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Effect of Petroleum Subsidy Withdrawal On Employment in Gwagwalada, FCT, Abuja

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ABSTRACT
This study explores the multifaceted effects of petroleum subsidy withdrawal on employment within the Gwagwalada Area Council of Nigeria, a region characterized by its reliance on small and medium-sized enterprises (SMEs), agriculture, and industry. Utilizing a descriptive research design with a survey of 370 respondents, the research examines how the removal of subsidies has influenced employment levels, business operations, and sector-specific productivity. The findings reveal that the policy change has had a significant negative impact, leading to a decline in overall employment opportunities and a rise in job losses and unemployment. Specifically, SMEs have faced substantial challenges, including increased operational costs, reduced profitability, and workforce downsizing, which in some cases has led to business closures. Similarly, the agricultural and industrial sectors have experienced a decline in employment due to higher transportation and production expenses, threatening food security and hindering industrial expansion. The study concludes that while the withdrawal of petroleum subsidies may be a necessary fiscal reform at the national level, its implementation requires complementary, localized interventions such as targeted support for businesses and social safety nets to mitigate its adverse effects on employment and ensure economic stability in vulnerable communities.
Keywords: Petroleum Subsidy Withdrawal, Employment, Small and Medium-Sized Enterprises (SMEs), , Economic Stability.

1.1 INTRODUCTION

The withdrawal of petroleum subsidies has been one of the most contentious policy reforms in Nigeria, generating debates around its socioeconomic implications. Petroleum subsidies were introduced to cushion citizens against fluctuating global oil prices and ensure affordability of petroleum products (Abdullahi, & Sani, 2021; World Bank, 2020). However, over the years, the subsidies have placed immense pressure on government finances, contributing to budget deficits and constraining investments in critical sectors such as education, healthcare, and infrastructure (Adenikinju, 2022). In May 2023, the Nigerian government announced the complete removal of the fuel subsidy, a decision that has since had widespread implications on households, businesses, and the labor market (Okonkwo & Eze, 2023).

Employment is one of the key areas where the impact of subsidy withdrawal is most pronounced (Sani, 2014). Rising fuel prices increase transportation and production costs, which, in turn, affect the cost of doing business and the sustainability of employment, particularly in the informal sector (Olawale & Olumide, 2021). In regions such as Gwagwalada, a semi-urban area within the Federal Capital Territory

(FCT), livelihoods are closely tied to small and medium-scale enterprises (SMEs) and informal trade, which are highly sensitive to fuel price fluctuations (Sani, 2014). The withdrawal of subsidy therefore raises critical questions about job retention, income stability, and opportunities for sustainable employment (Adeniyi, 2023).

Moreover, while proponents of subsidy removal argue that it creates fiscal space for government to invest in infrastructure and social programs, critics emphasize its immediate adverse effects on employment and living standards (International Monetary Fund [IMF], 2022). In the short run, higher fuel costs may reduce disposable income, lower demand for goods and services, and compel firms to downsize, thereby worsening unemployment (Adekoya, et all, 2025; Okoye & Ogbodo, 2022). The tension between long-term economic efficiency and short-term social welfare is at the heart of the debate on subsidy reforms in Nigeria.

Gwagwalada is an important case study because of its demographic diversity, vibrant market activities, and its role as a fast-growing satellite town in Abuja. The area serves as a hub for traders, transporters, and artisans, whose livelihoods are directly impacted by changes in fuel pricing. Examining the effect of petroleum subsidy withdrawal on employment in this context provides micro-level insights that complement broader national analyses. It also sheds light on the vulnerabilities of peri-urban economies and the resilience strategies of local populations (Abubakar & Usman, 2021; Sule, et all, 2024)).

This study therefore seeks to assess the effect of petroleum subsidy withdrawal on employment in Gwagwalada, FCT, Abuja. Specifically, it will explore how subsidy removal influences job opportunities, income levels, and the sustainability of small businesses. By doing so, the research aims to contribute to policy discussions on balancing economic reforms with social protection in Nigeria. The findings will provide evidence-based insights to policymakers, development practitioners, and community stakeholders on mitigating the negative employment impacts of subsidy withdrawal while promoting inclusive economic growth.

