Minimum Wage Policy and Cost Of Living: Implications for Public Sector Employees in Enugu State

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ABSTRACT
In this research, the policy of minimum wage and cost of living have been considered with a special emphasis on the public sector workers in Enugu State, Nigeria. This research attempted to determine the extent to which the present rate of minimum wage, compliance with the wage payment and the frequency and punctuality of the salary payment affect the cost of living of public sector workers. Using the theory of Living Wage, the methodology involved in the research was descriptive survey. The population consisted of 1,040 civil servants selected from four ministries within the Enugu State Civil Service, and Yamane's formula determined the sample size to be 390.The data was analyzed using the means, standard deviations, and the Chi-square test statistics at 0.05 level of significance. The results indicated that the minimum wage rate (χ^2=103.403>26.43), wage implementation compliance (χ^2=190.310>9.95), and disbursement regularity and timeliness (χ^2=208.236>9.95) had a statistically significant impact on the cost of living, leading to the rejection of all the three null hypotheses; however, disbursement regularity had the highest impact. The study concludes that adequate wages alone do not ensure improved well-being without proper compliance and prompt disbursement. It recommends the review of the minimum wage regularly in relation to inflation, proper implementation of wage compliance throughout the ministries, departments, and agencies, and the automation of salary disbursements for regularity and timeliness.
Keywords: Minimum wage, cost of living, wage compliance, salary disbursement, public sector employees

1. INTRODUCTION

It is the duty of every government to devise and adopt policies that will contribute to the political and socioeconomic welfare of its citizens. This kind of policy influences the rate of economic development of the country, dictates the stability of the macroeconomic environment and establishes the rules under which businesses and other organizations will run their activities (Achegbulu et al., 2025). Among all the other instruments of policy, wages policy has become quite a delicate one because it lies at the crossroads of the capacity of the state, the duty of the employer and the means of survival for the family. The effective wages policy is not only the regulator of the employment relation but also ensures the protection of workers' rights in both

governmental and non-governmental organizations and represents the importance of the labor force of its citizens (Kadiri et al., 2020). It is against this background that different countries have adopted minimum wage through labor and industry laws.

Minimum wage refers to the lowest amount of money an employer is allowed to pay employees in exchange for services provided within a certain period. It exists mainly to protect workers against exploitation and very low payment, insulate their earnings against the effects of inflation, and bring down the economic gap between high-income earners and low-income earners (Kadiri & Jimoh, 2017). It should be noted that by providing a floor for wages that can potentially help meet the basic needs of people, the policy should help to boost worker productivity and enhance equality (Adeleke & Olatunde, 2022). According to the World Bank (2023), reliable and well-designed wage policies correlate positively with increased labour market stability and better economic performance. However, the effectiveness of such outcomes depends more on implementation rather than existence of the policy itself and the broader price context where the wages are spent.

The discourse about the minimum wage in Nigeria has continued to be controversial since the country returned to democratic governance in 1999 as a result of its successive increases having yielded inconclusive and unimpressive outcomes. The implementation of the Minimum Wage Act of 2011, which increased the minimum wage from ₦7,500 to ₦18,000, has faced several challenges in many states as a result of budgetary considerations and conflicting expenditures. Likewise, the 2019 ₦30,000 minimum wage award faced stiff opposition from some state governments in Nigeria, thus leading to a partial implementation, late implementation or selective implementation of the award (Nwachukwu, 2020). As a result of further negotiations between the government and the organized labour in Nigeria, the National Minimum Wage (Amendment) Act of 2024 has increased the national minimum wage floor from ₦30,000 to ₦70,000 per month, which represents an increase of 133.33 per cent to cushion workers against inflation, cost of living increases and petroleum subsidy removal (Achegbulu et al., 2025).

The nominal raises of such a scale, however, have not been able to translate into improved welfare status in direct proportion to the figures. There was an inflation level of more than 33 per cent in Nigeria in 2024, and food inflation being above 35 per cent, which had led to an immediate drop in the real value of the wages of workers almost immediately following the increase in the wage rate. Estimations of the cost of living for one person put it at about ₦43,200, whereas for a family of four it might be above ₦137,000. The difference between the

statutory wages and the cost of subsistence reveals that there is still a large number of public workers who are unable to buy even the necessities like food, housing, transport, medical services, and education for their dependents.

The financial implications of these changes are equally important. The personnel budget in Nigerian states increased significantly from about ₦2.04 trillion in 2024 to ₦3.87 trillion in 2025 due to wages realignment, thus reducing the room for capital projects and provision of social services. The situation is not any different in Enugu State. The minimum wage in the state is set at ₦80,000, which is above the national figure and seemingly progressive in nature. However, previous wage policies in the state have been marked by late payment, erratic salary structure, inconsistency between the state and local government levels, and non-compliance on the part of ministries, departments and agencies. The antecedents above raise the concern that the newly adopted minimum wage may face similar challenges especially when the enforcement is lax and the price of basic necessities increases faster than wages. It means, in effect, that the welfare gain associated with the wage change will end up being undermined through inflationary pressures and inefficient administration, thus making the public sector workers worse off in reality than before the policy was implemented.

There are three factors, therefore, that stand in between the statutory minimum wage and the true well-being of the workers, and these factors are independent of each other in their analysis. The first of them is the adequacy of the wage rate, meaning whether or not the wage set by law has any connection whatsoever with current prices for food, accommodation, transport, energy and health care. The second factor is the issue of implementation compliance, which entails the question of how well the relevant ministries, departments, agencies and local councils have implemented the recommended rate for all kinds of workers and not only to an elite section of the workforce. The third factor is the frequency and punctuality of wage payment, because a sufficient wage that is paid erratically means that workers will be forced to borrow money from money lenders and shops, pay by credit, and sell off their possessions, thus rendering much of the gains to creditors and shopkeepers.

