

THE ROLE OF SOCIAL CAPITAL IN ENHANCING THE PROFITABILITY OF FEMALE-LED MICRO-ENTERPRISES IN URBAN NIGERIA

¹Dr. Salawu Sani Fatau & ²Professor Abdulsalam Dauda

¹Department of Business Administration Federal University Birnin Kebbi 08036444837

²Department of Business Administration Usman Danfodio University Sokoto, ¹08035073549

Abstract

This study assessed the role of social capital in improving the profitability of microbusinesses run by women in Lagos State, Nigeria. Specifically, the study investigates the impact of bonding, bridging, and linking social capital on business performance, drawing on the resource-based view, empowerment theory, and social capital theory. Structured questionnaires were used to gather data from 412 female microenterprise owners as part of a quantitative research design. The results, which were obtained using Partial Least Squares Structural Equation Modelling (PLS-SEM), show that profitability is significantly and positively impacted by all three aspects of social capital. The significance of close-knit relationships for both financial and emotional support is demonstrated by bonding social capital ($\beta = 0.215$, $p < 0.05$). Bridging social capital ($\beta = 0.251$, $p < 0.05$) emphasizes how important larger networks are for getting access to fresh ideas and new markets. The most significant predictor of profitability was linking social capital ($\beta = 0.422$, $p < 0.01$), highlighting the importance of institutional ties in gaining access to official resources, support networks, and legitimacy. Thus, the study concludes that female entrepreneurs can greatly increase their profitability by utilizing various types of social capital. The study recommends policies that strengthen women's access to institutional networks and support systems to enhance their business success and economic empowerment in urban Nigeria.

Keywords: *Social Capital, Bonding Social Capital, Bridging Social Capital, Linking Social Capital, Profitability of Micro-Enterprises*

1.1 Introduction

Micro-Enterprises are very important to Nigeria's economy because they create jobs, reduce poverty, and help communities grow. The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN, 2021) says that Micro-Enterprises make up about 96.9% of all businesses in Nigeria. They also provide more than 90% of jobs in the informal sector and account for about 49.8% of the country's Gross Domestic Product (GDP). These businesses, which usually have fewer than 10 employees, are very important in cities where young people are often unemployed or underemployed. According to the National Bureau of Statistics (NBS, 2020), micro, small, and medium enterprises (MSMEs) together employed 61 million Nigerians. Micro-Enterprises alone made up more than 95% of this number. They are important to local economies because they are everywhere in cities and towns. They provide goods and services and help women, youth, and low-income families start businesses. As Nigeria's economy struggles with high unemployment, rising inflation, and changing oil revenues, the importance of Micro-Enterprises for economic resilience and inclusive growth has grown (World Bank, 2022; Okeke et al., 2021).

Micro-Enterprises in Nigeria have not reached their full performance potential compared to similar emerging economies, even though they make a big difference in jobs and GDP. For example, Micro-Enterprises make up almost 50% of Nigeria's GDP, but they make up more than 60% in Kenya and 70% in Indonesia. This shows that Micro-Enterprises are not doing as

well in Nigeria as they could be (World Bank, 2022; IFC, 2020). Their growth has been slowed by problems like not being able to get loans, having bad infrastructure, not getting enough business training, and policies that aren't always clear (Adebayo & Dada, 2021). Also, the average microbusiness in Nigeria has a lower chance of surviving; about 60% of them fail within the first three years, while 75% of businesses in Vietnam survive for five years (SMEDAN, 2021; UNCTAD, 2020). These gaps show that Nigeria's microenterprise sector has a lot of potential, especially in cities with a lot of entrepreneurs, but systemic problems keep them from making the most money and staying in business for a long time (Ojo & Salami, 2022).

Because Micro-Enterprises in Nigeria keep failing to do well when compared with their counterparts, social capital has become an important resource that can help businesses make more money and stay in business. Social capital, which includes the networks, relationships, and social ties that entrepreneurs can use for support, is very important for getting access to informal finance, market information, mentorship, and opportunities to work together (Akinbami & Aransiola, 2021; Eze, 2020). Recent research has shown that entrepreneurs with strong social networks are better able to deal with the problems that businesses face in Nigeria's cities, such as poor infrastructure and lack of support from government agencies (Olawale & Okunlola, 2022). These networks not only give emotional and informational support, but they also let people do business with each other based on trust, which lowers operational risks and expands market reach (Ojo & Salami, 2022). In Nigeria's urban economy, traditional business support systems are still weak or not enough, especially for women-led Micro-Enterprises. Using social capital could be a low-cost, high-impact way to close performance gaps and help businesses grow.