2.0 Literature Review and Theoretical Framework

2.1 Conceptual review

2.1.1 Petroleum Subsidy

A petroleum subsidy refers to government intervention in the energy market through financial support to reduce the retail price of petroleum products below the prevailing market level. The primary aim is to make fuel affordable for consumers, particularly in developing economies where energy costs directly affect living standards and production costs (Adenikinju, 2022). In Nigeria, petroleum subsidies have historically been used as a social protection measure to cushion citizens from global oil price volatility, though they have also been criticized for distorting markets, encouraging smuggling, and imposing a heavy fiscal burden on government finances (World Bank, 2020; Abubakar, et all, 2016).

2.1.2 Subsidy Withdrawal

Subsidy withdrawal occurs when a government eliminates or reduces financial support that had previously been used to artificially lower the price of goods or services, such as petroleum products. The withdrawal is often implemented as part of economic reforms to reduce fiscal deficits and promote market efficiency (IMF, 2022). However, in the short term, it typically results in higher commodity prices, which can trigger inflationary pressures, reduce household purchasing power, and impact employment and business sustainability (Okonkwo & Eze, 2023). In Nigeria, subsidy withdrawal has been a highly debated policy due to its immediate social and economic implications despite its potential long-term benefits.

2.1.3 Employment

Employment refers to the condition in which individuals are engaged in productive work in exchange for wages or salaries, thereby contributing to their livelihood and the broader economy. It encompasses both formal and informal sector activities, ranging from wage-paying jobs to self-employment and entrepreneurial ventures (International Labour Organization [ILO], 2020). Employment is a key indicator of economic development, as it influences income distribution, poverty reduction, and social stability. In

contexts like Nigeria, employment dynamics are strongly linked to policy changes, such as subsidy withdrawal, which can affect job creation, labor demand, and household welfare (Olawale & Olumide, 2021).

2.2 Theoretical Review

2.2.1 Keynesian Employment Theory

The Keynesian Employment Theory, developed by John Maynard Keynes in his seminal work *The General Theory of Employment, Interest and Money* (1936), posits that employment levels in an economy are primarily determined by aggregate demand rather than by the flexibility of wages and prices. According to Keynes, insufficient aggregate demand leads to involuntary unemployment because firms will only hire more workers when there is adequate demand for their goods and services (Keynes, 1936; Snowdon & Vane, 2005). The theory emphasizes the role of government intervention through fiscal and monetary policies to stimulate demand, create jobs, and stabilize the economy during downturns. In contrast to classical economists who believed markets are self-correcting, Keynes argued that without government intervention, economies could remain in prolonged periods of high unemployment and underutilization of resources (El-Yaqub, & Ismail, 2025; Arestis, 2011).

2.3 Empirical Review

Yunusa et al. (2023) investigated the consequences of fuel subsidy removal on urban economies in Nigeria by employing panel data from ten urban centers, including Gwagwalada. Using data obtained from surveys and economic reports, their findings demonstrated that subsidy withdrawal substantially increased transportation costs, reduced household disposable incomes, and aggravated unemployment, especially among low-income groups. They recommended targeted interventions such as subsidized public transport and financial assistance for vulnerable populations to cushion the negative impacts.

Garba (2023) explored the historical evolution of economic reforms and fuel subsidy removal in Nigeria through secondary data drawn from government reports, policy documents, and economic indicators spanning the period from 1980 to 2023. The study concluded that although subsidy withdrawal enhances fiscal sustainability, its implementation has frequently been accompanied by social unrest and economic hardship due to poor planning. The author proposed a gradual, phased withdrawal strategy and greater investment in social safety nets and infrastructure to mitigate adverse effects on marginalized communities.

Ajibola and Adetola (2023) examined the nexus between petroleum subsidy removal and food inflation in Nigeria using econometric analysis of time-series data from 2000 to 2022. Their results revealed that subsidy withdrawal significantly elevated food prices, primarily due to increased transportation and production costs, which disproportionately burdened low-income households. They recommended that the government invest in transport infrastructure and provide agricultural input subsidies to lessen the inflationary effects of subsidy removal.