In spite of the many scholarly literatures on wage determination, adequacy of wages, and macroeconomic implications of minimum wage legislation in Nigeria, there is hardly any study that is both national and empirical. More specifically, there has been no empirical research which has empirically shown the relationship between the three dimensions of the prevailing minimum wage policy, which include the minimum wage rate, the degree of

compliance with the implementation of the minimum wage, and the frequency of salary payment, and the cost of living of public sector workers in Enugu State within the post-2024 wage period. This is one of the gaps that this study intends to fill.

This study evaluates minimum wage policies and cost of living in relation to public sector workers in Enugu State, Nigeria. This study specifically evaluates the extent to which the present minimum wage, wage implementation compliance and wage payment regularity and timeliness affect the cost of living of employees. Three research questions are posed in line with the objectives of this study, while the study tests three null hypotheses on the significance of these variables. This study is important from a policy perspective because empirical knowledge about the relative influence of these variables may be used in determining the need for either a nominal increase in wages, wage implementation compliance or payment discipline. From a scholarly perspective, this study goes beyond the evaluation of wage policies at the national level to sub-national levels where implementation takes place. The study targets both academic and non-academic workers of the institution under study within Enugu State.

2. REVIEW OF RELATED LITERATURE

The wage policy literature is united by one common organising principle, which holds that a statutory minimum wage is not an automatically enforced measure that guarantees welfare benefits, but a promise which acquires value depending upon three additional criteria, which are the suitability of the rate at which it is set, the commitment of employers in its enforcement, and the stability of the prices relative to which it is used. The literature review below will proceed in accordance with these criteria, rather than abstract concepts, starting from the institutional basis of the minimum wage, then the sufficiency of the current rate, the compliance with wage legislation and the consistency of salary payments, and finally the cost of living that determines whether a wage decision is perceived as help or merely as a formality.

Minimum Wage Policy as a Labour Market Institution

The concept of minimum wage policy can be explained to mean the lowest legally enforced remuneration payable by employers to their employees, and this is meant to protect low-wage earners as well as ensure social justice in the labour market. According to the International Labour Organization (ILO, 2022), the concept means a statutory wage floor that establishes the lowest pay that an employer can pay in exchange for labour services provided. Such a wage serves to lower poverty rates as well as to enhance decent work. Belman and Wolfson (2021) define this tool more specifically in terms of labour market theory, explaining

that the minimum wage is a tool that ensures fair pay at the most fundamental living standard level and prevents exploitation in industries that have been notorious for low pay. Dube (2019) broadens the understanding of this concept by considering it not only as a protection tool but as a distribution tool.

Nevertheless, the literature is not always positive on the issue. Neumark and Wascher (2020) concede the wage gains from the policy for low-paid workers but emphasize that there are disadvantages associated with the policy tool especially for workers whose jobs become increasingly restricted as the minimum goes up. There is more optimism about the policy in the developing countries' literature. According to Amodu and Oduwole (2023), the minimum wage laws in developing economies like Nigeria do not only set wages but serve other roles such as preventing labor conflicts, promoting collective bargaining, and economic justice. As highlighted by Kadiri et al. (2020), this policy can be understood in terms of the larger context of industrial law, with the implication that the implementation of the policy requires employers to evaluate the payment and entitlements of workers within a legally stipulated minimum. Kadiri and Jimoh (2017), on the other hand, highlight the three main reasons why this policy has been set, including the improvement of the welfare of workers, protecting against the effects of inflation, and reducing the gap between high and low wage earners. According to Adeleke and Olatunde (2022), a realistic setting of the minimum increases morale and productivity and decreases working poverty, and the World Bank (2023) data shows the connection between stable wage policies and labour market stability and economic performance. In this regard, the literature clearly indicates that the institution in question is justifiable in theory; the only remaining question is empirical.

Adequacy of the Prevailing Minimum Wage Rate

A minimum wage rate refers to the exact amount of money as mandated by the law in order to ensure that workers receive fair payment for their work and have a reasonable level of livelihood, set on a national or industry basis (ILO, 2023). The fairness of such rates rather than their existence constitutes the current discussion. According to Dube (2023), such a minimum wage rate should include adjustments for the current state of inflation and should always be updated regularly in order to remain fair; otherwise, a minimum wage rate that is not updated regularly becomes an abstract number in a few inflation cycles. Okonkwo and Ibrahim (2022) consider the case of Nigeria, where even though the minimum wage rate is now at

₦70,000 per month, questions arise whether this wage rate is sufficient due to the inflation and devaluation of the currency.

In Nigeria's case, the process of setting wages has always gone through a series of commissions, committees, and statutory instruments that have stretched all the way back from the colonial times till date. From the Hunt Commission (1934) to the Bridges Committee of Enquiry, the Tudor Davies, Harrigan, Miller, Philipson-Adebo, and Gorsuch Commissions to the Mbanefo, Adeyinka Morgan, Elwood, Simon Adebo, and Udoji awards of the independent Nigeria era and from there to the Dotun Philips Panel, National Minimum Wage Decree No. 43 of 1988, Farri Williams Commission, Ayida Review Panel, National Minimum Wage Act No. 1 of 2000, Belgore Committee of 2010, and amendment Acts of 2019 and 2024. There are two critical aspects of this history which are very relevant for analysis. Firstly, adjustments of wages in Nigeria have been periodic and reactive, often occasioned by industrial agitations or macroeconomic shocks rather than any indexing arrangement in respect of prices. Secondly, the time period between reviews has in many cases been longer than that of the period of depreciation of the previous awards due to inflation.

