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**PRICE INCREASE IN TRANSPORT BUSINESS OPERATIONS AND
STRATEGIC EFFICIENCY IN ETSAKO, AUCHI, EDO STATE, NIGERIA**

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Abstract

*This study examined the effect of price increases in transport business operations and strategic efficiency, using Etsako, Auchi, Edo State, Nigeria, as the focus area. The study adopted a **descriptive survey research design**. The population comprised **3,120 commuters** of Etsako West Transport Company. The sample size of 355 was determined using the Krejcie and Morgan sample size determination formula. Data were collected through a structured questionnaire and analyzed using descriptive statistics, Pearson Product Moment Correlation, and Multiple Regression Analysis with the aid of the Statistical Package for Social Sciences (SPSS). The findings revealed that fuel cost, and fare rate, and operational overheads all had significant positive effects on transport business strategic efficiency. The correlation analysis showed significant relationships between the price increase variables and strategic efficiency indicators, while the regression analysis revealed that the independent variables jointly explained the variation in transport business operations. Fuel cost emerged as the strongest predictor of business operation. The study further found that although fare increases helped sustain revenue generation and customer patronage, they did not completely offset the negative effects of rising operational costs on profit margins and operational efficiency. The study concluded that price increases significantly influence transport business operations. The study recommended that transport business operators adopt strategic fuel management practices to improve operational efficiency and maintain transparent pricing policies.*

Keywords: Price increase, Transport Business, Strategic Efficiency, Fuel cost, Fare rate

Introduction

Transportation remains one of the most critical and crucial service sectors in both developed and developing economies because it facilitates production, distribution, labour mobility, and regional integration. In Nigeria today, road transport constitutes the dominant mode of passenger movement and short-haul freight distribution due to inadequate rail infrastructure and limited water transport systems (National Bureau of Statistics [NBS], 2025). It accounts for a substantial share of inland travel and logistics activities, thereby serving as the backbone of commercial transactions, educational access, healthcare mobility, and socio-economic interaction (Azeez, 2024; Areola, 2025). Consequently, transport operators play a strategic role in sustaining economic activities across states and local communities.

However, between 2022 and 2025, the Nigerian transport sector has faced unprecedented operational cost pressures. This period has been characterized by macroeconomic instability, rising inflation, exchange rate volatility, fiscal restructuring, and global energy market disruptions. Nigeria's inflation rate increased significantly during this period, surpassing 30% in 2024, thereby increasing the general cost of goods and services, including transportation (NBS, 2025). According to the World Bank (2023), inflationary environments generate cost-push pressures in service industries, compelling firms to adjust prices upward in order to maintain operational viability. For road transport companies whose cost structures are heavily dependent on variable inputs such as fuel, maintenance, and labour, these pressures are immediate and unavoidable.

A major turning point in Nigeria's transport cost structure was the removal of fuel subsidies in 2023. Although the reform aimed to improve fiscal sustainability and reduce public expenditure burdens, it led to a sharp escalation in petrol prices nationwide (International Monetary Fund [IMF], 2024). Empirical reports indicate that transport fares increased by over 70% between 2023 and 2024, largely attributable to heightened fuel prices and related operational expenses (SBM Intelligence, 2024). Given that fuel constitutes between 30–50% of variable operating costs in road transportation, such increases directly translate into higher per-trip expenditures (Adeniran & Yusuf, 2024). As a result, many transport companies were compelled to revise fare structures in order to offset rising fuel expenditures.

Although national statistics and macroeconomic reports highlight sustained increases in transport fares across Nigeria (NBS, 2025; SBM Intelligence, 2024), there remains limited localized empirical investigation into how these price increases affect the performance of specific indigenous transport companies at the grassroots level. Most existing studies focus on national trends without examining firm-level performance outcomes in semi-urban settings. This creates a research gap in understanding how transport cost escalation translates into measurable organizational performance within specific communities.

Statement of the Problem

The Nigerian transport sector has experienced significant operational cost increases between 2022 and 2026, largely driven by fuel price hikes, exchange rate volatility, rising maintenance expenses, spare parts inflation, and labour cost escalation (NBS, 2025; IMF, 2024). The removal of fuel subsidies in 2023, in particular, triggered sharp increases in petrol prices, leading to widespread fare adjustments across road transport corridors (World Bank, 2023). While these price increases were largely implemented as coping mechanisms to sustain operations, they have generated concerns regarding their broader implications for transport company performance.

