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للبحوث والإحصاء

Dar Al Maaref for Researches and Statistics



## **Opinion poll**

**Increasing the prices of oil products and their social and service impact in Hadramout province**

**April 2018**

**researches and statistics Department**

# **Increasing the prices of oil products and their social and service impact in Hadramout province**

## **Study Summary**

### **Introduction and Objectives:**

In March 2018 a circular has been issued by the Yemen Oil Company Office in the coast of Hadramout to deregulate the prices of oil and diesel, ten days after, another circular has been issued to edit the price of petroleum. In general, the price of oil stabilized at 285 Yemeni riyals per liter, an increase of 18.7% than the earlier price (240 Yemeni riyals per liter). The increase in the price of oil has been repeated in the previous years as the Yemeni riyal has depreciated, affecting the purchasing power of the citizen. Dar Al-Ma'arif for Research and Statistics (a governmental organization in Mukalla), has conducted this study in order to measure the opinion of citizens about this increase and its effect on solving the problems of the stability of oil products, electricity and their social impact on personal and family expenses.

### **Methodology:**

This is a statistic descriptive study of a cluster sample representing different regions of Hadramout Governorate. Sixty-five clusters representing different districts, cities and villages of Hadramout Governorate were selected. The data were collected by a questionnaire prepared and tested for the purpose of this survey. The sample was statistically counted at 290. The questionnaire is a data collection tool for this survey, It consists of three parts: the first part is the metadata. The second part is to measure citizens 'opinion on whether the current increase in the prices of oil products will lead to the availability and stability of oil products and electricity, while the third part measures citizens' opinion about the social impact of increasing the prices of oil products at the expense of family and personal expenses.

### **Results:**

Most of the participants in this poll gave a negative view on the desired result of the current increase in the prices of oil products to solve the problems facing the availability and stability of oil products and electricity in general the

satisfaction rate did not exceed 24.8%, and the best satisfaction rate registered by citizens is that the increase in The prices of oil products may solve the problem of long waiting at fuel stations (35.5%), and only 21.4% of citizens believe that the high prices of oil products can provide a solution to the problem of the availability of oil products in the fuel stations in the short term (six months to one year) , while only 17.9% agree that this price increasing can provide a long-term solution (more than a year). The most pessimistic is that only 19.9% of citizens believe that this increase in the prices of oil products will solve the problem of power outages, which means that the majority (80%) thinks otherwise, but about 30% agree that increase in the prices of oil products could reduce the smuggling of oil products outside the province.

As for the social impact, 70% of the participants agreed that this increase in prices directly affected their household expenses in general, and double the cost of the transportation from home to their place of work or study. 57.6% of the participants agreed that the increase in the prices of oil products have made them lessen their expenses on snacks.

#### **Conclusions and Recommendations:**

The increase in the prices of oil products that have been implemented in the coast of Hadramout since March 2018, has negatively affected the lives of citizens, especially their household expenses and the cost of transportation. The results on citizens showed a pessimistic view that any increase in the prices of oil products will not solve the problems of the availability of oil products or power outages problems. The study recommends the local authority and the oil company in the coast of Hadramout to study the reasons and solutions to the problems of instability of oil products and electricity before making any decision to increase prices, because this is not the only reason and not the only solution.

## **Introduction:**

The governorates of Hadramout and some governorates in Yemen witnessed a significant increase in the prices of oil products in March 2018 followed by an increase in the prices of goods and services, including transportation. also and the depreciation of the Yemeni riyal which will definitely affect the standard of living of the individual and the family. The price of oil has increased since 8/3/2018 from 240 riyals per liter to 315 riyals per liter, an increase of 31%, and then a decision was made to reduce it to 300 riyals per liter and then to 285 riyals per liter on 18/3/2018 throughout ten days after the first decision, an increase of 18.7% than its first price of 240 Yemeni riyals per liter.