This study looks at social capital in three main ways: bonding, bridging, and linking social capital. Bonding social capital is the strong bonds that exist between family members, friends, and close associates. These connections often give emotional support, money to start a business, and workers, especially when formal financial systems aren't available (Akinbami & Aransiola, 2021). Bridging social capital includes the larger, more varied networks that are created by groups like trade groups, cooperatives, and professional associations. These connections help business owners get market information, work with other business owners, and grow their customer bases (Olawale & Okunlola, 2022). Linking social capital, on the other hand, means having connections with people or organizations in charge, like the government, banks, or non-profits. These connections are important for understanding how to deal with rules, getting loans or grants, and getting access to formal training or capacity-building opportunities (Eze, 2020). These different aspects of social capital give us a way to look at how female-led Micro-Enterprises can use their social networks to get around structural problems and make more money.

Even though social capital is becoming more and more recognised as a key factor in the success of entrepreneurs, there is still a big gap in the literature about how it affects the profitability of female-led Micro-Enterprises in urban Nigeria. While a few studies have found general links between social networks and business performance (Olawale & Okunlola, 2022; Eze, 2020), not many have looked at how different types of social capital—bonding, bridging, and linking—affect profitability in the case of women entrepreneurs working in informal and resource-poor urban areas (Akinbami & Aransiola, 2021; Bello & Ibrahim, 2023). Also, a lot of the research that has already been done has been on mixed-gender businesses or rural communities. There hasn't been much research on urban Micro-Enterprises run by women, even though they are important to the economy and are at risk (Nwosu & Okeke, 2022; Omowumi & Salisu, 2023). Also, past research has mostly looked at social capital as a fixed

asset instead of a changing process that is affected by gender, culture, and institutional frameworks (Adeyemi & Musa, 2022; Okonkwo et al., 2021). It is hard to get useful information for targeted interventions without separate and gender-sensitive analysis. Also, there hasn't been much research on the link between social capital and profitability, especially since most studies look at survival, starting a business, or general performance metrics (Iroanya & Balogun, 2023; Agboola et al., 2022). Consequently, there is a pressing need to examine how female entrepreneurs in urban Nigeria actively mobilize and utilize various forms of social capital to influence the profitability of their Micro-Enterprises within an increasingly competitive and uncertain economic climate.

2.1 Literature Review

Conceptual Review

Profitability of Micro-Enterprises

For Micro-Enterprises, whose survival frequently depends on immediate financial results, profitability is still a crucial indicator of business performance. When referring to Micro-Enterprises, profitability usually means that a company can make more money than it spends on operations, which allows for expansion, reinvestment, and market stability (Agboola et al., 2022). Profitability for female-led microbusinesses in urban Nigeria is affected by external dynamics like market accessibility, unofficial support networks, and sociocultural norms in addition to internal factors like pricing tactics, inventory management, and customer retention (Iroanya & Balogun, 2023). According to studies, a lot of Micro-Enterprises have narrow profit margins because of high overhead expenses, onerous regulations, and limited access to official funding (Olawale & Okunlola, 2022; Bello & Ibrahim, 2023). Furthermore, barriers to profitability that are specific to women entrepreneurs include limited mobility, time poverty brought on by household duties, and restricted access to information (Omowumi & Salisu, 2023). Since many studies concentrate more on survival or overall business outcomes than on profit-specific metrics, female-led Micro-Enterprises are frequently under-measured in terms of profitability indicators, despite their economic significance (Okonkwo et al., 2021). This emphasises the need for more focused studies on how Micro-Enterprises—particularly those run by women in crowded urban areas—achieve, quantify, and maintain profitability.

Social Capital

It is commonly acknowledged that social capital is an essential intangible resource that affects entrepreneurial outcomes, especially in settings with limited or nonexistent formal institutional support. In general, it refers to the networks of connections, social interactions, and trust standards that promote collaboration and resource access both within and between groups (Olawale & Okunlola, 2022). Social capital frequently makes up for the lack of strong market institutions in the context of Micro-Enterprises, particularly in developing nations like Nigeria. This allows business owners to obtain unofficial credit, information, emotional support, and business referrals (Akinbami & Aransiola, 2021; Iroanya & Balogun, 2023). According to academics, social capital improves entrepreneurial performance by lowering transaction costs, building trust, and generating chances for cooperation and education (Bello & Ibrahim, 2023; Eze, 2020). Furthermore, social capital is being viewed more and more as a dynamic, renewable resource that business owners can actively develop and use to take advantage of opportunities and react to market challenges rather than merely as a passive asset (Adeyemi & Musa, 2022; Okonkwo et al., 2021). In the context of female-led Micro-Enterprises in Nigerian urban centres, where social structures and gender dynamics uniquely shape entrepreneurial networks and access to support systems, social capital is still understudied despite its growing significance in the literature on entrepreneurship.