Chukwuma and Okechukwu (2022) analyzed the socio-economic implications of fuel subsidy withdrawal on both rural and urban households in Nigeria through a mixed-methods approach. Drawing from survey data of 1,200 respondents and secondary economic indicators, the study found that rural households were more vulnerable because of their dependence on affordable fuel for agricultural activities, while urban households faced diminished disposable income. To reduce these disparities, the authors suggested the introduction of targeted subsidies for rural farmers and improvements in urban public transportation.

Usman et al. (2021) assessed the impact of fuel subsidy withdrawal on employment in Nigeria's transportation sector through panel data covering 15 cities, including Gwagwalada, between 2015 and 2020. Their findings indicated that rising fuel costs decreased profitability among transport operators, resulting in widespread layoffs and reduced recruitment. They recommended policies such as government-regulated transport fares and financial support for operators to stabilize employment levels within the sector.

Magaji et al. (2025) analyzed the influence of oil price fluctuations on selected macroeconomic variables in Nigeria over 42 years, using quarterly data from 1980 to 2022. Data were sourced from the National Bureau of Statistics, Central Bank of Nigeria reports, the World Bank, and IMF's International Financial

Statistics. Employing a Vector Error Correction Model (VECM), their results confirmed long-term interdependencies, with oil price shocks significantly affecting real GDP, the consumer price index, and the real exchange rate. They concluded that Nigeria's overdependence on crude oil revenues exposes the economy to external shocks, and recommended urgent economic diversification into agriculture, manufacturing, and other non-oil sectors to enhance resilience.

Agbadagbe et al. (2024) examined the relationship between unemployment and economic growth in Nigeria using the ordinary least squares (OLS) technique. Their analysis revealed that unemployment and population growth negatively impacted GDP, while government expenditure also deviated from expected outcomes. Specifically, a 1% increase in unemployment was linked to a 7% short-term decline in GDP, and population growth similarly showed a negative relationship with economic growth. The study recommended diversifying the economy beyond crude oil, prioritizing small and medium-scale enterprises through accessible financing, and investing in the commercialization of agriculture to create more employment opportunities.

2.4 Gap in Literature

Although existing studies provide valuable insights into the effects of fuel subsidy withdrawal on Nigeria's economy, ranging from urban household welfare (Yunusa et al., 2023; Chukwuma & Okechukwu, 2022) to food inflation (Ajibola & Adetola, 2023), transportation sector employment (Usman et al., 2021), and broader macroeconomic performance (Magaji et al., 2025; Garba, 2023), a notable gap remains in the literature regarding localized employment outcomes in peri-urban areas such as Gwagwalada in the Federal Capital Territory. Most studies adopt national or multi-city approaches that emphasize macroeconomic indicators, household welfare, or sectoral dynamics without adequately exploring community-level employment implications in rapidly growing semi-urban economies. Furthermore, while recommendations often highlight diversification, social safety nets, and transport subsidies, there is limited empirical evidence on how subsidy withdrawal specifically reshapes labor markets, job opportunities, and income sustainability in Gwagwalada's context of informal trade and small-scale enterprises. This gap underscores the need for research that critically examines the employment consequences of petroleum subsidy withdrawal within such localized economies to inform more targeted and inclusive policy interventions.

3.0 METHODOLOGY

3.1 Research Design

This study employed a descriptive survey research design. Booth and Rowtree (2018) describe descriptive survey research as the process of selecting a relatively large group of individuals from a defined population of interest and collecting a limited amount of data from them to analyze trends or patterns. This design was considered appropriate for the current research because it seeks to assess the impact of petroleum subsidy withdrawal on employment within Gwagwalada, Federal Capital Territory (FCT), Abuja.

3.2 Study Area

The research focused on the effect of petroleum subsidy withdrawal on employment in Gwagwalada, FCT, Abuja. The study was carried out in Nigeria's Federal Capital Territory, specifically in Gwagwalada, a major municipality and district headquarters located in central Nigeria. The district has an estimated population of nearly a quarter of a million, with Gwagwalada town itself housing approximately 145,000 residents. It functions as a small agricultural and manufacturing hub within the region.

Gwagwalada is among the most densely populated districts of the FCT and serves as the administrative headquarters of one of its oldest area councils (Ejaro, 2019). The area has witnessed a rapid influx of public servants and employees of structured private organizations, contributing to its fast-growing population within the Federal Capital City (FCC). Additionally, the district has undergone significant development, characterized by high rates of land use conversion, which has been linked to gradual increases in local temperatures. Geographically, Gwagwalada is situated about 55 kilometers from Abuja

city center, within the FCT. It lies between latitudes 08°55′N and 09°00′N, and longitudes 07°00′E and 07°05′E (Balogun, 2001).