## **Decisions issued by the Yemeni Oil Company in the coast of Hadramout in March 2018:**

In a circular issued by the General Director of the Oil Company, Hadramout coast branch, to the agents of stations and other sectors on 8/3/2018 No. 253 and based on the approval of the local authority on allowing the deregulation of the price of petroleum products (petrol + diesel) in all stations due to increase the price of petroleum materials the Yemeni riyals depreciated against the dollar. In order to preserve the stability of the supply in the governorate, it was decided that the sale of the oil and diesel in the stations will be done at the deregulated price to all sectors within the geographical range of the branch. It was also decided to buy from suppliers of oil products either from the oil company or from the merchant directly in order to ease the organization of the purchase process and guarantee the arrival of the materials to the station, and this circular was to be implemented on Wednesday midnight 8/3/2018.

Another circular to deregulate oil prices, was issued by the General Director of the Oil Company in the coast of Hadramawt to the agents of the stations at the direction of Major General Faraj Salemin al-Bahssani, governor of Hadramout province, to reduce the price of oil liters from 300 riyals to 285 riyals starting on Sunday 18/3/2018, Issued on 18/3/2018 No. 615. 2.

### **The importance of the study:**

The importance of the study lies documenting the citizens' opinion in the most services related to their lives and their expectations of the result and impact that will be caused by the increase in the prices of oil products in all aspects of their lives, especially the availability of oil products, electricity services and the social impact of individual and family expenses on transportation and household expenses. And because it is a pilot study, It was limited to some aspects of social life though it does not mean that the various aspects of social and economic life are not important, but it can give decision-makers and researchers an indication of the citizen's mood and satisfaction with such decisions.

### **Objectives of the study:**

Al-Ma'arif for Research and Statistics (non-governmental institution), its headquarter in Mukalla, in the context of its function of scientific monitoring of social, economic and developmental variables and its impact on the life of the individual, the family and the community. It has played its research role to poll the citizen's opinion about the current increase of the prices of oil products and its impact on the stability of oil products providing services and electricity and its social impact on the lives of people in Hadramout province.

### **The study Methodology:**

This is a statistic descriptive study of a cluster sample representing different regions of Hadramout Governorate. Sixty-five clusters representing different districts, cities and villages of Hadramout Governorate were selected, and 25 people were trained and who were selected from the records of the participants in the statistical analysis session held in Mukalla, and the data were collected during the month of April 2018 through a questionnaire prepared and tested for the purpose of this survey. The sample was calculated on the assumption that the expected satisfaction rate was 50%, the trust rate was 95% ( $Z = 1.96$ ) and the difference rate was 6%. The sample size was statistically counted of 266 and 10% was added to avoid non-response to become 290 and the size of the sample was distributed in proportion to the population of each region so the city of Mukalla was the largest rate of the sample (70%).

The questionnaire through which the data was collected, consists of three parts: The first part is the metadata (including age in years / sex / title / educational level) while the second part is devoted to measuring citizens' opinion on whether the current increase in the prices of oil products will lead to the availability and stability of oil products and electricity, and they are 4 questions. While the third part consists of 4 questions that measure the opinion of citizens about the social impact of increasing the prices of oil products on household and personal expenses. In the second and third parts, citizens' opinion was measured using a Likert scale of 3 points (1 disagreed, 2 unspecified, 3 agreed). For the purposes of statistical analysis, the age group was classified into two categories: the Youth category, participants aged between 18 to 30 years old (defined by the United Nations Youth Organization) 4.3 and the Adult category, participants aged over 30 years.

After the data was collected and verified, the data were entered according to their encoding to the computer using the statistical package program for social sciences (version 23). The data were analyzed using frequencies, percentages, averages and presenting data in tables and graphs. The Kaye square was used to test the relationship between the satisfaction of citizens and the variables of age and sex in statistical significant at  $B = 0.05$ .