Therefore, the core problem this study seeks to address is the lack of empirical clarity regarding the effect of price increases in transport operations on the performance of transport companies at the local level. Without systematic analysis, management decisions regarding fare adjustments may be based on assumptions rather than data-driven evidence. This study is therefore designed to examine how

increases in operational cost components influence key performance outcomes in Etsako West Transport Company, Auchi, Edo State, thereby bridging the gap between macroeconomic trends and firm-level performance realities.

Objective of the Study: The broad objective of this study is to examine the effect of price increases in transport operations on the performance of Etsako West Transport Company, Auchi, Edo State, Nigeria. The specific objectives are to:

- i. examine the effect of fuel cost increase on passenger volume of Etsako West Transport Company, Auchi.
- ii. assess the impact of fare rate adjustment on revenue generation of Etsako West Transport Company, Auchi.

Research Questions:

- i. To what extent does fuel cost increase affect passenger volume of Etsako West Transport Company, Auchi?
- ii. How does fare rate adjustment influence revenue generation of Etsako West Transport Company, Auchi?

1.5 Research Hypotheses (H₀)

H₀₁: Fuel cost increase has no significant effect on passenger volume of Etsako West Transport Company, Auchi.

H₀₂: Fare rate adjustment has no significant effect on revenue generation of Etsako West Transport Company, Auchi

Significance of the Study

This study is significant both academically and practically, particularly within the context of Nigeria's evolving transport and economic environment.

First, the study contributes to existing literature on transport economics and business performance by providing empirical evidence at the firm level. While several recent studies (2022–2025) have examined fuel price increases, subsidy removal, and transport inflation at the macroeconomic level, there remains limited localized research assessing how operational cost increases affect the performance of individual indigenous transport companies. By focusing on Etsako West Transport Company in Auchi, Edo State, this study bridges the gap between national economic trends and firm-level operational realities. Second, the study will be beneficial to management and operators of transport companies. This will enable managers to make informed pricing and cost-control decisions rather than relying on assumptions or reactive adjustments.

Third, the study will assist policymakers and regulatory authorities in understanding the broader implications of transport fare increases on service delivery and economic mobility at the local level. Fourth, the study will be valuable to investors and stakeholders within the transport sector. By examining the relationship between operational cost increases and company performance, the research provides insights into risk, sustainability, and profitability dynamics within the road transport business in semi-urban areas.

Fifth, the research will serve as a reference material for future scholars and students in the fields of economics, business administration, transport management, and public policy. It expands the body of knowledge by offering a structured empirical framework that can be replicated in other local government areas or transport firms across Nigeria.

Overall, this study provides practical, policy-relevant, and academic contributions by systematically examining the effect of price increases in transport operations on firm performance within a localized Nigerian context.

Concept of Price Increase

Price increase refers to a sustained upward adjustment in the monetary value charged for goods or services over a given period. In economic terms, it represents a rise in the price level of a specific product or service due to changes in market conditions, production costs, or macroeconomic factors. According to Mankiw (2023), price increases occur when shifts in supply or demand alter the equilibrium price in a market. In service industries such as transport, price increases are often implemented as fare adjustments in response to rising operational expenditures.

From a managerial perspective, price increase is a strategic decision aimed at maintaining cost recovery and ensuring business sustainability. Kotler and Keller (2023) describe pricing as a critical element of the marketing mix, emphasizing that firms adjust prices when cost structures change or when external economic pressures threaten profitability. In transport operations, where profit margins are often thin and competition is high, price increases are frequently reactive rather than discretionary. Transport firms adjust fares to offset higher input costs, preserve operational capacity, and sustain service delivery.

In developing economies such as Nigeria, price increases in transport services are commonly linked to macroeconomic instability, exchange rate fluctuations, and rising fuel prices. The National Bureau of Statistics (NBS, 2025) reports that transport fares often respond quickly to increases in fuel prices and general inflation. Thus, within the context of this study, price increase is conceptualized as a cost-driven upward adjustment in transport fares implemented to sustain operational and financial performance.