Measurement of Social Capital

A multifaceted framework that incorporates bonding, bridging, and linking social capital—adapted from earlier studies on entrepreneurship and informal networks—is used in this study to conceptualise and quantify social capital. The strength and frequency of relationships within close-knit circles, such as family, relatives, and close friends, are used to measure bonding social capital. The availability of both financial and emotional support, trust within family networks, interaction frequency, and the readiness of close relatives to contribute emergency or startup funds are all common indicators (Akinbami & Aransiola, 2021; Eze, 2020). Bonding relationships are especially important for female-led Micro-Enterprises because women frequently rely on their immediate social networks for both labour and capital because they have limited access to formal financial institutions (Omowumi & Salisu, 2023). Therefore, questions evaluating family and friend support in areas like business advice, emergency assistance, and informal loans are used in this study to measure bonding capital.

Conversely, the degree to which entrepreneurs engage in networks outside of their immediate social circles is a measure of bridging social capital. These could be professional associations, faith-based business groups, cooperative societies, or trade associations. Association membership, degree of active participation, frequency of interaction with peers in the same industry, and extent of knowledge or resource exchange among group members are examples of common metrics (Olawale & Okunlola, 2022; Bello & Ibrahim, 2023). Creating connections gives microbusiness owners access to new markets, best practices, and opportunities for collaboration or mentoring that can have a direct effect on profitability. Items that examine participation in business-related groups, the advantages of these affiliations, and the variety of contacts kept within trade or professional circles are used to measure bridging capital for this study.

By assessing the type and quality of an entrepreneur's connections with people and organizations in positions of power or influence, such as governmental organizations, financial institutions, non-governmental organizations, and official training providers, linking social capital is quantified. Key indicators include participation in policy or regulatory consultations, receiving business training from institutions, interacting with public or private development agencies, and having access to formal funding programs (Iroanya & Balogun, 2023; Okonkwo et al., 2021). The ability of entrepreneurs to use vertical networks to obtain resources, legitimacy, or information that are normally out of the purview of unofficial social networks is reflected in linking capital. Items assessing entrepreneurs' relationships to institutional actors and their capacity to obtain outside assistance services, such as grants, training, and advisory programs, are used in this study to measure linking social capital.

Theoretical Framework

The social capital theory, upon which this study is based, holds that social networks, norms, and trust between people and institutions have a major impact on both economic and non-economic outcomes (Bourdieu, 1986; Coleman, 1988; Putnam, 2000). According to the theory, social ties are beneficial resources that promote collaboration, resource access, and financial success. Social capital can affect profitability in the context of Micro-Enterprises, particularly those run by women in urban Nigeria, by giving them access to mentorship, informal credit, market information, and emotional support.

Bonding, bridging, and linking are the three main dimensions along which social capital is frequently conceptualized (Woolcock, 2001). Strong relationships with family and friends, which provide both informal financial and emotional support, are referred to as bonding social capital. In order to gain access to more resources and market opportunities, bridging social

capital entails creating horizontal networks across various social groups or associations. By connecting people with official organizations and authorities, social capital linking makes it easier for them to access outside funding, government initiatives, and information about business regulations. These factors are especially important in Nigeria, where institutional barriers frequently prevent female entrepreneurs from achieving success (Omowumi & Salisu, 2023; Iroanya & Balogun, 2023).

This study's application of social capital theory enables a methodical comprehension of the ways in which different kinds of relationships influence microenterprise business outcomes. Although prior research has confirmed the positive correlation between social capital and business performance in various contexts (Aldrich & Cliff, 2003; Olugbola, 2017; Bello & Ibrahim, 2023), not much has been done to place this in the context of Nigerian women entrepreneurs' real-world experiences. Using this theoretical framework, the study aims to investigate how social capital improves profitability and closes performance gaps in urban female-led Micro-Enterprises.