### **Results:**

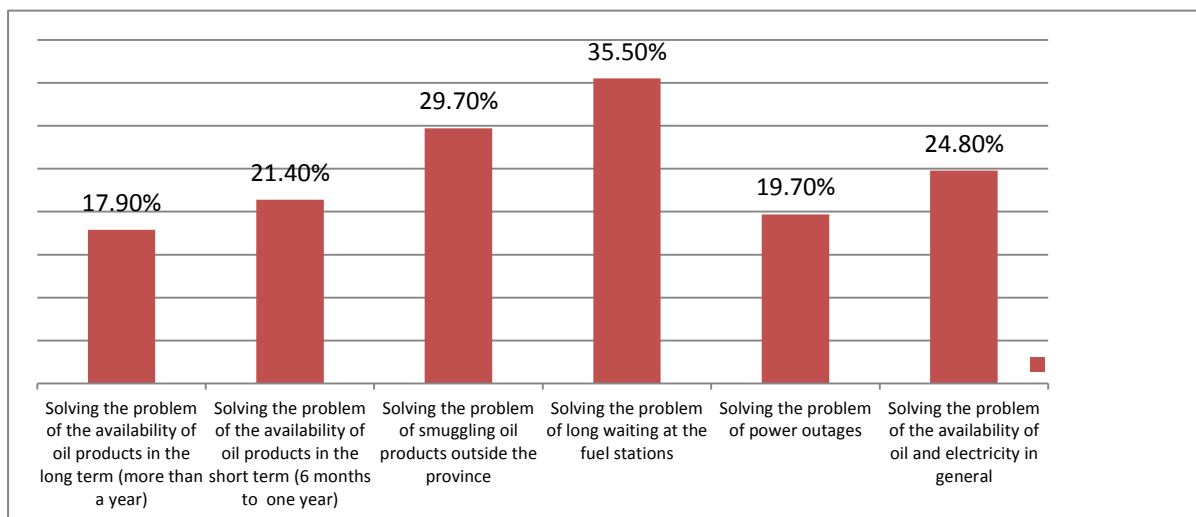
The total number of valid questionnaires returned is 290, representing a full response rate (100%). Of the total participants were 229 males (79%) and 61 females (21%). And 217 participants with university qualification (75%), while 63 participants who were undergraduate (25%) among them 2 illiterates. The average age of participants was 27 years with a standard deviation of 7.6 years and a median age of 25 years, noted that the age of participants was between 18 and 70 years.

## The impact of increasing the oil products prices on the availability and stability of oil products and electricity:

Most of the participants in this poll gave a negative view on the desired result of the current increase in the prices of oil products to solve the problems facing the availability and stability of oil products and electricity in general the satisfaction rate did not exceed 24.8%. and the best satisfaction rate registered by citizens is that the increase in The prices of oil products may solve the problem of long waiting at fuel stations (35.5%) , it is also generally low and should be handled with caution, because it also suggests that approximately 65% are not optimistic that this increase in prices will solve the long waiting problem At the fuel stations, which was proved through the return of queues at the fuel stations during the month of May 2018 and even if it was intermittently. (Figure 1, Table 1)

In detail, only 21.4% of citizens believe that the increasing prices of oil products can provide a solution to the problem of availability of oil products at the fuel stations in the short term of (6 months to one year), while only 17.9% agree that this increase in prices can provide a long-term solution (more than one year), and these percentages represent a pessimistic view to the citizens to the future of the service of the providing of oil products, it express their lack of conviction in linking the increase in prices with the providing of oil products. The most pessimistic thing is that only 19.9% of the citizens believe that this increase in the prices of oil products will solve the problem of power outages, which means that the majority (80%) see otherwise, which we see clearly during the month of May 2018 of constantly power outages. But about 30% agree that the increase in the prices of oil products may reduce the smuggling of oil products outside the province. (Figure 1, Table 1).

**Figure1: The opinion of citizens about the impact of increasing the oil products prices on the availability and stability of oil products and electricity**

