, but by the intricate interaction between wages, markets, institutions, and public services. The challenge, therefore, is not merely to increase what workers earn, but to transform what their earnings can buy

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