Empirical Review

Social capital and small and microbusiness performance are positively correlated, according to recent empirical research. For example, Adeola and Ogunleye (2022) found that bridging social capital significantly improves market access and financial resilience among female entrepreneurs in South-West Nigeria. In a similar vein, Iroanya and Balogun (2023) found that, particularly for urban Micro-Enterprises, connecting social capital improves access to official institutional support. However, without looking at their combined or comparative impact on profitability, these studies frequently aggregate social capital or concentrate on its individual dimensions. Furthermore, profitability is not included as a clear and quantifiable outcome in many of these studies, which instead gauge business success in terms of survival or business expansion (Akinbinu et al., 2023; Bello & Ibrahim, 2023).

Furthermore, comparatively few studies have been conducted on urban, female-led Micro-Enterprises; instead, the majority of the literature currently in publication is concentrated on larger SME contexts or rural community-based businesses. In Anambra State, for example, Nwachukwu et al. (2023) investigated the role of social networks in female entrepreneurship; however, their study mainly examined cultural and motivational barriers without directly connecting social capital to profitability indicators. Additionally, the majority of earlier research uses cross-sectional designs, which means it doesn't examine how social capital affects profitability over time or dynamically (Omowumi & Salisu, 2023; Yusuf & Hassan, 2022). Given the structural and competitive pressures that Nigerian urban female entrepreneurs face, the lack of contextual specificity regarding urban economic settings also results in a knowledge gap.

Furthermore, very few studies use multidimensional frameworks that look at social capital linking, bridging, and bonding all at once, especially when it comes to female-led Micro-Enterprises. Adediran and Abubakar (2023) did not take into consideration the ways in which professional associations (bridging capital) and wider institutional linkages (linking capital) contribute to business profitability; instead, they concentrated exclusively on bonding capital in informal cooperatives. This narrow approach limits the explanatory power of such studies. In light of these gaps, this study contributes by examining the multidimensional nature of social capital—bonding, bridging, and linking—and how each influences the profitability of female-led Micro-Enterprises in urban Nigeria, thus providing more nuanced and actionable insights for theory and policy.

Research Model

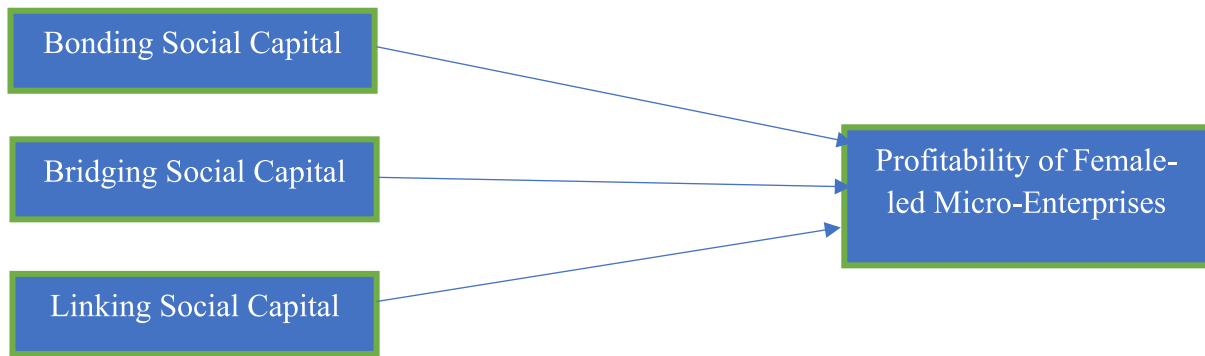


Figure 1: Research Model

With social capital broken down into three main dimensions—bonding social capital (relationships with family and close friends), bridging social capital (networks with peers, associations, and business groups), and linking social capital (connections with formal institutions like financial bodies and government agencies), the research model shows how social capital and the profitability of female-led Micro-Enterprises in urban Nigeria are related. Since social capital offers access to resources, support networks, market data, and institutional support that can improve business performance and growth, it is assumed that all three aspects of social capital will have a favourable and substantial effect on microenterprise profitability. Based on this, the following hypotheses are developed for the study:

H₁: Bonding social capital has a significant positive effect on the profitability of female-led Micro-Enterprises in Lagos State.

H₂: Bridging social capital has a significant positive effect on the profitability of female-led Micro-Enterprises in Lagos State.

H₃: Linking social capital has a significant positive effect on the profitability of female-led Micro-Enterprises in Lagos State.