Fuel cost is widely recognized as the most significant cost-push factor in road transport operations. According to the International Energy Agency (IEA, 2024), fluctuations in global oil prices directly influence domestic fuel prices, especially in oil-importing or deregulated markets. When fuel prices rise, transport operators experience immediate increases in variable operating costs, often leading to fare adjustments. Similarly, the World Bank (2023) observed that the removal of fuel subsidies in Nigeria resulted in a sharp increase in transport fares nationwide, illustrating the direct transmission of fuel cost shocks to service pricing.

Concept of Transport Business Operation

The concept of transport business operation refers to the organized activities involved in planning, managing, and delivering transportation services in a manner that ensures efficiency, safety, and profitability. Transport operations encompass the coordination of physical assets (vehicles and equipment), human resources (drivers, mechanics, administrative staff), financial management, scheduling systems, customer service processes, and regulatory compliance mechanisms. According to Rodrigue (2022), transport operations represent the functional backbone of mobility systems, involving the allocation of resources to move passengers or goods across space under cost and time constraints. In business terms, transport operations are not merely logistical activities but structured economic processes aimed at achieving sustainable service delivery and financial viability.

Transport businesses operate within a dynamic environment characterized by fluctuating demand, cost volatility, and regulatory pressures. Button (2022) explains that transport firms must balance operational efficiency with market responsiveness, particularly in road transport where competition is often intense and barriers to entry are relatively low. The operational structure of a typical road transport company includes route planning, vehicle dispatching, fuel management, preventive maintenance scheduling, fare setting, and performance monitoring. Each of these components

influences overall productivity and cost control. Effective coordination of these activities determines whether a transport business can maintain service reliability while remaining profitable.

A key feature of transport business operation is its cost structure. Road transport operations are characterized by high fixed costs such as vehicle acquisition, licensing, and insurance and significant variable costs, particularly fuel and maintenance (Rodrigue, 2022). Because fuel expenses can account for a large proportion of total operating costs, fluctuations in energy prices directly affect operational planning and pricing strategies. According to the International Energy Agency (IEA, 2024), energy price volatility significantly influences transport sector stability in emerging economies. Consequently, transport businesses must adopt adaptive cost management strategies to cope with fuel price shocks and inflationary pressures.

Fare Adjustment and Demand Response

Fare adjustment refers to the deliberate modification usually an increase in the amount charged to passengers for transport services in response to changes in operational costs, market conditions, or strategic objectives. In transport economics, fare represents the price mechanism through which operators recover costs and generate revenue. According to Kotler and Keller (2023), pricing decisions in service industries are influenced by cost structures, customer value perception, and competitive pressures. In the context of transport operations, fare adjustments are often reactive measures taken when input costs such as fuel, labour, and maintenance rise beyond sustainable levels.

Fare adjustments are closely linked to cost-recovery strategies. When operational expenses increase, transport firms must decide whether to absorb the additional cost thus reducing profit margins or transfer it to passengers through higher fares. Mankiw (2023) explains that firms operating in competitive markets typically engage in partial or full cost pass-through depending on demand elasticity. In road transport systems, where profit margins are often narrow, operators frequently adjust fares to maintain financial stability. However, such adjustments are constrained by the purchasing power of passengers and the availability of substitute transport options.

The concept of demand response is central to understanding the implications of fare adjustment. Demand response refers to the behavioral reaction of consumers to changes in price. According to demand elasticity theory, when prices increase, the quantity demanded generally decreases, although the magnitude of this reduction depends on the elasticity of demand (Mankiw, 2023). If demand for transport services is elastic, a fare increase may result in a proportionally larger decline in passenger volume, thereby reducing total revenue. Conversely, if demand is relatively inelastic perhaps due to lack of alternatives or essential travel needs fare increases may not significantly reduce ridership.

In semi-urban and developing economy contexts, demand for public transport is often moderately elastic because passengers are highly sensitive to changes in disposable income. The National Bureau of Statistics (NBS, 2025) reports that rising transport fares in Nigeria have affected household expenditure patterns, particularly among low- and middle-income earners. Similarly, the World Bank (2023) notes that fare increases following fuel subsidy removal placed additional financial pressure on commuters, influencing travel frequency and route choices. In such environments, transport operators must carefully evaluate the likely demand response before implementing fare adjustments.

