OPEN ACCESS

Saudi Journal of Business and Management Studies
Abbreviated Key Title: Saudi J Bus Manag Stud
ISSN 2415-6663 (Print) | ISSN 2415-6671 (Online)
Scholars Middle East Publishers, Dubai, United Arab Emirates
Journal homepage: https://saudijournals.com

Original Research Article

Impact of Fuel Subsidy Removal on the Performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State

Kareem Lateef Oladimeji[1*]

[1]Southwestern University Nigeria, Okun-Owa, Ogun State, Nigeria

DOI: https://doi.org/10.36348/sjbms.2025.v10i04.007 | **Received:** 27.08.2024 | **Accepted:** 01.10.2024 | **Published:** 26.04.2025

***Corresponding author:** Kareem Lateef Oladimeji
Southwestern University Nigeria, Okun-Owa, Ogun State, Nigeria

Abstract

Nano, Small and Medium size Enterprises in Nigeria are experiencing great challenges occasioned by fuel subsidy removal policy of Federal Government. The objective of this study is to examine the Impact of Fuel Subsidy Removal on the Performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State, Nigeria. Survey research design was used. Population consists of 11,643 registered Small and Medium Scale Enterprises (SMEs) in Lagos state. Sample size of 387 Nano Small and Medium Scale Enterprises (NSMEs) was arrived with the use of Taro Yamani formular (1967). While the respondents were selected with use of simple random sampling technique. Questionnaire was used to collect data from respondents. Results of the findings revealed that Fuel Subsidy Removal affect both Logistics and overhead costs performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State Nigeria. It was recommended that government should provide public transport at a reduced cost to Nano Small and Medium Scale Enterprises (NSMEs) in order to curb the effect of high logistics costs. Also, that government should implement good monetary policies that will reduce the high foreign exchange rates in order to reduce the overhead costs of Nano Small and Medium Scale Enterprises (NSMEs) in Nigeria.

Keywords: Subsidy, Fuel Subsidy Removal, Nano, Overhead cost, Logistics, Small Medium Enterprises (SMEs), Performance, Nano Small and Medium Scale Enterprises (NSMEs).

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1.1 INTRODUCTION

Subsidy have long been part of human existence and it is impact cannot be totally ruled out. Many great Nations of the world such as India, USA etc. subsidized for one reason or the other. According to US Congressional Budget Office testimony in 2016, an estimated $10.9 billion in tax preferences was directed toward renewable energy, $4.6 billion went to fossil fuels subsidy and $2.7 billion went to energy efficiency or electricity transmission. USA subsidized electric cars, fossil fuel etc. for the benefit of its citizen. Fuel subsidy began during the first Energy Crisis around October, 1973. Arab states had formed a strong Union among themselves and cooperated with some other members of the Organization of Petroleum Exporting Countries (OPEC) to impose a oil trade barrier against United States of America (USA) and European countries who are backing Israel in the Arab- Israel war. The Arab countries believe that it was the support of American and European that makes Israel to win the war as such they had to put oil embargo to crash the American and European economies. The oil embargo leads to sharp rise in prices of Petroleum worldwide in which Nigeria is not exempted.

In Nigeria fuel subsidies began in 1972 during General Yakubu Gowon as the Military Head of State and became institutionalized in 1977, following the promulgation of the Price Control Act which made it illegal for some products (including petrol) to be sold above the regulated price. Government at different levels also subsidized agricultural inputs such as fertilizer, farming equipment, hybrid seeds etc. either inform of direct cash payments to farmers, reduction in price from

factory, direct importation by Government agents and parastatals and selling at reduced price to farmers or in form of tax exemption and holiday to large scale and mechanized farmers.

Nano, Small and Medium scale enterprises benefits from the subsidized products or Services in one way or the other especially during economy recession as witnessed in Nigeria. During COVID-19 period government supported enterprises with grants and payment of their staff salary for some months through Central Bank of Nigeria (CBN) and some were also granted tax waivers. Government regulates prices of petroleum products especially PMS and pay part of it to petroleum products marketers in order to make fuel affordable to Nigerians. But a lot of problems are associated with management of the funds being released by Government such as mismanagement, corruption, smuggling of fuel to neighboring countries due to porous border etc.