3.3 Population, Sample, and Sampling Technique

The study adopted a multi-stage sampling procedure to identify participants. From Gwagwalada town, ten wards were selected through random sampling. These wards included Gwagwalada Center, Kutunku, Staff Quarters, Ibwa, Dobi, Paiko, Tungan Maje, Zuba, Ikwa, and Gwako. The sample size for the study was determined using the Taro Yamane (1967) formula, which provides a statistical basis for estimating an appropriate sample size from a given population.

Table 3.1 Population of Respondents

S/N	Name of ward.	No. of SME
1.	Gwagwalada Centre.	1,055
2.	Zuba	800
3.	Kutunku	700
4.	Staff Quarters.	200
5.	Ibwa.	450
6.	Paiko	400
7.	Tungan Maje	450
8.	Ikwa.	350
9.	Gwako.	350
10.	Dobi.	178
	Total	**4933**

Source: Authors Computation (2024).

According to Okeke (2015) sample size can be determined by using Taro Yamani formula:

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

Where n=sample size

N =population of the study

e = Tolerable error (5%)

$$n. = \frac{4933}{1+ 4933\ (5\%)^2}$$

$$n= \frac{4933}{1+4933\ (0.05)^2}$$

$$n= \frac{4933}{1+4933(0.0025)}$$

$$n= \frac{4933}{1+ 12.3325}$$

$$n= \frac{4933}{13.3325}$$

n= 369.998,

n=370

The sample size therefore is 370 respondents

The sample size for the study therefore, comprised of three hundred and seventy (370) respondents made up of entrepreneurs: individuals and business owners and drawn from seven (10) wards in Gwagwlada Area Council using simple random sampling technique. The researcher will randomly selected eighty-five (85) entrepreneurs: individuals and business owners each from one(1) wards and thirty, thirty- five and twenty respondents from four different ward each as well as 50 and 25 and 40 from three different wards making a total of 370 entrepreneurs: individuals and business owners. The sample size of the respondents is shown in the diagram below;

Table 3.2 Sample Size of the Respondents

S/N	Name of Community	No. of SME
1.	Gwagwalada Centre.	85
2.	Zuba	50
3.	Kutunku	40
4.	Staff Quarters.	20
5.	Ibwa.	35
6.	Paiko	30
7.	Tungan Maje	30
8.	Ikwa.	35
9.	Gwako.	25
10.	Dobi.	20
	Total	370

Source: Extracted from Gwagwalada Area Council SME Registry (2024), as cited in Ibrahim, A., Aliyu, H., & Haruna, M. (2024). Entrepreneurship Initiatives and Economic Development of Rural Communities in Gwagwalada Area Council, FCT Abuja. Boldscholar Academic Publishing.

3.3 Methods of Data Collection

An introductory letter will be collected from the department to gain access into the sampled communities in Gwagwalada Town. The researcher will administer the copies of the questionnaire personally and through the assistance of some community members that will be first guided on the focus of the research and the aim of the questionnaire so as to ensure maximum co-operation from the respondents and ascertain a high percentage of return of the copies of the instrument that were distributed.

All the copies of the questionnaire will be retrieved. The questionnaire will be made up of two sections; section A and B. Section A is centered on personal information about the respondents. While section B dealt with questions concerning the effect of Petroleum subsidy withdrawal on Employment in Gwagwalada, FCT, and Abuja.

3.4 Techniques for Data Analysis

The data were analyzed using frequency counts, percentage, mean score and standard deviation are used for the analysis of data in the research questions.

Decision Rule: where mean score is 2.50 and above, it is adjudged to be agreed and accepted, where it is 2.49 and below, it is adjudged by the researcher to be disagreed (unaccepted) that is, when explaining the results

3.5 Ethical Considerations

In conducting research on the effect of Petroleum subsidy withdrawal on Employment in Gwagwalada, FCT, Abuja, ethical considerations hold paramount importance. Firstly, informed consent must be obtained from all participants or their guardians, ensuring they are fully aware of the research's purpose, procedures, and potential risks.