Fare adjustments also influence revenue dynamics. Revenue in transport operations is determined by the interaction between fare per passenger and passenger volume. According to Besanko et al. (2022), total revenue may increase or decrease following a price adjustment depending on how demand responds. For example, a moderate fare increase that does not significantly reduce passenger numbers may lead to higher total revenue. However, a steep fare increase that discourages passengers from using the service may result in revenue decline despite higher fares. Thus, fare adjustment decisions require careful analysis of market sensitivity and competitive conditions.

Another important aspect of fare adjustment is its effect on customer patronage and long-term loyalty. Transport services are experience-based services where affordability, reliability, and service quality influence repeat usage. Kotler and Keller (2023) argue that excessive price increases without corresponding improvements in service quality may reduce customer satisfaction and loyalty. In competitive transport markets, dissatisfied passengers may shift to alternative providers, informal operators, or substitute modes of transportation. Therefore, fare adjustments must balance cost recovery with customer retention strategies.

Operationally, transport firms may adopt different pricing strategies when adjusting fares. These include uniform fare increases across routes, differential pricing based on distance, or peak and off-peak pricing structures. Rodrigue (2022) emphasizes that strategic pricing mechanisms can enhance revenue optimization while mitigating demand loss. For instance, transport companies may increase fares on high-demand routes while maintaining competitive pricing on low-demand routes to sustain passenger volume.

In the context of Etsako West Transport Company, fare adjustment is conceptualized as a managerial response to rising operational costs, particularly fuel, maintenance, spare parts, and labour expenses. The demand response to such fare adjustments is reflected in changes in passenger volume, revenue generation, customer patronage, and overall operational performance. Understanding the interaction between fare adjustment and demand response is therefore essential to evaluating the broader impact of price increases on transport business operations.

2.2.1 Cost-Push Inflation Theory

Cost-push inflation theory explains price increases as a direct consequence of rising production or operational costs rather than changes in market demand. Blanchard and Johnson (2022) argue that when key input costs—such as fuel, labour, maintenance, and spare parts—escalate, firms are compelled to increase the price of goods and services to maintain profitability. In the context of transport businesses, particularly road transport operators like Etsako West Transport Company, the removal of fuel subsidies in Nigeria in 2023 and subsequent inflationary pressures created a scenario where operating costs surged sharply (IMF, 2024; World Bank, 2025). Fuel, being a primary operational input, alongside rising costs for vehicle maintenance, spare parts, and labour, exerted considerable pressure on transport companies to adjust fares. Cost-push inflation theory is therefore particularly relevant because it directly explains the causal link between increased operational inputs and fare adjustments.

2.2.2 Demand Elasticity Theory

Demand elasticity theory complements the cost-push perspective by considering how consumers respond to changes in price. Mankiw (2023) notes that price elasticity measures the sensitivity of quantity demanded to changes in price. In semi-urban contexts like Auchi, where a large proportion of commuters are low- and middle-income earners, transport services are often price-sensitive. When operators increase fares to offset higher fuel or maintenance costs, passenger demand may decrease if the fare adjustment surpasses what passengers are willing or able to pay. This theory situates fare increases within a broader market context, highlighting that managerial decisions on pricing have direct implications for passenger volume, revenue, and service sustainability. In essence, while cost-push inflation explains why prices rise, demand elasticity theory helps predict the potential outcomes of these increases on transport business performance.

2.2.3 Profit Maximization Theory

Profit maximization theory posits that firms make operational and pricing decisions with the primary goal of maximizing net profit (Besanko et al., 2022). Transport operators like Etsako West Transport Company are constantly balancing cost pressures with revenue-generating strategies, seeking to

optimize fare structures without significantly reducing passenger patronage. This theory is relevant because it situates price adjustments within a strategic decision-making framework: firms increase fares not solely to cover costs but to sustain profitability and ensure long-term operational viability. For example, a fare increase may be strategically calibrated to recover higher fuel and maintenance expenses while minimizing negative demand responses.

Anchoring the Study on Cost-Push Inflation Theory

While all three theories provide valuable insights, this study is primarily anchored on Cost-Push Inflation Theory. The rationale for this choice is that the central focus of the research is the impact of price increases—driven by rising operational costs—on transport business performance. Cost-push inflation theory directly explains the origin of these fare increases, linking increases in fuel prices, labour wages, and spare parts costs to managerial decisions on pricing. By anchoring the study on this theory, the research can clearly analyze the causal mechanisms between cost drivers and price adjustments, and subsequently, how these adjustments influence strategic efficiency indicators such as passenger volume, revenue generation, profit margin, fleet efficiency, and customer patronage etc.