The need to study the Impact of Fuel Subsidy Removal on the Performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State Nigeria warrant the interest of the researcher to carryout study in order to investigate how the fuel subsidy removal impact the overheads cost performance and logistics performance of Nano Small and Medium Scale Enterprises (NSMEs) in Nigeria.

1.2 STATEMENT OF PROBLEM

In a conducive business environment Nano, Small and Medium Scale Enterprises are supposed to perform credibly well even without fuel subsidy. However, in Nigeria even with fuel subsidy many NSMEs are still struggling to survive. They struggle to pay their staff salary, office/shop rentage etc. Measures have been taken by Government to curb the effect of fuel subsidy removal on performance of NSMEs in Nigeria such as palliative, 50 percent reduction in Bus Rapid Transit (BRT) bus price, introduction of Rail transport from Mile 2 to Marina with 50 percent reduction in price by Lagos State Government. With all the measures NSMEs continue to battle with many post fuel subsidy removal challenges that affect their performance. The negative impact of fuel subsidy removal can be felt on NSMEs performance such as low patronage, high transportation cost, unable to pay rent, high operating cost. The researcher feels that if solution is not found, the NSMEs might go out of business. As such, the need to find lasting solution to the effects of fuel subsidy removal on NSMEs performance warrant the interest of the researcher.

Although many studies have been carried out on impact of fuel subsidy removal on performance of NSMEs. But not so much have been carried out on impact of fuel subsidy removal on logistics and overhead performance of NSMEs at Balogun Market in Lagos Island, Lagos State. Based, on the above, this study intends to study the Impact of Fuel Subsidy Removal on the Performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State Nigeria.

1.3 AIM AND OBJECTIVES OF THE STUDY

The aim of this study is to examine the Impact of Fuel Subsidy Removal on the Performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State Nigeria.

The objectives of the study are to:

1. Evaluate the effect of fuel subsidy removal on logistics performance of NSMEs
2. Investigate the Impact of fuel subsidy removal on overhead cost performance of NSMEs

1.4 RESEARCH QUESTIONS

1. What are the effect of fuel subsidy removal on logistics performance of NSMEs?
2. How does fuel subsidy removal affect overhead cost performance of NSMEs?

1.5 HYPOTHESIS

Hypothesis 1

HO: There is no significant positive relationship between logistics performance and fuel subsidy removal

H1: There is significant positive relationship between logistics performance and fuel subsidy removal

Hypothesis 2

HO: There is no significant positive relationship between overhead cost performance and fuel subsidy removal

H1: There is significant positive relationship between overhead cost performance and fuel subsidy removal

1.6 SIGNIFICANCE OF THE STUDY

This work will add more value to government, CBN, entrepreneurs, NSMEs, policy makers and individual households.

Government, this study will help government to understand how fuel subsidy removal affect NSMEs and in which aspect they will need government support.

The Central Bank of Nigeria (CBN) will also benefit, as the study reveal specific areas in which the fuel subsidy removal affects NSMEs operations as such they tend to know how to help them financially through loans.

Entrepreneurs will also benefit as the study indicate how logistics and overheads costs performance affect their operations and how they can overcome the challenges. More importantly the study reveals possible solutions to the challenges facing the NSMEs

NSMEs will also benefit from this study. They tend to know where to source for non interest loan and palliative support by government and the procedures involved in getting those support.

Policy makers will also benefit in this study as it will guide them in making sound decisions that will affect NSMEs positively.

Individuals, households and businessmen will also gain from the report of this study, because it will enlighten them on where and procedures involved in sourcing for soft government loans, grants, support and palliative.

1.7 SCOPE OF THE STUDY

This study covers the impact of fuel subsidy removal on logistics and overheads cost performance of NSMEs. The study focuses on NSMEs in Balogun market in Lagos Island, Lagos State, Nigeria.

2.0 LITERATURE REVIEW

2.1 CONCEPTUAL REVIEW

CONCEPT OF SUBSIDY

According to Nigeria Economy Submit (2023) Subsidy are direct or indirect payments made by the government to businesses or individuals. Direct subsidies involve cash payments from the government to the recipient. While indirect subsidies, on the other hand includes government policies such as tax holdings, tax waivers etc. Subsidies are generally implemented to promote consumption and production. For instance, if the government makes direct payments to rice farmers, this could increase rice production by reducing the production costs accruing to the farmers. This is an example of an agricultural subsidy.