3.1 Methodology

In order to investigate the causal relationships between social capital dimensions and the profitability of female-led Micro-Enterprises in an urban setting, this study uses a quantitative cross-sectional survey design. According to Creswell and Creswell (2018), a quantitative approach makes it possible to measure variables objectively and promotes generalisability across the target population. Because of its high concentration of Micro-Enterprises and the thriving female entrepreneurship scene, Lagos State, Nigeria's commercial centre, was selected as the study area. Registered female microbusiness owners who operate in urban Lagos, specifically in industries like food production, fashion, retail trade, and personal services, make up the study population. According to data from Nigeria's Small and Medium Enterprises Development Agency (SMEDAN, 2021), there are an estimated 12,000 active female-led Micro-Enterprises in Lagos' metropolitan local government areas (LGAs).

To determine the appropriate sample size, Yamane's (1967) formula for finite population sampling was employed:

$$n = \frac{N}{1 + N(e^2)} = \frac{12,000}{1 + 12,000(0.05^2)} = \frac{12,000}{1 + 12,000(0.0025)} = 387$$

To enhance the reliability of results and to account for potential non-response bias, the minimum sample size was increased by 30%, bringing the final target sample size to:

$$387 + (0.30 * 387) = 387 + 116.1 = 503 \text{ respondents}$$

To guarantee sufficient representation across the various microenterprise sectors and LGAs in Lagos, the study used a stratified random sampling technique. First, Lagos Mainland, Lagos Island, and Ikeja Axis were the three main zones into which the city was divided according to economic activity and the density of Micro-Enterprises. Based on the presence of female-owned Micro-Enterprises found in the SMEDAN registry and local market association listings, particular LGAs (such as Surulere, Mushin, Eti-Osa, Lagos Island, and Ikeja) were chosen within each zone. Second, the sample was further divided into four sectors within each LGA: trading, food processing, fashion, and beauty/cosmetics. After determining the number of respondents from each sector and zone using proportional allocation, individual respondents were chosen at random from the membership lists of regional associations for women entrepreneurs. In addition to lowering sampling bias, this multi-layered sampling improves external validity (Saunders et al., 2019).

The 503 respondents' distribution according to the study's stratified random sampling technique is displayed in Table 1. Using proportional allocation based on local SMEDAN and market association records, the table comprises the four microenterprise sectors (fashion, food processing, beauty/cosmetics, and trading), the three main zones of Lagos Metropolis, and the chosen Local Government Areas (LGAs):

Table 1: Stratified Sample Distribution of Respondents by Zone, LGA, and Sector (N = 503)

Zone	LGA	Sector	Number of Respondents
Lagos Mainland	Surulere	Fashion	25
		Food Processing	20
		Beauty/Cosmetics	20
		Trading	30
	Mushin	Fashion	20
		Food Processing	20
		Beauty/Cosmetics	15
		Trading	30
Lagos Island	Lagos Island	Fashion	30
		Food Processing	20
		Beauty/Cosmetics	20
		Trading	30
	Eti-Osa	Fashion	25
		Food Processing	20
		Beauty/Cosmetics	20
		Trading	30
Ikeja Axis	Ikeja	Fashion	30
		Food Processing	20
		Beauty/Cosmetics	18
		Trading	30
Total			503

(Author's Computation)

The study's findings are more broadly applicable because of the proportionate and stratified approach, which guarantees wide representation of various industries and geographical areas. Since many Micro-Enterprises do not keep audited financial statements, self-reported subjective performance indicators were used to measure the dependent variable, profitability. Adapted from Ahmad (2010) and Wiklund and Shepherd (2005), the items included revenue growth, gross profit margin, and return on investment. Respondents rated their performance over the past two years on a 5-point Likert scale ranging from "very poor" to "excellent".

The independent variable, social capital, was measured through its three dimensions:

- Bonding social capital (e.g., support from family and close friends) was measured using items adapted from Narayan and Cassidy (2001) and Sabatini (2009).
- Bridging social capital (e.g., participation in associations, networks with peers and customers) was measured using instruments from Putnam (2000) and Woolcock and Narayan (2000).
- Linking social capital (e.g., access to credit, government support, and NGOs) was measured using scales adapted from Szreter and Woolcock (2004) and Bhandari and Yasunobu (2009).

Each item was rated on a 5-point Likert scale from "strongly disagree" to "strongly agree," and it was contextualised and modified to fit the Nigerian microenterprise environment. Twenty-five female microentrepreneurs in Agege LGA participated in a pre-test of the questionnaire to ensure its face validity and content, and it was subsequently improved.