The Nigerian experience reinforces this fear. According to Achegbulu et al. (2025), the National Minimum Wage (Amendment) Act of 2024 saw a rise in the legal minimum wage from ₦30,000 to ₦70,000, an increase of 133.33 per cent as negotiations by the Federal Government with organised labour due to inflation and rising costs of living following the removal of the petroleum subsidy. In his review of previous increases to ₦18,000 and ₦30,000, Nwachukwu (2020) indicates that per centage increases have always been misleading as they occur after the price has risen. The issue that the literature has not answered is whether the rate per se, as opposed to the way it is paid, has any impact on the recipients' finances, particularly where the state pays above the national minimum wage rate, like Enugu State.

Compliance with Wage Legislation

Compliance with wage legislation refers to how far employers comply with the legal wage policies, and not just whether the correct wages are paid but whether the records are kept correctly and the labour practices are fair. According to the ILO (2023), compliance includes the enforcement and monitoring arrangements that ensure workers receive wages in accordance with either the statutory or the negotiated wage policy, and these arrangements are viewed as part of labour market fairness, as opposed to something extraneous to it. Adams and Adeoye (2022) observe that in many developing countries like Nigeria, compliance is seldom

determined by the statutory requirement since non-compliance is widespread due to poor enforcement and lack of capacity in the labour inspection office.

Compliance determinants listed by Fajana and Akinyemi (2023) include fiscal ability of the government, willingness of the employer, labour unions' activism and the strength of institutionalized labour bodies; however, it is shown that without the system of compliance supervision, the wage policy is symbolic instead of substantive. This can be illustrated by the case of Nigeria, where Nwachukwu (2020) observes that the ₦18,000 award of 2011 was poorly implemented in most of the states because of fiscal limitations and other spending concerns, and the ₦30,000 award of 2019 faced heavy opposition by many state governments, resulting in the partial, delayed or selective implementation of the award. Therefore, while the literature shows that compliance is not a constant but rather a variable issue, it has considered it only descriptively at the national level and without considering its independent influence on the conditions of workers.

Regularity and Timeliness of Salary Disbursement

Wage regularity and punctuality, which can be referred to as the wage disbursement pattern, entail the systematic and timely fulfilment of wage payments by employers on either a weekly, biweekly or monthly basis. These characteristics of wage payments have been cited by the ILO (2023) as being an integral component of decent work due to the influence they have on the morale of workers and welfare planning within the household. According to Okonkwo and Bello (2022), the wage disbursement pattern entails the system and process through which wage obligations are fulfilled, and it influences productivity, trust and harmony at the industrial level.

The irregular payments in Nigeria's public service sector have been identified by Uche and Salisu (2023) as a consequence of inadequate budgeting practices, administrative failures, and income volatility; such unpredictability undermines the family budgets of state employees and breaches the social contract established between the two parties. This particular mechanism requires emphasis, as it is often neglected: a wage that is sufficient in theory but paid late forces employees to take out loans on unfavourable terms, buy necessities on credit, and sell some assets, meaning that a significant part of the actual payment goes to lenders and traders even before it can be used to cover basic expenses. Therefore, regularity is not just an administrative procedure but a factor that influences the actual value of the payment, and it should be considered as an independent variable rather than a side issue of compliance.

Cost of Living and the Erosion of Real Wages

Living cost means the total amount needed to sustain a certain standard of living in a given area and at a specific time, including the costs of food, housing, clothes, travel, healthcare, utility bills and other necessities (Fiveable, 2025; Quickonomics, 2023). It is usually measured using price indices, mainly the consumer price index that measures the change in the cost of a basket of household goods and services, and it is highly associated with inflation, as changes in the price level increase the burden of households and decrease the value of income (Britannica, 2024; Fiveable, 2025). Since the cost of living varies significantly from one country to another and even between different cities because of differences in development and government policies, the cost-of-living information is widely used in making salary adjustments (Quickonomics, 2023).

If applied to Nigeria, the reasons provided above help to understand why a 133 per cent wage award has failed to lead to an improvement in welfare. The inflation rate was higher than 33 per cent in 2024, and food inflation was higher than 35 per cent. Also, the cost of a month subsistence living for a person is ₦43,200 and that for a family of four is more than ₦137,000. The aforementioned amounts show that the statutory wage equals subsistence level of living for an individual but is far below it for a family with the minimum floor equal to ₦70,000. Personnel expenditure in Nigeria increased from ₦2.04 trillion in 2024 to ₦3.87 trillion in 2025 due to realignment of wages. The aforementioned increase in personnel expenditure limited the fiscal room out of which the wages need to be paid and created another issue, hardly analyzed by the existing literature, concerning their sustainability.

Gap in Literature

All these literature pieces put together form the theoretical basis of wage policies (ILO, 2022; Belman & Wolfson, 2021; Dube, 2019), dispute the sufficiency of the existing wage rate (Dube, 2023; Okonkwo & Ibrahim, 2022; Achegbulu et al., 2025), indicate non-compliance (Adams & Adeoye, 2022; Fajana & Akinyemi, 2023), point to irregular payment of wages (Okonkwo & Bello, 2022; Uche & Salisu, 2023), and estimate the cost-of-living situation (Britannica, 2024; Fiveable, 2025; Quickonomics, 2023). However, all the above points have been made separately. All the current works are mostly national in scope, conceptual or descriptive in approach, and limited in time frame to pre-2024 wages; besides, wage rates, compliance, and salary disbursement regularity have always been considered from a unified

perspective. Hence, while research has been made about minimum wage policies and the cost of living in Nigeria, there has been no empirical study on the relationship between minimum wage rate, wage implementation compliance, and salary disbursement regularity and timeliness, on the one hand, and the cost of living of public servants in Enugu State in post-2024 wages, on the other hand. The present research fills in the aforementioned gap by looking at the issue through a sub-national lens.