Maulana (2021) defined subsidy as a transfer from other parties (typically the public sector or fiscal authorities) to private parties, households, or individuals in which the subsidy provider does not receive any goods or services in exchange for the transfer. According to the Academics Dictionary of Economics (2006), subsidy can be defined as the cash incentive given by the government to an industry with a view to lower the price of the product of the concerned industry and to raise its competitive power. This may be given as a counter balancing measure to the imposition of the custom duty (in the nature of protection duty) by an importing country government. One important objective of subsidy is to keep its prices below the cost of production.

According to Oxford Dictionary (2023) a subsidy is a sum of money granted by the state or a public body to help an industry or business keep the price of a commodity or service low. It is a sum of money granted to support an undertaking held to be in the public interest. A grant or contribution of money.

CONCEPT OF FUEL SUBSIDY

Ayanruoh (2023) stated that fuel subsidy is the transfer of economic resources by government to consumers or producers of a good or service. The resultant incentive is to boost production or consumption of a commodity over what it would otherwise have been. According to World Bank (2023), fuel subsidy is any policy by the government that is aimed at reducing the price of energy consumed by citizens relative to what the price would have been in the absence of such policy. Fuel subsidy is a government programme created to reduce how much Nigerians have to pay for petroleum motor spirit (PMS), automotive Gas Oil (Diesel) and to protect the citizens from crude oil volatility in the international market.

CONCEPT OF FUEL SUBSIDY REMOVAL

Akinnibi (2023) observed that fuel subsidy removal is the process of ending government financial assistance for fuel, causing prices to rise to market levels. This leads to increased fuel costs and can have economic and social impacts. Onyeizugbe and Onwuka (2012) defined fuel subsidy as a fraction of the price that consumers are supposed to pay to enjoy the use of petroleum products is paid by government so as to ease the price burden. The Nigerian government removed part of this subsidy claiming that prices paid by Nigerians to use petroleum products are less than what they should pay particularly when benchmarked against the prices in the international market and will provide necessary impetus for the Nigerian economy to find its rhythm. The government proposes to remove all subsidies in fuel arguing that such subsidy removal savings can be better invested in refineries, roads and major infrastructural projects which in the long-term will ensure sustainable business development and wealth generation for her citizens.

Adeniran (2016) in his view stated that fuel subsidy refers to the effort by the government to pay for the difference between the price of fuel in the pump and the actual cost of the product. So by paying the difference, the government enables fuel to be sold at a lower price so that it will help alleviate the burden on its people especially the lower income group.

CONCEPT OF NANO, SMALL AND MEDIUM SCALE ENTERPRISES

According to Olubiyi (2021) Nano businesses are the various “solopreneurs” and home-based businesses such as make-up artists, event planners, battery chargers, independent dispatch riders, vendors, call center agents, fashion designer, vulcanizers, drycleaners, corner shop owners, single retail marketers, repairers, painters, business center operators, market women and men in the various open markets, among others.

According to SMEDAN (2023) in view of Nigeria’s reality the Agency has just created a much

lower category it calls Nano enterprises with employee number of one and asset of less than N100,000. According to Central Bank of Nigeria (2023) Small and Medium Scale Enterprise (SME) is an enterprise that has asset base (excluding land) of between N5million –N500 million and labour force of between 11 and 300.

According to SMEDAN (2013), Micro enterprises have between 1 to 9 employees and total asset of not more than N5million excluding land and buildings. These enterprises are usually operated by sole proprietor with support from family members, business associates, apprentices and a few paid employees. Micro enterprises are easy to form because the requirement is less when compare with small and medium scale enterprises. Consequently, it can be found everywhere in the informal sector of the Nigerian economy. It provides employment to large number of the population in areas such as agriculture, furniture making, textiles, leather making, metal work, art and craft, printing, wholesale, and retail trade, transport, hotel and restaurants, repairs and maintenance of vehicles, electronic, building and so on. The levels of technology and skills as well as output value are relatively very low.