The study used SmartPLS 4.0 to analyse the data using Partial Least Squares Structural Equation Modelling (PLS-SEM). This approach is robust for small-to-medium sample sizes and data that do not meet multivariate normality, and it works well with models that have multiple constructs, particularly those that have formative and reflective indicators (Hair et al., 2021). PLS-SEM is perfect for testing both direct and mediating relationships between constructs because it enables the simultaneous estimation of measurement and structural models. Tests for validity (convergent and discriminant), reliability (Cronbach's alpha, composite reliability), and structural path significance (bootstrapping) were all part of the model evaluation.

4.1 Data Analysis

Partial Least Squares Structural Equation Modelling (PLS-SEM), which comprises the measurement model and the structural model, will be used in a two-step manner for the data analysis in this study. Internal consistency, convergent validity, and discriminant validity are among the constructs whose validity and reliability will be evaluated by analysing the measurement model. The structural model will be used to test the proposed connections between bonding, bridging, and linking social capital and the profitability of female-led Micro-Enterprises in Lagos after the measurement model has been validated. This method guarantees a thorough evaluation of the causal pathways and measurement characteristics in the study framework (Hair et al., 2021).

Measurement Model

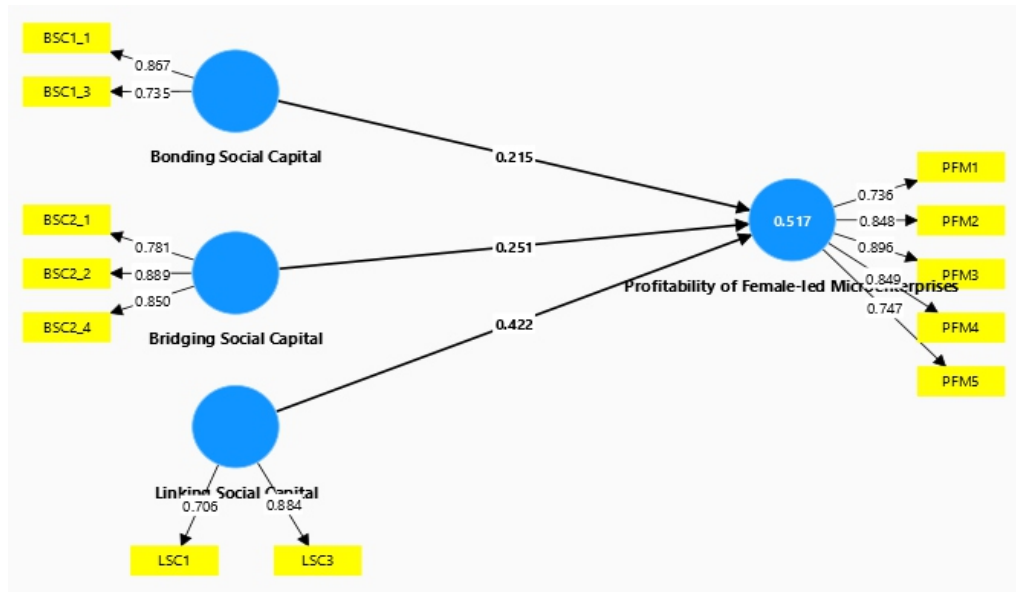


Figure 2: Measurement Model

Table 2: Measurement Model

Constructs	Items	Loadings	AVE	CR
Bonding Social Capital	BSC1_1	0.867	0.646	0.784
	BSC1_3	0.735		
Bridging Social Capital	BSC2_1	0.781	0.708	0.801
	BSC2_2	0.889		
	BSC2_4	0.850		
Linking Social Capital	LSC1	0.706	0.640	0.778
	LSC2	0.884		
Profitability of Female-led Micro-Enterprises	PFM1	0.736	0.667	0.890
	PFM2	0.848		
	PFM3	0.896		
	PFM4	0.849		
	PFM5	0.747		

Note: AVE represents Average Variance Extracted, CR represents Composite Reliability

Using common PLS-SEM thresholds, the measurement model's construct validity and reliability were evaluated. With values above the suggested cutoff of 0.70 (e.g., Bonding Social Capital = 0.784, Bridging = 0.801, Linking = 0.778, Profitability = 0.891), all constructs showed adequate composite reliability (CR), indicating good internal consistency (Hair et al., 2021). Because all average variance extracted (AVE) values (e.g., Bonding = 0.646, Bridging = 0.708, Linking = 0.640, Profitability = 0.668) were higher than the 0.50 benchmark, indicating that the items explained more than half of the variance in their respective constructs, convergent validity was confirmed (Fornell & Larcker, 1981). Indicator reliability and convergent validity were further supported by the fact that all item loadings were above 0.70 (with the exception of one item that was marginally above 0.70). The measurement model satisfies the psychometric requirements for additional structural model analysis, according to these findings.