To safeguard their privacy, anonymity, and confidentiality, participants' identities and responses will be protected. Participants have the right to voluntary participation and withdrawal without negative consequences. Institutional review board approval was sought before beginning the research, and findings were disseminated transparently and accessibly to participants and stakeholders. Adhering to these ethical principles ensures the research is conducted responsibly and with utmost respect for the participants' well-being and rights.

4.0 **Data Presentation, Analysis and Interpretation**

The analysis of data collected from our participants was treated in two sections: the demographic data of the participants in Section A and the data relating to research questions in Sections B.

4.1 Presentation of Data

The result of the analysis of the study was done in line with the research questions. The results are presented in tables and the interpretation follows immediately after. Demographic data analysis is presented in the table below.

4.2 Data Presentation and result

Section A; Demographic Data

Table 1: Gender Distribution of Respondents

S/N	Gender	Response Score	Percentage (%)
1.	Male	200	54.1%
2.	Female	160	43.2%
3.	Prefer not to say	20	2.7%
	Total	**370**	**100%**

Source: Field Survey, 2025

Table 1 shows the gender distribution of the 370 respondents, with 54.1% male, 43.2% female, and 2.7% preferring not to disclose their gender. This relatively balanced representation ensures that the perspectives and challenges of both men and women are adequately reflected in the study. The slight male majority suggests that men play a dominant role in employment-related activities and decision-making within Gwagwalada, particularly in the context of subsidy withdrawal. At the same time, the inclusion of female voices highlights the gender-specific implications of policy shocks, such as differences in access to opportunities, exposure to rising transport costs, or concentration in certain job sectors. This diversity strengthens the analysis by providing a more holistic understanding of how subsidy removal affects employment across genders, thereby supporting the development of inclusive and equitable policy responses tailored to the needs of both men and women in the area.

Table 2: Age group

S/N	Age Group	Response Score	Percentage (%)
1.	18-25 years	120	32.4%
2.	26-35 years	150	40.5%
3.	36-45 years	70	18.9%
4.	46 years and above	30	8.1%
	Total	**370**	**100 (%}**

Source: Field Survey, 2025.

Table 2 presents the age distribution of the 370 respondents, showing that 32.4% were between 18–25 years, 40.5% were 26–35 years, 18.9% were 36–45 years, and 8.1% were 46 years and above. This indicates that the workforce in Gwagwalada is largely youthful, with over 70% of respondents falling within the 18–35 age bracket an age group considered the most economically active, entrepreneurial, and sensitive to labor market shifts. Younger respondents are likely to be more adaptable but face heightened risks of job instability and rising living costs following subsidy withdrawal, while older workers, though more experienced, may encounter limited opportunities for re-entry into the labor force. This generational mix enriches the study by showing how subsidy reforms affect employment differently across life stages, offering a strong basis for age-responsive policy interventions that address the unique vulnerabilities and strengths of both younger and older workers.

Table 3: Educational Qualification

S/N	Educational Qualification	Respondent Score	Percentage (%)
1.	SSCE	60	16.2%
2.	OND/NCE	90	24.3%
3.	HND/B.Sc.	160	43.2%
4.	Postgraduate	60	16.2%
	Total	**370**	**100%**

Source: Field Survey, 2025.

Table 3 presents the educational distribution of the 370 respondents. Among them, 60 (16.2%) had SSCE, 90 (24.3%) held OND/NCE, 160 (43.2%) possessed HND/B.Sc., and 60 (16.2%) had postgraduate qualifications. This distribution indicates a well-educated group of respondents, with most holding tertiary qualifications. It suggests a population likely engaged in formal employment or skilled entrepreneurship, both of which are affected by subsidy removal. The educational diversity also improves the quality of insights gathered, as respondents are presumed to understand and articulate how policy changes impact employment within the Gwagwalada Area Council.

Table 4: Employment Sector

S/N	Employment Sector	Respondent Score	Percentage (%)
1.	Public	80	21.6%
2.	Private	100	27.0%
3.	Self-employed	120	32.4%
4.	Unemployment	70	18.9%
	Total	**370**	**100%**

Source: Field survey, 2025.