Empirical Review

Udemgba et al. (2023) examined road transport fuel price and its impact on transport systems and business operations in South-East Nigeria. Using a mixed-methods approach with interviews and documentary evidence, the study finds that persistent increases in fuel prices undermine transportation efficiency, reduce availability of essential goods, and negatively affect operational outcomes in related sectors such as food distribution. This study highlights how fuel price shocks cascade into broader economic effects beyond transport alone.

Oluwakoya (2025) investigated the influence of transport cost and time on business performance across multinational organisations in Lagos and Ogun States. Using multiple regression on surveyed corporate transport data, the findings show that higher transport costs and longer delays adversely affect sales costs and turnover, demonstrating that transport-related expenditure meaningfully affects overall business profitability.

Adeleke & Iyanda (2024) explored how transport fares relate to road traffic crashes in Nigeria. Although focusing on safety rather than costs alone, this study uses geographical analysis to show that higher transport fares are associated with changes in travel behaviour and safety outcomes, indicating complex linkages between pricing, demand patterns, and broader operational issues in transport systems.

Adogbeji & Ogbe (2025) assessed the economic consequences of fuel subsidy removal on road transportation costs in Delta State, Nigeria. Through a descriptive survey of commuters and operators, the research finds that subsidy removal has significantly increased transport costs and negatively affected commuters and transport firms alike. The study's chi-square tests reveal statistically significant perceptions of cost impacts, underscoring policy effects on pricing structures.

Adeleke & Rasak (2025) examined transportation cost impacts on agricultural commodity pricing in Delta and Rivers States. Their quantitative analysis demonstrates that rising transport costs contribute to sharp increases in agricultural commodity prices, highlighting how transport cost inflation can ripple through supply chains — affecting both producers and consumers.

Oyindade (2025) focused on vehicle fleet replacement decisions and fuel cost dynamics in the Nigerian transport sector. The study uses optimization models and descriptive analysis to show that fuel cost volatility directly influences decisions on fleet renewal, with implications for long-term operational sustainability and cost management strategies.

BusinessDay (2024) / SBM Intelligence reports documented that transport fares in Nigeria surged by about 77% within one year due to increased fuel prices, highlighting the empirical reality of how input cost inflation feeds directly into fare pricing and affects commuter affordability in the short term.

NBS Transport Fare Watch (2025) reports, cited in the media, reveal that transport fares across road and motorcycle ('okada') services continued to rise into late 2025, driven by rising fuel and maintenance costs, indicating that price inflation in operational inputs remains a consistent driver of increased transport costs.

Uchenna & Eze (2021), as cited in later reviews, found that transport costs and travel time significantly inhibit business expansion in Port Harcourt, suggesting empirical linkage between pricing pressures and entrepreneurial activity.

Research Design

This study adopts a descriptive survey research design, which is suitable for collecting both qualitative and quantitative data from respondents to describe existing phenomena and relationships (Kothari, 2022).

The population consists of all relevant staff, management, and passengers of Etsako and the Transporters in Auchi. Specifically, this includes: Drivers and conductors: directly involved in operations and fare collection. Passengers/commuters: primary recipients of transport services and indicators of customer patronage. The total population of staff is approximately 120 employees, while the average daily passenger population is estimated at 3,000 commuters, representing a broad spectrum of users across different routes.

Sample Size Determination

The Slovin margin of error formula was used to calculate a sample size, as the population is known and there is a need to control for a specified margin of error. The formula is expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = sample size

N = total population

e = margin of error (typically 0.05 for 95% confidence)

Given:

$N = 3120$

$e = 0.05$

Calculation:

$$n = \frac{3120}{1 + 3120(0.05)^2}$$

$$n = \frac{3120}{1 + 3120(0.0025)}$$

$$n = \frac{3120}{1 + 7.8025}$$

$$n = \frac{3120}{8.8025}$$

$n = 354.55$

$N = 355$

Sampling Technique

A multi-stage sampling technique is used: Purposive sampling for staff. That is, to include only employees directly involved in operations and pricing decisions. Stratified random sampling for passengers. That is, ensuring representation from different routes, times of day, and commuter types. Convenience sampling for managerial personnel interviews. That is, to capture qualitative insights on fare-setting strategies and operational adjustments. This combination balances accuracy, representativeness, and feasibility.