Table 3: Discriminant Validity – Heterotrait-monotrait Ratio (HTMT) Matrix

	1	2	3	4
1. Bonding Social Capital				
2. Bridging Social Capital	0.712			
3. Linking Social Capital	0.496	0.788		
4. Profitability of Female-led Micro-Enterprises	0.675	0.727	0.761	

The Heterotrait-Monotrait (HTMT) ratio, a more reliable criterion than the Fornell-Larcker method, was used to evaluate discriminant validity. The fact that all of the HTMT values in Table 3 (e.g., Bonding–Bridging = 0.712; Bridging–Linking = 0.788; Linking–Profitability = 0.761) fell below the conservative cut-off of 0.85 suggests that the constructs are empirically separate and measure different ideas (Henseler et al., 2015). This demonstrates that the model avoids multicollinearity or construct overlap problems and meets the criteria for discriminant validity.

Structural Model

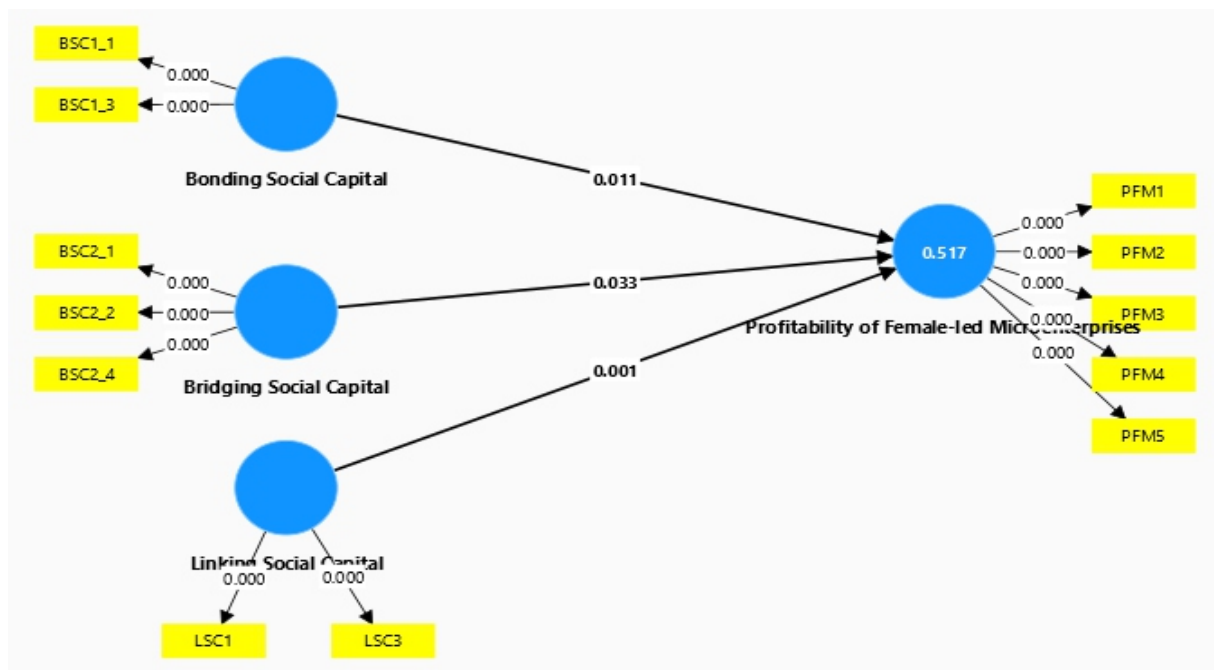


Figure 3: Structural Model

Table 4: Test of Study Hypotheses

Relationships	Beta	STDEV	T Stat	P Values
H ₁ : Bonding social capital-> profitability of female-led Micro-Enterprises	0.215	0.084	2.544	0.011
H ₂ : Bridging social capital-> profitability of female-led Micro-Enterprises	0.251	0.118	2.135	0.033
H ₃ : Linking social capital-> profitability of female-led Micro-Enterprises	0.422	0.122	3.462	0.001