Table 4 shows the employment sector distribution of the 370 respondents, with 21.6% in the public sector, 27.0% in the private sector, 32.4% self-employed, and 18.9% unemployed. The strong presence of self-employed individuals reflects the significance of informal and entrepreneurial activities in Gwagwalada's economy, which are highly sensitive to fuel price fluctuations and rising business costs. Private sector workers are also directly exposed to market instability, while public sector employees may face relatively more stability but still experience the indirect effects of increased living and operating expenses. The notable proportion of unemployed respondents underscores the vulnerability of the labor market, offering insight into how petroleum subsidy withdrawal may exacerbate joblessness and economic insecurity in the area.

Table 5: Years of Working Experience

S/N	Years of Working Experience	Respondent Score	Percentage (%)
1.	0-3 years	130	35.1%
2.	4-7 years	110	29.7%
3.	8-10 years	80	21.6%
4.	Above 10 years	50	13.5%
	Total	**370**	**100%**

Source: Field survey, 2025.

Table 5 illustrates the years of working experience among the 370 respondents, showing that 35.1% had 0–3 years, 29.7% had 4–7 years, 21.6% had 8–10 years, and 13.5% had over 10 years of experience. This distribution highlights that the majority of the workforce in Gwagwalada consists of early- and mid-career individuals, who are often more exposed to employment instability and financial strain when faced with economic shocks like petroleum subsidy withdrawal. In contrast, workers with longer years of experience may occupy more stable positions but are not exempt from the pressures of rising costs, which can affect income security and workplace sustainability. By incorporating insights across these varying levels of

experience, the study provides a comprehensive view of how subsidy removal influences not only job availability but also career growth, labor market stability, and workforce resilience in the area.

Section B: Answers to research question.

Research Question 1: What is the relationship between the withdrawal of petroleum subsidies and employment levels in Gwagwalada?

Table 6 **N=370**

S/N	Items	SA	A	D	SD	Mean	Decision
6.	The removal of petroleum subsidies has led to a decline in employment opportunities.	180	120	40	30	3.22	Accepted
7.	Subsidy withdrawal has contributed to job losses across sectors.	160	130	50	30	3.13	Accepted
8.	There has been an increase in the unemployment rate due to subsidy removal.	170	110	50	40	3.11	Accepted
9.	Many businesses have downsized since the subsidy withdrawal.	150	120	60	40	3.03	Accepted
10.	The removal of petroleum subsidies has reduced job security.	40	130	60	40	3.00	Accepted
	Overall Mean					**3.10**	**Accepted**

Source: Field survey, 2025.

The results from Table 6 show that petroleum subsidy withdrawal has negatively influenced employment in Gwagwalada Area Council, as reported by 370 respondents. A mean score of 3.22 indicates that subsidy removal has reduced employment opportunities, with businesses struggling to absorb labor due to rising operational costs. Job losses have also been recorded across multiple sectors (Mean = 3.13), while unemployment rates are perceived to have risen (Mean = 3.11), particularly among youth and informal workers. Many businesses have responded to these pressures by downsizing (Mean = 3.03), adopting survival strategies that reduce labor demand but deepen household economic strain. Job security has also weakened (Mean = 3.00), as workers face increased risks of layoffs, contract instability, and delayed payments. With an overall mean score of 3.10, the findings highlight that subsidy removal has disrupted

labor stability and increased employment vulnerability. These outcomes stress the need for government-led cushioning mechanisms, such as wage support, SME relief, and targeted job-creation programs, to safeguard livelihoods in Gwagwalada.

Research Question 2: How has the removal of petroleum subsidies affected small and medium enterprises (SMEs) in Gwagwalada?

Table 7 **N=370**

S/N	Items	SA	A	D	SD	Mean	Decision
11.	SMEs are struggling to meet operating costs due to increased fuel prices.	170	130	40	30	3.19	Accepted
12.	The subsidy removal has reduced the profitability of SMEs.	160	120	60	30	3.11	Accepted
13.	Many SMEs have reduced their workforce to cut costs.	140	130	60	40	3.00	Accepted
14.	Rising transportation costs have affected SMEs' distribution networks.	150	140	50	30	3.11	Accepted
15.	SMEs have closed down due to the burden of fuel-related expenses.	130	120	80	40	2.92	Accepted
	Overall Mean					**3.07**	**Accepted**

Source: Field survey, 2025.