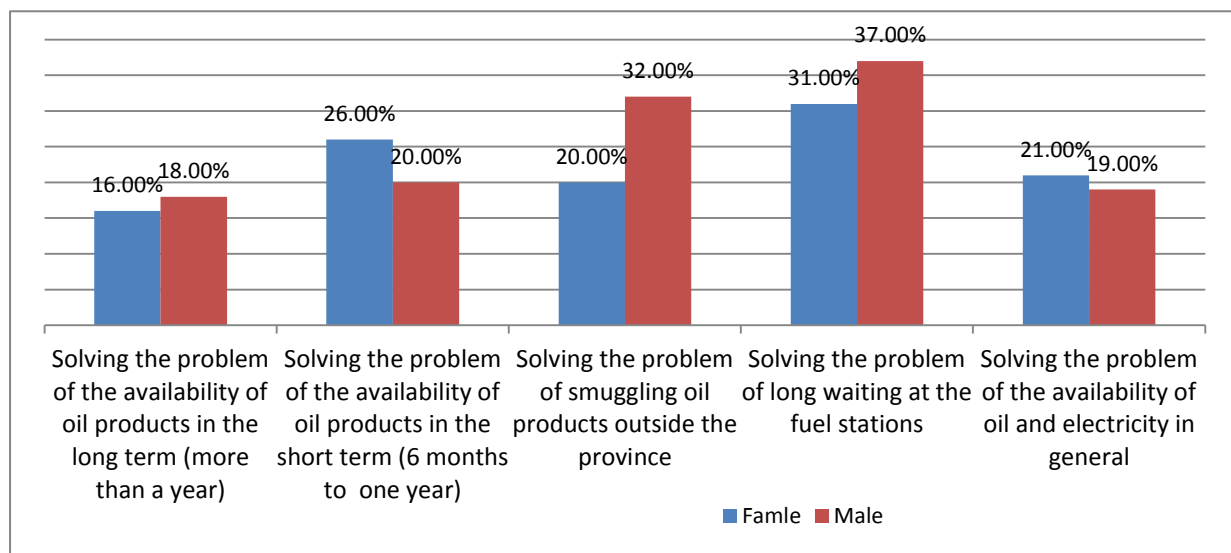


**Table (1) The opinion of citizens about the impact of increasing the oil products prices on the availability and stability of oil products and electricity**

| Increased prices of oil products will lead to  | agreed  | unspecified | Disagreed |
|--|---------|-------------|-----------|
| Solving the problem of the availability of oil products in the long term (more than a year)      | (17,9%) | (15,9%)     | (66,2%)   |
| Solving the problem of the availability of oil products in the short term (6 months to one year) | (21,4%) | (26,7%)     | (51,9%)   |
| Solving the problem of smuggling oil products outside the province                               | (29,7%) | (15,5%)     | (54,8%)   |
| Solving the problem of long waiting at the fuel stations   | (35,5%) | (15,2%)     | (49,3%)   |
| Solving the problem of power outages   | (19,7%) | (18,2%)     | (62,1%)   |
| Solving the problem of the availability of oil and electricity in general                        | 24,8%   | 18,3%       | 56,9%     |

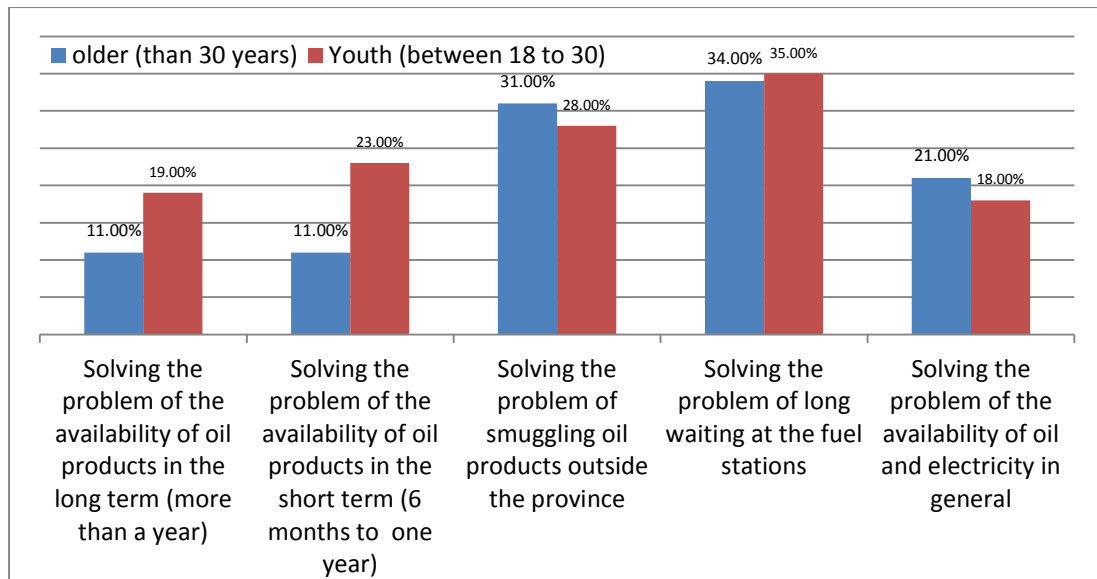
There is also no statistically significant difference between the opinion of males and females about the effect of the increase in the prices of oil products on the stability of oil products and electricity, which represents a unified opinion regardless of sex factor (**Figure 2**). As for the opinion of citizens due to the age factor among young people (aged 18 to 30 years) and adults (ages older than 30 years), there is no statistically significant difference in their opinion on the impact of the increase in the prices of oil products except when asked about the impact of this increase on the availability of oil products in the short term (six months to one year), where the adults were more optimistic (31%) than youth (28%) in statistical terms ( $B = 0.009$ ).