SMEDAN (2013), described small scale enterprises as an enterprise engaging between 10 to 49 employees with asset base of 5 million naira but with less than 50 million naira (excluding land and buildings.) The levels of technology and skills are relatively high when compared with micro enterprises. Organizational and control system are better structured when compared with the micro scale enterprises. Small scale enterprises may be incorporated companies or partnership firms. Small scale enterprises have the potentials as sole proprietorship or partnership. They also have better potential to source funds from the formal sector such as deposit money banks or other financial institutions when compared with the microfinance enterprises. They may be members of professional groups and trade associations such as NASSI and NASME. This category of enterprises is also found in all sectors covered by Micro Enterprises including service sectors such as schools, hospitals, publishing organizations and professional firms for lawyers, accountants, architects, etc. This category dominates the formal sector in Nigeria. Medium scale enterprises have between 50 to 199 staff and an asset base of 50 million naira and not less than 500 million naira excluding land and buildings. They are concentrated in key sectors such as manufacturing, information and communication technology, transportation, building and construction, multiple and departmental stores, etc. They have highly developed technology and resources. They have access to many sources of finance ranging from commercial banks to development banks. They can also easily go to the capital market to source for additional capital such as equity and debenture.

As earlier mentioned, the attempt to define the small business using quantitative variables may be misleading and the use of number of employees has proven unsatisfactory in many respects. This is due to the fact that the size definition expressed in monetary terms such as turnover, asset value, profit, etc, will be raised frequently due to inflation. Also, some firms may be large in asset and turnover, but small in employment. For these reasons, a quantitative definition base on some major characteristics of small business is necessary. Therefore, a small enterprise might be defined as a firm actively managed by its proprietor in a personalized way, localized operation and with a relatively small market shares within an industry.

2.2 THEORETICAL REVIEW

SOCIAL AND ECOLOGY THEORIES (BOOKCHIN, 1960)

This offers "an understanding of behavioral reactions from a person, interpersonal, organizational, community, and public policy concerning the formation of behavior within the nearby social environment. The theory assists in the recognition of issues affecting behavior and also offers direction for developing successful programs through social environments. The social-ecological theory emphasizes the numerous levels of influence (such as individual, interpersonal, organizational, community, and public policy) and the idea that behavior is shaped and shaped by the social environment. The philosophies of Social-ecological Theory are connected with Social Cognitive Theory perceptions which propose that providing an enabling environment that results to change is significant in making it easier to implement healthy behaviors.

The relationship between the theory and this study is a detailed understanding of the reasons why people behave the way they behave. Therefore, SMEs that can alter the way they do things during fuel Subsidy Removal period will survive and prosper" (Bookchin, 1960).

OPPORTUNITY BASED ENTREPRENEURSHIP THEORY

Shane (2000) opined that the opportunity-based theory is anchored by names such as Peter Drucker and Howard Stevenson. An opportunity-based approach provides a wide-ranging conceptual framework for entrepreneurship research. Entrepreneurs do not cause change (as claimed by the Schumpeterian or Austrian school) but exploit the opportunities that change (in technology, consumer preferences etc.) creates (Drucker, 1985). Entrepreneur always searches for change, responds to it, and exploits it as an opportunity. What is apparent in Druckers opportunity construct is that entrepreneurs have an eye more for possibilities created by change than the problems. Stevenson (1990) extends Druckers opportunity-based construct to include resourcefulness. This is based on research to determine the differences between entrepreneurial management and

administrative management. He concludes that the hub of entrepreneurial management is the pursuit of opportunity without regard to resources currently.

2.3 EMPIRICAL REVIEW

Adepoju (2023) studied the Impact of Fuel Subsidy Removal on Gross Domestic Product and Transportation Cost in Nigeria. Pearson Product Moment Correlation Coefficient was used to analyse the secondary data with the aid of SPSS software. The result from the analysis indicated that, inflation increased by 64% with increased fuel price decreasing GDP by 42.5%. Inflation is witnessed to have increased and GDP decreases. They observed that fuel is very critical to the development of Nigeria and has a direct effect on GDP and surprisingly price inflation has impact on Nigerians. They recommend that Nigerians should find alternative fuel like other countries because the demand for crude oil as major revenue may dwindle over time if the buyers who are planning vigorously on alternative fuel are able to do away with crude oil. The use of electric vehicle, solar powered vehicles, hybrid vehicles and policy that will encourage non-motorized transport can assist Nigeria to forestall future challenges of global oil demand.