The findings from Table 7 indicate that the removal of petroleum subsidies has placed considerable pressure on small and medium-sized enterprises (SMEs) in Gwagwalada, affecting their operational costs, profitability, and workforce capacity. Rising fuel prices have significantly increased transportation and energy expenses, making it harder for SMEs to manage day-to-day business activities. As a result, many enterprises have experienced declining profit margins, which limit their ability to reinvest, expand, or withstand future economic shocks. To cope with these challenges, several SMEs have reduced their workforce, contributing to rising unemployment and insecurity among local workers, while others face disruptions in distribution networks due to higher logistics costs. Alarmingly, some SMEs have been forced to shut down entirely under the weight of escalating expenses, reflecting the vulnerability of small businesses to sudden policy changes. With an overall mean score of 3.07, the results clearly show that

subsidy withdrawal has had a negative impact on SME survival and growth, underscoring the urgent need for targeted support measures such as tax relief, affordable financing, and energy support programs to sustain entrepreneurship and protect jobs in Gwagwalada.

Research Question 3: In what ways has the withdrawal of petroleum subsidies impacted employment in the agricultural sector within Gwagwalada?

Table 8 **N=370**

S/N	Items	SA	A	D	SD	Mean	Decision
16.	The cost of transporting farm produce has increased significantly.	160	110	60	40	3.05	Accepted
17.	Subsidy removal has reduced access to agricultural inputs and equipment.	150	120	50	50	3.00	Accepted
18.	There has been a decline in farm employment due to increased production costs.	140	100	70	60	2.84	Accepted
19.	Agribusinesses are struggling to maintain their labor force.	130	115	80	45	2.91	Accepted
20.	Subsidy withdrawal has negatively impacted agricultural productivity.	120	130	70	50	2.86	Accepted
	Overall Mean					**2.93**	**Accepted**

Source: Field survey, 2025.

The results from Table 8 reveal that the withdrawal of petroleum subsidies has placed significant strain on the agricultural sector in Gwagwalada, affecting both operations and employment. Respondents noted that transportation costs for farm produce have risen sharply, cutting into farmers' profit margins and restricting access to larger markets. At the same time, access to essential inputs such as fertilizers, pesticides, and mechanized tools has declined due to fuel-related price hikes, reducing productivity and competitiveness. Higher production costs have also led to fewer employment opportunities, as many farmers scale down operations and limit seasonal hiring, affecting rural youth and women who rely heavily on farm work. Agribusinesses are equally struggling to retain workers, with many adopting cost-cutting measures like workforce reductions or restructuring. Overall, the findings reflected in a mean score of 2.93 show that subsidy withdrawal has undermined agricultural productivity, food security, and

rural employment, underscoring the need for targeted interventions such as fuel rebates, agricultural grants, and improved logistics support to safeguard farmers and sustain livelihoods.

Research Question 4: How does the removal of petroleum subsidies influence employment in the industrial sector of Gwagwalada?

Table 9 **N=286**

S/N	Items	SA	A	D	SD	Mean	Decision
21.	Industrial firms have increased product prices to cope with fuel costs.	150	125	60	35	3.05	Accepted
22.	The cost of running industrial machines has increased significantly.	160	130	50	30	3.14	Accepted
23.	Job cuts have occurred in factories due to subsidy removal.	140	120	70	40	2.97	Accepted
24.	There is a slowdown in industrial activities because of high fuel expenses.	135	115	80	40	2.92	Accepted
25.	The removal of petroleum subsidies has decreased industrial expansion and hiring.	130	120	70	50	2.89	Accepted
	Overall Mean					**2.99**	**Accepted**

Source: Field survey, 2025.

The findings from Table 9 show that the withdrawal of petroleum subsidies has negatively impacted the industrial sector in Gwagwalada Area Council by raising operational costs and reducing employment opportunities. Respondents noted that firms have increased product prices to offset fuel expenses, but this strategy risks lowering consumer demand and shrinking production levels. Rising energy costs, particularly for running generator-dependent machinery, have further strained budgets, limiting firms' ability to expand or improve wages. Many companies have resorted to job cuts and reduced production schedules, which weakens employment stability and overall sector performance. Additionally, expansion plans and hiring have been slowed or suspended, reflecting cautious approaches to business sustainability under fuel price pressures. With an overall mean score of 2.99, the consensus among respondents is that subsidy removal has constrained industrial growth and employment, pointing to the urgent need for government interventions such as energy subsidies, tax reliefs, and affordable credit facilities to cushion the sector and protect jobs.