Theoretical Framework

The theory of the living wage is used as the theoretical perspective in analyzing the minimum wage policy and cost of living of public sector workers in Enugu State of Nigeria. The theory is directly linked to Henry Mayers Hyndman, the British socialist who was a key labour movement figure in the late nineteenth century and one of the foremost champions of the theory that workers should be paid wages enough to ensure their living standards. The theory emerged in the 1880s and 1890s in response to the working environment created by industrial capitalism in the UK and US, where wages were often inadequate to provide food, shelter, health services, and education.

The core of the theory is the argument that wages are not only supposed to correspond to the market value of labour, but that they must be sufficient for workers to live in a dignified manner without falling below the poverty line. From the perspective of the analysis, the living wage is thus different from the minimum wage in this sense. While the minimum wage is an imposed level, which can or cannot correspond to the cost of living in the area in question, the living wage is calculated according to the cost of subsistence in the certain location and period of time. This way, the theory provides a criterion for assessing the wage level, as opposed to merely describing it. The wage is considered adequate not in terms of its being legally determined, but in terms of the worker's ability to support oneself with it and participate actively in social life. The theoretical foundation of the theory is normative as well as economic, as it is based on the assumption that appropriate remuneration is a matter of ethical obligations and prevents workers from choosing between living and working full-time.

It applies directly to the current study, since what is being investigated here is not whether Enugu State has a wage floor at all, but whether that floor matches the cost of living of those people who benefit from it. The new National Minimum Wage (Amendment) Act of 2024 raised the nominal wage floor from ₦30,000 to ₦70,000, while Enugu State approved ₦80,000, but the high level of inflation (over 33 per cent) and food inflation (over 35 per cent)

make the issue of sufficiency of the new floor remain open. It can be put into the context of Living Wage Theory in that way: if a nominal wage adjustment is not indexed to subsistence needs, it is just an accounting adjustment without any welfare effect. All three independent variables in the current study align with the theory consistently. The minimum wage rate reflects the sufficiency criteria; compliance of the implementation of the wage floor reflects whether the required sufficiency has been met for each type of staff; and regularity and punctuality of salaries reflects whether the wage has been paid when subsistence needs occur, since timely but adequate wage does not fulfill the requirement of the theory.

The empirical data from this study provides empirical backing for the theoretical expectation. A descriptive survey conducted among civil servants in the Enugu State Civil Service from Ministries of Finance and Economic Development, Science and Technology, Lands and Urban Development, and Housing, which has a population of 1,040 respondents and a Yamane-sampled 390, yielded 359 usable questionnaires. The respondents agree that the current wage level has helped them cope with their basic necessities (mean=3.55) and healthcare and education costs (mean=3.50). However, the lowest marks from this group concerned housing expenses and reduction in the effects of inflation (mean=3.41 in each category), which demonstrates that the wage helps to consume at the margin but cannot alleviate the price pressure, which is the sufficiency criterion the theory imposes. The compliance criteria had relatively high marks; delay in implementing the wage was seen to add to financial pressure (mean=3.73). However, the items dealing with disbursement had the highest scores; the respondents agreed that prompt payment allows employees to cover their basic necessities without additional financial problems (mean=3.77), while delay increases borrowing and thus raises the cost of living (mean=3.70). The theoretical importance of that last discovery is that it illustrates how an adequate wage gets transformed into an inadequate wage, and in the process, benefits the creditors more than the family. The chi-square tests at the 0.05 significance level have rejected all three null hypotheses, proving that the wage rate, compliance and regularity of disbursement all play a role in determining the cost of living. These findings support Dunmade et al. (2022)'s discoveries about the effect of the national minimum wage on the well-being of civil servants in Lagos State, and also refute Igboanua et al. (2025)'s claim that an increase in wages does not improve the quality of life when not accompanied by additional measures in Awka North and South.

However, the theory is not without flaws in that it assumes that the government has both the fiscal and the political capability of setting the wages at the subsistence level.

However, it has been found by Kareem and Abdul (2024) that budgetary pressure, inflation and the administration capacity of the government are constraints in the way of implementing this theory. On the other hand, Onyambayi et al. (2025) have found that the failure of the policy in Nigeria has been due to the lack of political will among government officials. In the same manner, Onwuka et al. (2025) have found that the minimum wage policy does not affect informal employment. This means that the coverage of the instrument is limited in comparison with the universalist nature of the language in the theory. However, considering all these factors, the Living Wage Theory is the most fitting theory for the purpose of this study. The reason is that Living Wage Theory provides the evaluation criteria to judge the minimum wage policy of Enugu State in terms of the ability of a worker to live with dignity.

3. METHODOLOGY

Research Design

A descriptive survey research design was used in this research work. The reason why this design was selected is that it allows the researcher to collect primary data systematically using questionnaires that are provided to the workers. This would enable the researcher to analyze the perceptions of the workers concerning the wages. It is an appropriate research design for this topic since the researcher does not manipulate the variables of interest.