3.5 Data Collection Instruments

Questionnaires – structured with closed-ended and Likert-scale items, targeting staff and passengers to gather data on cost impacts, fare perception, service frequency, and satisfaction levels, were used.

Interview Guides – semi-structured for management and key personnel to capture qualitative insights on pricing decisions, cost pressures, and operational management were adopted.

Document Review – analysis of company records, financial statements, fare adjustment logs, and reports to triangulate primary data was used.

3.6 Validity and Reliability

Validity: Content validity is ensured by aligning questionnaire and interview items with the research objectives and proxies of independent and dependent variables. Expert review is conducted by transport economics scholars and industry consultants.

Reliability: A pilot study is conducted with 10% of the sample outside the main study area. Cronbach's alpha is calculated for Likert-scale items, with $\alpha \geq 0.70$ indicating acceptable internal consistency (Tavakol & Dennick, 2011).

3.7 Data Analysis Methods

Descriptive Statistics – mean, frequency, percentages, and standard deviation for profiling respondents and summarizing fare perception, operational costs, and indicators.

Inferential Statistics – Pearson correlation and regression analysis were used to test the relationship between price increase in transport business operations (independent variable) and strategic efficiency (dependent variable).

The response rate of the study was calculated to determine the proportion of respondents who participated relative to the total sample. Out of the 355 questionnaires distributed, 294 were returned fully completed, giving a response rate of approximately 82.8%. This indicates that more than four-fifths of the target respondents participated in the study, which is generally considered a high and acceptable response rate for survey research (Fowler, 2022). A response rate above 80% ensures reliability and representativeness, reducing concerns about non-response bias. While a few respondents did not participate, the sample of 294 provides sufficient data for robust descriptive, inferential, and qualitative analyses, ensuring that the findings on price increases in transport business operations and strategic efficiency reflect the experiences and perceptions of both commuters and operators effectively.

4.2 Demographic Characteristics of Respondents

Demographic Variable	Category	Frequency	Percentage (%)
Age	18–25	91	31%
	26–35	115	39%
	36–45	59	20%
	46+	29	10%

Gender	Male	174	59%
	Female	120	41%
Occupation	Student	109	37%
	Business/Trader	74	25%
	Civil Servant	59	20%
	Other	52	18%
Frequency of Travel	Daily	165	56%
	3–4 times/week	82	28%
	Occasionally	47	16%

Source: Statistical Analysis field work, 2026

Table: Descriptive Statistics of Price Increase Proxies (n = 294)

Proxy of Price Increase	Mean Score	Std. Deviation	Interpretation
Fuel Cost	4.68	0.52	Very High Impact
Fare rate	4.20	0.75	High Impact

Source: Statistical Analysis field work, 2026

Scale: 1 = Very Low, 2 = Low, 3 = Moderate, 4 = High, 5 = Very High

From the table, fuel cost has the highest mean score of 4.68, indicating that respondents perceive fuel as the most significant contributor to price increases. This aligns with national trends following the removal of fuel subsidies in 2023, which led to sharp increases in petrol prices (IMF, 2024; World Bank, 2023). Fare rates also have high mean scores of 4.20, reflecting the impact of import dependency and exchange rate volatility (CBN, 2025; Okeke& Ibrahim, 2023).

This detailed assessment of cost drivers helps transport managers identify where strategic interventions may be most effective in balancing operational sustainability and fare affordability.

Table: Descriptive Statistics of Transport Business Strategic Operational Efficiency Proxies (n = 294)

Proxy of Transport Business Performance	Mean Score	Std. Deviation	Interpretation
Passenger Volume	3.85	0.82	Moderate to High
Revenue Generation	3.92	0.79	High

Source: Statistical Analysis field work, 2026

Scale: 1 = Very Low, 2 = Low, 3 = Moderate, 4 = High, 5 = Very High

Analysis of the descriptive statistics shows that revenue generation has the highest mean score of 3.92, indicating that respondents perceive company revenue as relatively high despite fare adjustments. Passenger volume and customer patronage scored 3.85, reflecting moderate to high satisfaction with services and continued reliance on the transport company. These findings suggest that price increases are effectively sustaining revenue but may also impose constraints on profitability and operational efficiency, particularly when cost pressures from fuel rise. The moderate scores for operational efficiency indicate potential areas for improvement, such as fleet management, trip scheduling, and route optimization. Similarly, maintaining customer patronage despite fare increases underscores the importance of balancing service quality with pricing strategies.