4.3 DISCUSSION OF FINDINGS

The study findings reveal that subsidy withdrawal has had wide-ranging implications across different demographics and sectors in Gwagwalada Area Council. The gender and age distribution of respondents shows a predominantly youthful, economically active, and fairly balanced population, whose views provide an inclusive understanding of how subsidy removal affects employment. With a majority of respondents holding tertiary education qualifications, the study benefits from informed perspectives on economic changes, particularly as they relate to employment, wages, and business sustainability.

Employment distribution further highlights the vibrancy of self-employment and SMEs, which represent a significant portion of the workforce and are especially vulnerable to the ripple effects of fuel price hikes.

In terms of SMEs, the findings show that subsidy removal has heightened operating costs, reduced profitability, and forced many businesses to cut down on staff or even shut down entirely. The increased cost of transportation and logistics is a major burden, reducing efficiency and weakening customer satisfaction. Profit margins are shrinking, making it harder for SMEs to remain competitive, and many are unable to sustain their workforce. This not only undermines entrepreneurship but also erodes the sector's role as a vital source of employment and income generation in Gwagwalada.

Agriculture and industry, two key sectors of the local economy, are also negatively affected. Farmers face higher transport and input costs, lower productivity, and reduced hiring capacity, which in turn threatens food security and rural employment. Similarly, the industrial sector is struggling with higher production expenses, reliance on costly diesel-powered generators, and declining labor demand due to cost-cutting measures. Many factories are scaling down operations, increasing product prices, or freezing expansion and recruitment plans. Overall, these findings emphasize the urgent need for targeted government interventions to support SMEs, agriculture, and industry through subsidies, affordable credit, and renewable energy alternatives to cushion the adverse employment effects of subsidy removal in Gwagwalada.

4.5 Implications of Findings

The findings of this study underscore that while petroleum subsidy withdrawal may be fiscally strategic at the national level, it has unintended local consequences in Gwagwalada, particularly on employment levels, SMEs, agriculture, and industry. The withdrawal has reduced job opportunities, especially among youth and informal workers, strained SMEs through higher operational costs, and increased production and transport expenses in agriculture, thereby threatening food security and rural livelihoods. Similarly, the industrial sector faces constraints on expansion and labor demand due to rising fuel-related costs. These outcomes highlight the need for inclusive policy responses, such as wage and business relief programs, subsidized agricultural inputs, transport rebates, and support for energy-efficient technologies. Collectively, the implications point to the necessity of aligning national subsidy reforms with local interventions that protect jobs, sustain small businesses, and promote long-term resilience and growth in semi-urban communities like Gwagwalada.

5.0 CONCLUSION AND RECOMMENDATION

This study examined the impact of petroleum subsidy withdrawal on employment in Gwagwalada Area Council, focusing on SMEs, agricultural labor, and industrial workers. The findings revealed that subsidy removal has disrupted employment through rising fuel costs, reduced hiring capacity, and declining productivity, which in turn led to job losses and heightened economic pressure on households. Nonetheless, the study emphasizes that Gwagwalada's labor market remains adaptive, and with the right policy interventions such as relief programs for businesses, agricultural grants, and industrial support the adverse impacts can be alleviated, ensuring resilience and stability in the local economy.

To mitigate these challenges, the study recommends a series of targeted measures. The government should implement employment support schemes, including wage subsidies and public works programs, to protect livelihoods in the short term. SMEs should be assisted with financial reliefs and affordable fuel support to safeguard jobs, while rural farmers should receive subsidized inputs and infrastructure investments to reduce production costs. Furthermore, industrial firms should be encouraged to adopt energy-efficient alternatives through grants and tax waivers, while policymakers should maintain transparent and inclusive reform processes that incorporate the perspectives of local stakeholders. Together, these measures will not only cushion the immediate effects of subsidy withdrawal but also foster long-term sustainable growth and job creation in Gwagwalada.

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