Area of the Study

The research was conducted in Enugu State which is found in the South East geopolitical region of Nigeria. Enugu State has an Enugu State Civil Service which consists of several ministries, departments, and agencies (MDAs) that are tasked with implementing government policies and programs. This study examined the workers in four purposely selected MDAs in order to determine the effect of the prevailing minimum wage system on their cost of living.

Population of the Study

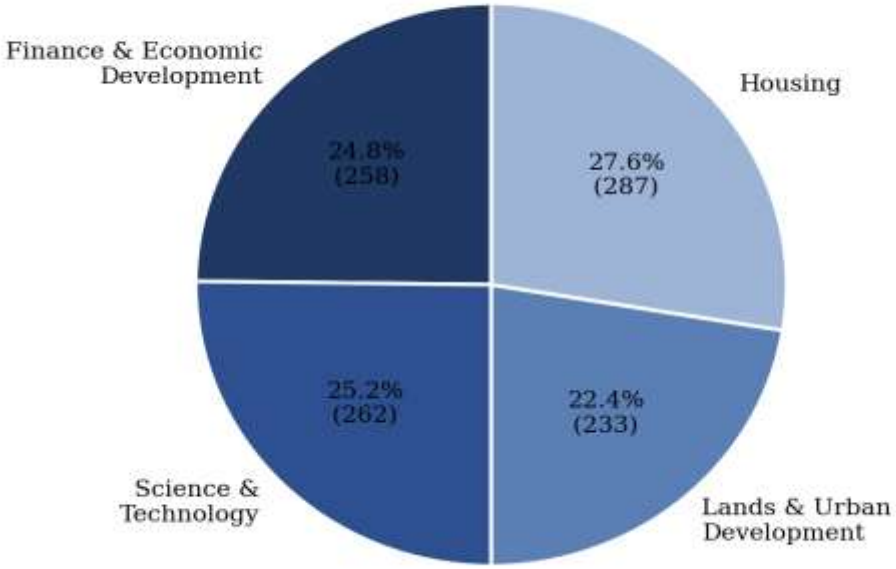
The population of the research was all the civil servants working within the Enugu State Civil Service during the reference period as indicated in Table 3.1 below.

Table 3.1: Population Distribution by Ministry

S/N	Ministry	Population	% of Total
1	Ministry of Finance and Economic Development	258	24.8%
2	Ministry of Science and Technology	262	25.2%
3	Ministry of Lands and Urban Development	233	22.4%
4	Ministry of Housing	287	27.6%
	Total	**1,040**	**100%**

Source: NPC Population Projection, 2024.

Figure 3.1: Distribution of Study Population by Ministry (N = 1,040)



Sample Size Determination

The Taro Yamane (1967) formula was used to determine the sample size for the study, expressed as:

$$n = N / [1 + N(e)^2]$$

where n is the sample size, N is the population (1,040) and e is the margin of error (0.04). Substituting the values gives:

$$n = 1{,}040 / [1 + 1{,}040(0.04)^2] = 1{,}040 / 2.664 \approx 390$$

The computation yielded a minimum sample size of 390 respondents.

Sampling Technique and Distribution

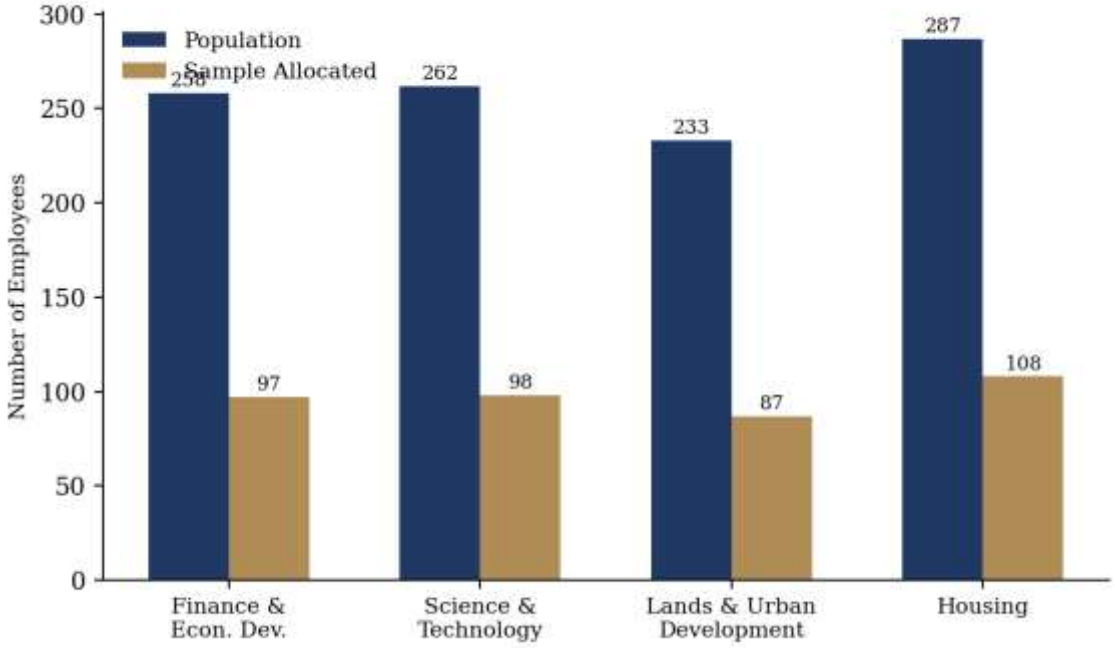
A stratified random sampling technique was employed in the study to adequately represent the different groups of civil servants in Enugu State. This approach was based on the fact that the civil service is heterogeneous, made up of employees in the various ministries, departments, and agencies. The population was first stratified by ministries and then proportionate sampling was carried out from each stratum using simple random sampling technique. In this way, every unit of the population had an equal chance of being selected while representing all sections of the population equally, as illustrated in Table 3.2 below.