Ojome (2021) studied the impact of fuel subsidy removal on small business financing in Nigeria using Fedpoly Nasarawa Microfinance Bank Ltd as a case study. They used statistical models of simple regression analysis, trends, ratios and percentages. They found that fuel subsidy removal have a negative impact on small business financing in Nigeria. And they recommend that government should play the role of enabler by making policies that will impact positively on the people including the NSMEs. Such policies as reduction of interest rate to single digits and making finance accessible to these NSMEs driven by market forces, instead of direct government interventions and hand-outs.

Harring (2023) analysed cross-country attitudes towards fossil fuel subsidy removal and found that the public would have positive attitudes towards subsidy removal if there were optimal use of the saved fiscal revenues. In Malaysia, Chatri (2014) assessed the economy-wide effect of gas subsidy removal in the power sector and found that gas subsidy reduction led to increase in the price of electricity followed by a decline in demand for electricity by other economic sectors and a decrease in gross domestic product. Antimiani (2023) observed that fossil fuels are still highly subsidized in EU countries, and there are deliberations to remove fossil fuel subsidies and reuse the revenues to foster the technological transition to a sustainable and decarbonised EU economy. Sampedro (2017) also argued that fossil fuel subsidy is a barrier to tackling climate change in the EU because it diverts investment away from clean energy sources, and fossil fuel subsidies amounted to US$233 billion in 2014 which is four times the amount of subsidies allocated to promote renewable energy. However, they found out that fuel subsidy removal would give rise to only a small reduction in CO2 because people would switch from fuel to coal and gas.

Fathurrahman (2017) in their own view observed that the reallocation of subsidy payments to low-income households could slow down economic development but improve social welfare. However, removing fuel subsidy usually comes with the promise of using the money saved from subsidy to undertake targeted reform. But in Indonesia, citizens find promises to replace fuel subsidies with targeted spending less credible and would resist the reform if they believe the government is corrupt (Kyle, 2018).

Dartanto (2013) examined the relationship between existing fuel subsidies and fiscal balance in Indonesia between 1998 and 2013 and found that removing 25 percent of fuel subsidies increased poverty by 0.259 percentage points while 100 percent removal of fuel subsidies and the reallocation of 50 percent of them to government spending decreased poverty by 0.277 percentage points.

According to Opejobi (2023) the removal of fuel subsidy has led to an immediate and noticeable increase in operational costs for the SMEs, impacting their ability to remain in business. One of the most obvious effects of the fuel subsidy removal and price hike is the rise in transportation costs. SMEs heavily rely on transportation services to move goods and services, both for procurement and distribution. With increased fuel prices, transportation costs have surged, resulting in higher expenses for businesses. This burden is often transferred to the consumers through increased prices of goods and services, further affecting their purchasing power. Additionally, many SMEs rely on generators to sustain their operations due to the unreliable power supply in the country. The increase in fuel prices directly affects the cost of running these generators, leading to higher overheads for businesses. For SMEs already struggling to meet operational costs, this added financial strain can be detrimental to their survival and growth.

In 1997, Indonesia removed fuel subsidy after the Asian financial crisis. The removal of fuel subsidy increased the domestic price of fuel and suddenly ignited protests and violent riots which occurred for weeks and forced the incumbent government to resign in 1998 (Chelminski, 2018).

3.0 METHODOLOGY

The research design adopted for this study is the descriptive Research Design. The type of descriptive research design adopted is survey research design because the researcher study large population by selecting sample size from the population.

Area of the study is Lagos Island, Lagos State Nigeria. Lagos is a state in South West, Nigeria. Balogun market is located at Balogun Street adjacent to Oluwole Urban Mall when coming from Eyin Eyo junction, extended to the United Bank for Africa (UBA) National Headquarters, in Lagos Island, Lagos State. It is under Lagos Island Local Government management.

The population of this Study consist of 11,643 registered NSMEs in Lagos State, Nigeria according to Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and National Bureau of Statistics Collaborative survey in 2019.