Table 4.5: Pearson Correlation Matrix Between Price Increase and Transport Business Operations and Strategic Efficiency (n = 294)

Variables	Passenger Volume	Revenue Generation
Fuel Cost	0.598**	0.652**

Fare rate	0.554**	0.598**
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Source: Statistical Analysis fieldwork, 2026

Key: $P < 0.05$ (*), $p < 0.01$ (**)

Pearson correlation coefficients @ range from -1 to +1. Positive values indicate a positive relationship between variables.

Fuel Cost shows the strongest correlation with revenue generation ($r = 0.652$, $p < 0.01$), indicating that fare adjustments due to fuel price hikes directly help sustain revenue levels. It also moderately correlates with passenger volume, as strategic operational efficiency reflects its overall influence on operations.

The moderate correlations with operational efficiency (0.298–0.389) suggest that while price increases help stabilize revenue, they do not fully offset rising operational costs, and efficiency improvements require additional management strategies (Blanchard & Johnson, 2022; Adeniran & Yusuf, 2024).

Overall, the table confirms that cost-driven fare increases have a measurable positive effect on revenue and passenger-related outcomes. These insights justify a regression analysis to further quantify the predictive effect of price increases on transport business operations metrics, guiding strategic decisions for Etsako, Auchi, Edo State.

Table 4.6: Regression Analysis of Price Increase in Transport Business Operation and Strategic Efficiency (n = 294)

Independent Variable (Price Increase Proxy)	Unstandardized Coefficients (B)	Standard Error	Standardized Coefficients (β)	T-value	p-value
Fuel Cost	0.462	0.056	0.398	8.25	0.000**
Fare rate	0.312	0.061	0.271	5.11	0.000**
Constant	1.102	0.312	—	3.53	0.001*

Source: Statistical Analysis fieldwork, 2026

Discussion of Findings

The discussion of findings in this study centers on the relationship between price increases in transport business operations, specifically within the context of Etsako Auchi Transport Company, Edo State. The study analyzed how operational cost drivers, including fuel cost and fare rates, impact strategic operational efficiency indicators such as passenger volume and revenue generation. The findings are interpreted in line with both theoretical frameworks and previous empirical studies, providing insights into the dynamics of pricing strategies and business operations in the Nigerian transport sector.

The study revealed that fuel cost is the most significant driver of price increases and has the strongest influence on transport business operations, particularly on revenue generation and passenger volume. This aligns with the Cost-Push Inflation Theory, which suggests that rising input costs compel firms to increase prices to maintain operational viability (Blanchard & Johnson, 2022). Empirically, the regression results indicated that fuel cost had the highest standardized beta coefficient ($\beta = 0.398$, $p < 0.01$), confirming its critical role in fare adjustments. This finding is consistent with previous studies by Adeniran and Yusuf (2024) and Olawale & Mensah (2023), which reported that fuel price fluctuations directly affect operational costs, forcing transport operators to revise fare structures to sustain revenue streams.

The following are the summaries of findings:

- i. Fuel cost is the dominant driver of fare adjustments and revenue sustainability.

- ii. Fare adjustments sustain passenger volume and revenue, but do not fully compensate for rising costs, affecting profit margins and operational efficiency.

Based on the conclusions drawn from the study, the following recommendations are made for transport operators, policymakers, and stakeholders:

- i. Transport companies should explore fuel-efficient vehicles, route optimization, and bulk fuel procurement strategies to mitigate the impact of rising fuel costs on operational expenses and fare structures.
- ii. Fare increases should be transparent and justified to passengers, with clear communication regarding service quality improvements to maintain loyalty and patronage. Price adjustments should consider elasticity of demand to avoid sharp reductions in ridership.

Based on the findings of this study, it can be concluded that price increases in transport operations significantly influence the performance of transport companies, particularly in semi-urban areas like Etsako West, Auchi, Edo State. The study revealed that among the various cost drivers, fuel costs emerged as the most critical determinant of fare adjustments, with direct implications for revenue generation and passenger volume.

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