Table 3.2: Proportional Sample Allocation by Ministry

S/N	Ministry	Population	Sample Allocated
1	Ministry of Finance and Economic Development	258	97
2	Ministry of Science and Technology	262	98
3	Ministry of Lands and Urban Development	233	87
4	Ministry of Housing	287	108
	Total	**1,040**	**390**

Source: Computed from Table 3.1 using proportional allocation (Sample ÷ Population × Ministry Population).

Figure 3.2: Population and Proportional Sample Allocation by Ministry



Sources and Method of Data Collection

Data collection involved both primary and secondary data sources. The primary data was collected from a structured questionnaire that aimed at capturing respondents' views regarding the adequacy of the wages, their living standards, job satisfaction, and their overall

well-being. On the other hand, the secondary data was collected from textbooks, journals, policy papers, and other sources related to the subject matter of the research.

Validity of the Instrument

Face and content validity of the questionnaire were determined using expert validation by professionals from public administration and labour economics, whose inputs were utilized to make sure that the questions were clear and relevant.

Reliability of the Instrument

The instrument's reliability was established via a pilot test that employed 20 employees of a similar federal establishment. The data collected from the responses was analyzed via Cronbach's Alpha, resulting in a coefficient of 0.82, reflecting strong internal consistency and proving the instrument's adequacy to be used in the actual research.

Method of Data Analysis

The statistical analyses involved descriptive and inferential statistics. Descriptive statistics, which comprised means and standard deviations, were employed in summarising the perceptions of the respondents on the research questions, while the Chi-square (χ^2) was used as the inferential statistics in testing the hypotheses at the 0.05 level of significance using the SPSS version 25 software.

The chi-square formula

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

Where:

χ^2	=	Chi-square
O	=	Observed Frequency
E	=	Expected Frequency
$\sum$	=	Summation of all items

Decision rule

Reject Ho if the calculated value of χ^2 is greater than the critical value of $\chi^{2;}$ otherwise, accept Ho.

4. DATA PRESENTATION AND ANALYSIS

Questionnaire Administration and Response Rate

Questionnaires totalling 390 were administered to the respondents in the four selected ministries. Out of these, 359 questionnaires were properly filled out and recovered, indicating a very high instrument return rate as shown in Table 4.1 and Figure 4.1. Out of the number that was recovered, 340 was valid for chi-square analysis.

Table 4.1: Questionnaire Distribution and Retrieval

Status	Number	Per centage
Distributed	390	100.0%
Retrieved (usable)	359	92.1%
Valid for Chi-square analysis	340	87.2%

Source: Field Survey, 2026.

Figure 4.1: Questionnaire Distribution and Return Rate (Distributed = 390)



Presentation of Data on Research Questions

This chapter highlights the views held by the respondents concerning the three research questions formulated to guide the study, which include the effects of the current minimum wage, effects of wage implementation compliance, and effects of timely payment of salaries on the cost of living of public sector workers in Enugu State. The measurement scale employed is a five-point Likert scale (Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree) with a criterion mean of 3.00, where any item with a mean of 3.00 and above is considered an agreement.

Table 4.2: Influence of the Current Minimum Wage Rate on Cost of Living

S/N	Item	SA	A	N	D	SD	Mean	SD	Decision
1	The current minimum wage has improved the ability of employees to afford basic necessities such as food and clothing.	102	118	49	56	34	3.55	1.28	Accepted
2	The present minimum wage helps employees cope with rising transportation costs.	95	121	53	54	36	3.51	1.30	Accepted
3	The current minimum wage significantly reduces the financial pressure caused by rising housing costs.	88	110	61	63	37	3.41	1.31	Accepted
4	The minimum wage adjustment has improved employees' ability to meet healthcare and educational expenses.	97	116	52	58	36	3.50	1.29	Accepted
5	The present minimum wage adequately cushions the effects of inflation on the cost of living.	90	108	57	66	38	3.41	1.33	Accepted
	Grand Mean						**3.48**		**Accepted**

Source: Field Survey, 2026.

The table shows that the subjects have an opinion that the minimum wage plays a certain role in affecting their cost of living. The minimum wage is considered to help people pay for basic needs (mean = 3.55) and pay for transport costs (mean = 3.51). In turn, the influence of the minimum wage on housing costs and protection from inflation is relatively weak (mean = 3.41 in both cases). With the grand mean value of 3.48, which is higher than the criterion mean of 3.00, the wage is considered to have a positive yet irregular impact on the cost of living.

Wage Implementation Compliance and Cost of Living

Table 4.3: Impact of Wage Implementation Compliance on Cost of Living

S/N	Item	SA	A	N	D	SD	Mean	SD	Decision
1	Timely implementation of the approved minimum wage improves the ability of employees to cope with rising living costs.	118	126	41	45	29	3.72	1.21	Accepted
2	Full compliance with wage implementation enhances the purchasing power of employees.	110	122	47	50	30	3.65	1.23	Accepted

S/N	Item	SA	A	N	D	SD	Mean	SD	Decision
3	Delays in wage implementation increase the financial burden on employees.	124	120	38	47	30	3.73	1.25	Accepted
4	Consistent wage implementation helps workers manage housing, transportation and feeding expenses.	107	128	46	48	30	3.65	1.22	Accepted
5	Proper enforcement of wage policies reduces the negative effects of inflation on living conditions.	101	130	44	52	32	3.60	1.26	Accepted
	Grand Mean						**3.67**		**Accepted**

Source: Field Survey, 2026.