A sample size of three hundred and eighty seven (387) was used for this study with the aid of Taro Yamane formula.

Yamane, Taro. (1967) formular

"n= $N/1+ N(\propto 2)$"

Where n= sample size, $\propto$= level of significance at 0.05, $N = Population$

Simple random sampling was employed to choose the respondents. Primary data used in this study was gotten from Questionnaires while secondary data was gotten from textbooks, journal articles, online sources etc. Questionnaire was used to collect primary data in Likert scale form of Disagree, Strongly Disagree, Undecided, Agree and Strongly Agree. The instrument was administered to the NSMEs by hand and got back through the same means, hand delivery was easier with the assistance of research assistance employed by the researcher to aid the delivery and collection of the distributed questionnaires.

The following validities were present in the research instrument employed in this study:
Content Validity- to measure this, the instrument was design to cover all the major objectives of the study and adequate guidance was sought from professional in the field of study. Also Copies of the questionnaire were given to experts in the field under study.

Face validity- a well typed, remarked, clean and clear questionnaires were distributed to the respondent and was logically arranged.

Construct validity- the questionnaire was distributed to respondents who are mostly adult and have knowledge about the study.

Predictive validity- this is also present in the study because the instrument enables the researcher to predict future event on the study.

Expert judgment- this make the observation and interview scheduled to be valid, experts such as entrepreneurs, small business owners, senior managers, lecturers, supervisors, quality control staff referenced the questionnaires.

Descriptive statistics used are frequency tables and simple percentage. Data obtained were analyzed using statistical summation technique, Pearson Product Moment Correlation(r) was used to test the hypothesis. Inadequate time, funds and logistics, resistance of respondents and inadequate Data and materials constraints limits this study.

4.0 DATA ANALYSIS AND INTERPRETATION

Table 1

Respondents Age			***Level of Educational***			***Experience***		
Age	*F*	*(%)*	*Education*	*F*	*(%)*	*Experience*	*F*	*(%)*
18yrs - 30 yrs	94	61	O'level/NCE/ND	80	52	5 yrs below	39	25
31yrs and above	60	39	Graduate	74	48	Above 6yrs	115	75
Aggregate	154	100	Aggregate	154	100	Total	154	100
F is frequency, (%) is percentage								

Source: Author's Field Report, 2023

From Table 1 above, most of the respondents are between 18–30years of age brackets. The age categories of 31 and above years had the lowest incidences, respectively, at 61% and 39% of the respondents, respectively. Since all respondents (100%) are of working age, this shows that they have knowledge of how fuel subsidy removal affect performance of NSMEs.

The distribution of respondents by level of education showed that 52% had O'level/NCE/ND. & 48% are graduates. According to effects regarding educational attainment, most respondents had education levels above, secondary school level recommended by United Nations Educational, Scientific, & Cultural Organization, making them up to the task to respond to questions in a suitable manner. In addition, 25 percentage of the respondents, or eighty-one persons, had at least six years experience, compared to 75 percentage of the respondents, or thirty-nine persons, who had below five years experience. This implies that most survey participants understand the impact that fuel subsidy removal has on their business.

Research Question 1: What are the effect of fuel subsidy removal on logistics performance of NSMEs?

Table 2: Effect of fuel Subsidy removal on Logistics Performance of NSMEs

Description		***SA***	***A***	***U***	***D***	***SD***	***Aggregate***
High cost of transportation	F	60	40	14	25	15	154
	%	39	26	9.1	16.2	10	100
High cost of cargo clearance	F	54	**45**	20	15	20	154
	%	35.1	29.2	13	10	13	100
Higher logistics costs	F	58	38	18	30	10	154
	%	38	12	12	14.4	15	100
Average	**F**	**57**	**44.3**	**34**	**23.3**	**15**	**154**
	%	**37.2**	**29**	**22**	**15.2**	**10**	**100**

Source: Author's Field Report, 2023

From table 2 above analysis indicated that on the average 57(37.2%) of the respondents affirmed strongly agreed that fuel subsidy removal affect logistics performance of NSMEs, 44.3 (29%) of the respondents affirmed agreed 34(22%). 23(15%) and 15 (10%) of the respondents disagreed respectively. This shows that there is significant positive relationship between logistics performance and fuel subsidy removal as 101(66.2%) of the respondents affirmed either strongly agreed or agreed, while 38(25.3%) of the respondents affirmed either strongly agreed or strongly disagreed.