**Figure (2) The opinion of citizens about the impact of increasing the oil products prices on the availability and stability of oil products and electricity**





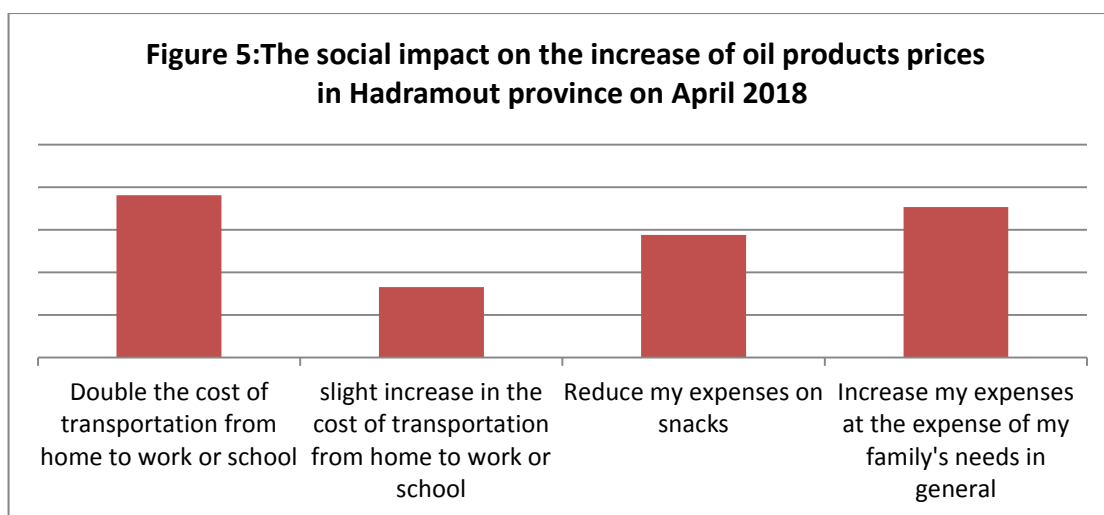
**Figure (3) The opinion of citizens about the impact of increasing the oil products prices on the availability and stability of oil products and electricity.**



**Note:** there is no statistical significance due to the age group of the views of citizens except that the increase in prices will solve the problem of the availability of oil products in the short term and the difference that the adults have a positive view more than the young ( $B = 0.009$ ).

**The social impact of the increase in the prices of oil products:**

The increase in the prices of oil products affected the lives of the citizen directly where 70% of the participants agreed that this increase in prices directly affected their household expenses in general and double the cost of transportation from home to their places of work and school. In addition, 57.6% of the participants agreed that the increase in the prices of oil products made them reduce their expenses on snacks. (Figure 4, Table 2). It is clear from these indicators that citizens feel that the increase in the prices of oil products negatively affected their daily needs of the cost of transportation and expenditure on the needs of the family, even snacks was affected in parallel with the depreciation of the Yemeni riyal and the stability or the delaying of employees' salaries of which has led to weaken the purchasing power of the citizen. (Figure 4).