The respondents were unanimous on the point that compliance with wage implementation affects their cost of living, giving the item with the highest mean score to delay in implementation leading to increased cost of living (mean = 3.73). Compliance, whose grand mean was 3.67, is felt to affect living costs more strongly compared to just the wages themselves, in that a wage increase without implementation is meaningless.

Salary Disbursement Regularity and Cost of Living

Table 4.4: Effect of Salary Disbursement Regularity and Timeliness on Cost of Living

S/N	Item	SA	A	N	D	SD	Mean	SD	Decision
1	Regular and timely salary payments enable employees to meet basic needs without undue financial stress.	124	121	45	41	28	3.77	1.18	Accepted
2	Delays in salary disbursement increase employees' dependence on informal credit sources, raising their cost of living.	118	123	42	44	32	3.70	1.21	Accepted
3	Consistent salary payments allow workers to plan for housing, food and healthcare expenses effectively.	115	126	48	38	32	3.70	1.20	Accepted
4	Irregular salary disbursement negatively impacts employees' ability to cope with inflationary pressures.	121	118	49	41	30	3.69	1.23	Accepted
5	Timely payment of salaries enhances employees' financial stability and reduces stress associated with living costs.	120	119	47	40	33	3.68	1.22	Accepted
	Grand Mean						**3.71**		**Accepted**

Source: Field Survey, 2026.

The strongest agreement on behalf of the respondents was found to be related to the fact that receiving salaries on time helps to cater to their needs without creating much hassle (mean = 3.77). Given the grand mean of 3.71, which is higher than the means of the other two variables, disbursement frequency stands out as the most significant variable for the cost of living.

Figure 4.2: Mean Perception Scores by Item Across the Three Study Variables



Test of Hypotheses

The three null hypotheses were subjected to the Chi-square test of independence at the 0.05 level of significance. The rule of decision used for each of the tests was to reject the null hypothesis when the computed value of χ^2 is greater than the critical value.

Hypothesis One

H_0: The current minimum wage rate has no significant influence on the cost of living of public sector employees in Enugu State, Nigeria.

Table 4.5: Chi-Square Test — Minimum Wage Rate and Cost of Living

Statistic	Value	df	Asymp. Sig.
Pearson Chi-Square	103.403	16	.000
Likelihood Ratio	90.626	16	.000
Linear-by-Linear Association	9.602	1	.002
N of Valid Cases	340		

Source: SPSS Output, Version 25. Critical value: $\chi^2(16, 0.05) = 26.43$.

Since the calculated value of χ^2 (103.403) exceeds the critical value of χ^2 (26.43), the null hypothesis is rejected. The current minimum wage rate has a significant influence on the cost of living of public sector employees in Enugu State, Nigeria.

Hypothesis Two

H_0: Wage implementation compliance has no significant impact on the cost of living of public sector employees in Enugu State, Nigeria.

Table 4.6: Chi-Square Test — Implementation Compliance and Cost of Living

Statistic	Value	df	Asymp. Sig.
Pearson Chi-Square	190.310	12	.000
Likelihood Ratio	125.398	12	.000
Linear-by-Linear Association	40.659	1	.000
N of Valid Cases	340		

Source: SPSS Output, Version 25. Critical value: $\chi^2(12, 0.05) = 9.95$.

As the value of χ^2 (190.310) is greater than that of the critical value of χ^2 (9.95), the null hypothesis is rejected. Implementation of wages has a significant effect on the cost of living of public sector workers in Enugu State, Nigeria.

Hypothesis Three

H_0: Salary disbursement regularity and timeliness have no significant effect on the cost of living of public sector employees in Enugu State, Nigeria.

Table 4.7: Chi-Square Test — Disbursement Regularity and Cost of Living

Statistic	Value	df	Asymp. Sig.
Pearson Chi-Square	208.236	12	.000
Likelihood Ratio	152.495	12	.000
Linear-by-Linear Association	76.788	1	.000
N of Valid Cases	340		

Source: SPSS Output, Version 25. Critical value: $\chi^2(12, 0.05) = 9.95$.

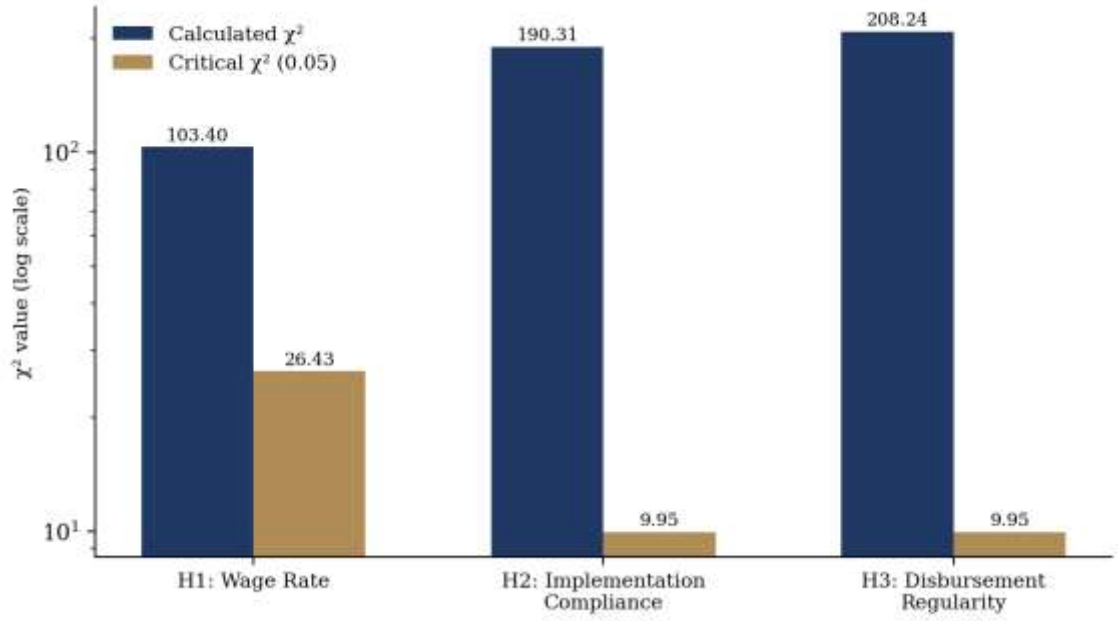
Because the calculated value of χ^2 (208.236) is higher than the critical value of χ^2 (9.95), the null hypothesis is therefore rejected. Payment of salary regularly and promptly affects the cost of living of workers in the public sector in Enugu State, Nigeria.