Research Question 2. How does fuel subsidy removal affect overhead cost performance of NSMEs?

Table 3: Effect of how fuel subsidy removal affect overhead cost performance of NSMEs

Description		***SA***	***A***	***U***	***D***	***SD***	***Total***
Increase operations cost	F	64	40	15	15	20	154
	%	42	26	10	10	13	100
High rent	F	56	44	20	15	15	154
	%	36	29	13	10	10	100
Staff salaries and wages	F	60	40	20	15	15	154
	%	39	26	13	15	19	100
High cost of office and shop equipment	F	58	38	18	38	10	154
	%	38	25	12	19.4	7	100
Average	F	60	43	18.3	20.7	16	154
	%	39	28	12	14	10.4	100

Source: Author's Field work, 2023

The analysis on table 3, above showed that on the average 60(39%) of the respondents affirmed strongly agreed that fuel subsidy removal affect overhead cost performance of NSMEs, 43(28%) of the respondents affirmed agreed, 18.3(12%) of the respondents affirmed undecided, 20(14.%) of the respondents affirmed disagreed, while 16 (10.4%) respondents affirmed strongly disagreed. This shows that fuel subsidy removal affect overhead cost performance of NSMEs as 103(67%) either strongly agreed or agreed to the above assertion, while 36 (24,4%) disagreed or strongly disagreed.

TEST OF HYPOTHESIS

Hypothesis 1

HO: There is no significant positive relationship between logistics performance and fuel subsidy removal

H1: There is significant positive relationship between logistics performance and fuel subsidy removal

Table 4:

	Logistics Performance	**Fuel Subsidy removal**
Logistics performance Pearson Correlation Sig (2 tailed) N	1 154	-1.000 .001 154
Fuel Subsidy removal Pearson Correlation Sig (2 tailed) N	1.000 .001 154	 154

Source: Researcher's Field Work, (2023)

The analysis of the data revealed that the result is significant (r (154) = 1.000; P<.05). From the above, Since P<.05, we therefore infer that the test hypothesis which states that there is no significant positive relationship between logistics performance and fuel subsidy removal is rejected. Therefore, there is a significant positive relationship between logistics performance and fuel subsidy removal.

Hypothesis 2

HO: There is no significant positive relationship between overhead cost performance and fuel subsidy removal

H1: There is significant positive relationship between overhead cost performance and fuel subsidy removal

Table 5

	Overhead Cost performance	Fuel subsidy removal
Overhead Cost performance Pearson Correlation Sig.(2tailed) N	 1 154	-1.000 0.000 154
Fuel subsidy removal Pearson Correlation Sig. (2tailed) N	 1.000 .000 154	 154

Source: Researcher's Field Work, 2023.

The analysis of the data on table 5 revealed that the result is significant (r (154) = 1.000; P<.05). From the above, Since P<.05, we therefore infer that the test hypothesis which states that is no significant positive relationship between overhead cost performance and fuel subsidy removal is rejected. And accept that there is significant positive relationship between overhead cost performance and fuel subsidy removal.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATIONS

The research work examines the Impact of Fuel Subsidy Removal on the Performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State Nigeria. The researcher carried out literature review as well as theoretical review necessary for the research. Questionnaires was used as instrument of data collection. From Findings of the study, data collected and analyzed as well as hypothesis tested in the study indicates that: Fuel Subsidy Removal affect the Logistics Performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State Nigeria. Also, that there is a significant relationship between fuel Subsidy Removal and Overhead cost and logistics Performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State Nigeria. Thus, this study conclude that fuel Subsidy Removal affect Logistics and overhead costs Performance of Nano, Small and Medium Scale Enterprises in Balogun Market, Lagos Island, Lagos State Nigeria.

Based on the findings of the study it is recommended that government should provide public transport at a reduced cost to NSMEs in order to curb the effect of high logistics costs. Also, that government should implement good monetary policies that will reduce the high foreign exchange rates in order to reduce the overhead costs of NSMEs in Nigeria.

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