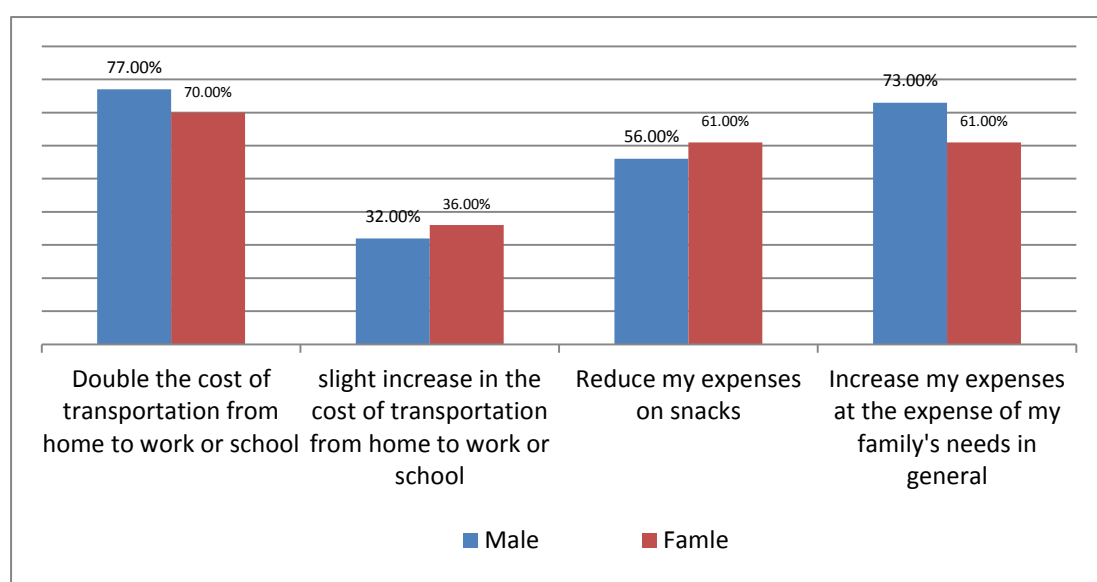
In a detailed manner, 76.2% of the citizens consider that the increase of oil products prices make them bear the double cost of transportation from their homes to their places of work or study, but only 13.4% do not agree with that opinion that the increase in prices was not a burden in terms of the cost of transportation. Only 33% of the participants consider this increase in oil products prices to be only a slight increase in the cost of their transportation. In terms of household and personal expenditures, 57.6% of the participants agreed that the increase in the prices of oil products prices reflected negatively on their snacks, while 17.6% disagreed and 24% has a neutral opinion. However, the majority (70.7%) confirm that the increase in the prices of oil products led to an increase in their expenditures to meet the daily household needs and is the largest social impact in this study, while only 13% of the participants disagree and 16% has a neutral opinion. (Table 2).

**Table 2 the social impact on the increase of oil products prices in Hadramout province on April 2018**

| Increased prices of oil derivatives will lead to                          | Agreed  | Unspecified | Disagreed |
|---|---------|-------------|-----------|
| Double the cost of transportation from home to work or school             | (76,2%) | (10,3%)     | (13,4%)   |
| slight increase in the cost of transportation from home to work or school | (33,1%) | (22,1%)     | (44,8%)   |
| Reduce my expenses on snacks  | (57,6%) | (24,8%)     | (17,6%)   |
| Increase my expenses at the expense of my family's needs in general       | (70,7%) | (16,2%)     | (13,1%)   |

There are no statistically significant differences in the opinion of citizens about the social impact of the increase in the oil products prices. This is due to the gender variable, although males recorded a large percentage compared to females in their sense of the effect of the increase in the prices of oil products on the cost of their transportation (77% for males compared to 70% for females ) or their sense of increased family expenses (73% for males compared to 61% for females), while females feel that the prices of oil products reduced their expenses on snacks 61% compared to 56% for males. However, all these differences are not statistically significant. (Figure 5)