Table 4.8: Summary of Hypothesis Test Results

Hyp.	Variable	χ^2 Calc.	χ^2 Crit.	df	Decision
H_1	Minimum Wage Rate	103.403	26.43	16	Rejected
H_2	Implementation Compliance	190.310	9.95	12	Rejected
H_3	Disbursement Regularity	208.236	9.95	12	Rejected

Source: Computed from SPSS Output, Version 25.

Figure 4.3: Calculated versus Critical Chi-Square Values for the Three Hypotheses



The calculated value of χ^2 is found to exceed the critical value in each case, and thus all three null hypotheses have been rejected. Minimum wage rate, compliance of wage payment, and timely payment of salary each has a statistically significant impact on the cost of living of public sector workers in Enugu State, with compliance and timeliness having the highest calculated values.

5. Discussion of Findings

The fact that the existing minimum wage level affects considerably the cost of living of the public service workers in Enugu State ($\chi^2 = 103.403$, $p < .05$) shows that the higher the wage, the better it enables employees to access the necessary goods and services including food, housing, transport, healthcare, and education. The participants felt most sure about the contribution of the wage to providing their basic needs and transport (with means of 3.55 and 3.51 respectively), but the impact of the wage on housing costs and hedging against inflation turned out to be lower (mean = 3.41). Thus, the existing wage enables workers to overcome some difficulties associated with the cost of living without eliminating the influence of other factors. It coincides with the results of Igboanua, Abba and Nnaji (2025) and Kareem and Abdul (2024).

The significant association between the cost of living and compliance with the wage implementation ($\chi^2 = 190.310$, $p < .05$) shows that the effectiveness of the wage increment depends on the degree to which it is implemented. It was the highest that respondents agreed

that delayed implementation adds to financial strain (mean = 3.73), while compliance was believed to boost buying capacity and minimize the negative impact of inflation. It supports the arguments made by Onyambayi, Ahmed and Rakiya (2025) and Dunmade et al. (2022).

The fact that the disbursement of salaries in a timely and regular fashion influences greatly the cost of living ($\chi^2 = 208.236$, $p < .05$), which is the most significant of the three influences, indicates that an adequate and correctly delivered wage loses a lot of its meaning if it is late. It was found that the delay of disbursement causes dependency on informal borrowing and consequently leads to the increased cost of living (mean = 3.70) while timely disbursement is connected with increased stability and less stress (means 3.77 and 3.68 respectively). This is consistent with the findings of Kareem and Abdul (2024) and Dunmade et al. (2022) who indicate that timely salary disbursement is crucial for overcoming the problems faced by public sector workers.

Summary of Findings

These were the findings from the research:

i. The present minimum wage rate is an important determinant of the cost of living of public sector workers in Enugu State, Nigeria ($\chi^2 = 103.403 > 26.43$).

ii. Compliance with wage payment has a significant effect on the cost of living of public sector workers in Enugu State, Nigeria ($\chi^2 = 190.310 > 9.95$).

iii. Salary payment regularity has a significant effect on the cost of living of public sector workers in Enugu State, Nigeria ($\chi^2 = 208.236 > 9.95$).

6. Conclusion

This research paper has found out that the present minimum wage rate, wage implementation compliance and salary disbursement frequency have significant effects on the cost of living of the employees of the public service sector in Enugu State, Nigeria. It has been found out that proper and timely implementation of the wage payment will make it easier for the employees to satisfy their basic needs and manage their expenditure thereby making it less challenging for them. Out of the three independent variables considered in this study, disbursement frequency has given the greatest level of agreement among the respondents as well as yielded the greatest Chi-square value, thus implying that payment frequency is as important as the rate of payment in terms of its impact on the employees.

7. Recommendations

The following are some recommendations based on the results:

i. The Enugu State government needs to review and adjust the minimum wage periodically so that it corresponds with inflation and the increasing cost of living, along with other strategies like the provision of subsidies in terms of housing and transport to increase the buying capacity of the workers in the public sector.

ii. The Enugu State government needs to ensure that there is total compliance with the existing wage policies in all the ministries, departments and agencies through increased monitoring and implementing penalties for non-compliance to avoid any financial difficulties for the workers.

iii. The Enugu State government needs to focus on timely payment of salaries, automation and monitoring of payments to avoid late payment of salaries, which will create financial difficulties for the workers.

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