**Figure 5: The social impact on the increase of oil products prices in Hadramout province on April 2018**

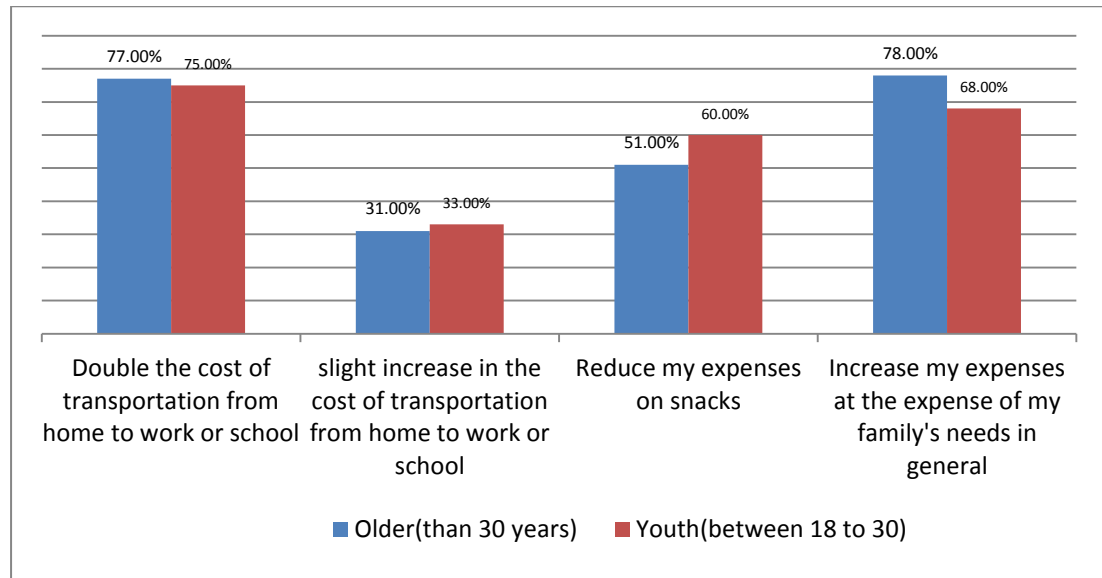


**Note:** Differences between male and female opinions are not statistically significant using the Kaye square test at level 0.05.

In same context, there are no statistically significant differences between the opinions of citizens on the social impact of the increase of oil products prices, although adults feel that the increase in the prices of oil products increased the cost of their transportation (77%) compared to youth (75%) and increase in their household expenses (78% for adults compared to 68% for youth), while youth recorded a large percentage (60%) than adults (51%) in regard of the impact of the increase in the prices of oil products to reduce their

expenses on snacks, but all these differences are not statistically significant. (Figure 6).

**Figure 6: The social impact on the increase of oil products prices in Hadramout province on April 2018**



**Note:** Differences between the opinions of young people and adults are not statistically significant using Kaye test square at a level of 0.05.

**Conclusion:**

The increase in the prices of oil products that have been implemented in the coast of Hadramout since March 2018, has negatively impacted the lives of citizens, especially their household expenses and the cost of transportation. it is a daily need offset by the weak purchasing power of citizens as a result of the depreciation of the Yemeni riyal. The results also showed a pessimistic view to citizens that any increase in the prices of oil products will not solve the problems of the availability of oil products or problems of power outage, suggesting that raising the prices of oil products is not the only determinant to solve the problems of providing oil and electricity and other reasons need further study.

### **Recommendations:**

- When any decision is taken to increase the prices of oil products, the local authority and the oil company have to study the social impact of increasing prices before the implementation of any increasing decision.
- Any increase in the prices of oil products should be in parallel with the improvement of living through increasing salaries or Yemeni riyal instead of the high cost of living for employees and contractors in both government and private sector.
- The local authority and the oil company should study all the reasons and possible solutions to solve the problem of instability and availability of oil products and electricity and not only focusing on increasing prices because prices are not the only reason and not the only solution, and it has increased for many times and did not end the problem.

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