All three of the study's hypotheses are supported empirically by the structural model results shown in Table 4, and as a result, they are all accepted. In particular, bonding social capital has a significant positive impact on the profitability of female-led Micro-Enterprises in Lagos State ($\beta = 0.215$, $p = 0.011$), so H_1 is accepted. This implies that close-knit relationships—like those with family, close friends, and reliable peers—make a significant contribution to improved business performance through knowledge sharing, informal financing, and emotional support. Similarly, bridging social capital has a statistically significant positive effect ($\beta = 0.251$, $p = 0.033$), supporting the acceptance of H_2 . This suggests that wider networks, such as friends and involvement in cooperative groups or professional associations, facilitate access to new markets, resources, and ideas for female entrepreneurs. Last but not least, H_3 is widely accepted and supported since the most significant predictor of profitability is linking social capital, which is determined by ties to organizations, governmental entities, and non-governmental organizations ($\beta = 0.422$, $p = 0.001$). According to Hair et al. (2021), statistical significance is confirmed by all p-values being below the 0.05 significance threshold and corresponding t-statistics exceeding 1.96. When taken as a whole, these results demonstrate how important bonding, bridging, and linking types of social capital are to raising the profitability of female-led microbusinesses in Lagos State.

Table 5: R-Square

	R-square	R-square Adjusted
Profitability of Female-led Micro-Enterprises	0.517	0.501

According to Table 5, the profitability of female-led Micro-Enterprises has an R-squared value of 0.517, meaning that the three aspects of social capital—bonding, bridging, and linking—account for roughly 51.7% of the variation in profitability. When taking into consideration the number of predictors, the model's explanatory power is further supported by the adjusted R-square value of 0.501. These figures point to a moderate to high degree of predictive relevance, suggesting that social capital significantly influences the financial success of microbusinesses run by women in Lagos (Hair et al., 2021).

Discussion of Findings

H₁: Bonding Social Capital and Profitability

The results show that the profitability of female-led Micro-Enterprises in Lagos State is significantly improved by bonding social capital ($\beta = 0.215$, $p < 0.05$). This bolsters the idea that solid interpersonal ties between family members, close friends, and reliable peers are essential for information transfer, resource sharing, and emotional support—all of which improve business performance. This result is consistent with Putnam's (2000) theory that social capital bonding is crucial for fostering solidarity and trust in small-scale business ventures. Additionally, it supports research by Olawale and Garwe (2010) and Sabatini (2009), which highlights the importance of bonding ties in lowering transaction costs and offering unofficial funding and moral support that are essential for microenterprise survival. Given Nigeria's low level of formal financial inclusion, bonding ties provide easily accessible and culturally embedded resources that female entrepreneurs can utilise without the formalities demanded by institutional lenders, according to the Social Capital Theory.

H₂: Bridging Social Capital and Profitability

Additionally, bridging social capital had a significant positive impact on profitability ($\beta = 0.251$, $p < 0.05$), indicating that connections with people and networks from various social groups improve access to new markets, clients, and creative ideas. According to Burt (2000) and Nahapiet and Ghoshal (1998), bridging ties act as channels for information exchange and opportunity recognition, particularly in vibrant urban settings like Lagos. This finding is consistent with their claims. The Resource-Based View (RBV), which holds that networks are strategic resources that offer competitive advantages, is theoretically supported by this. Bridging networks, like training programs, cooperative societies, and local business associations, give female entrepreneurs more access to outside resources, a wider range of viewpoints, and collaboration opportunities than they would otherwise have in close-knit groups. Such interactions are encouraged by Lagos's cosmopolitan atmosphere, which may lead to a wider consumer base and higher profitability.

H₃: Linking Social Capital and Profitability

Linking social capital, which reflects the connections between female entrepreneurs and institutions of power like governmental organizations, non-governmental organizations, and financial institutions, was the study's strongest predictor of profitability ($\beta = 0.422$, $p < 0.01$). According to this research, women entrepreneurs' business outcomes are significantly enhanced by institutional trust, policy access, and involvement in official support programs. The outcome is consistent with earlier studies by Woolcock (2001) and Adama and Ibrahim (2020), who point out that upward networks make it easier to get money, training, and legal recognition—all of which are essential for the legitimacy and growth of a business. The importance of linking capital also supports the applicability of empowerment theory, which emphasises how having access to institutional structures improves economic results and individual agency. Stronger links to formal institutions put Micro-Enterprises in Lagos, where a large number of them operate in the unorganised sector, in a better position to take advantage of business grants, government support, and regulatory guidance—all of which eventually boost profitability.

5.1 Conclusion and Recommendations

This study looked at how social capital, as determined by bonding, bridging, and linking dimensions, affected the financial success of microbusinesses run by women in Lagos State. According to the findings, profitability is considerably and favourably impacted by all three types of social capital, with linking social capital having the biggest effect. These results highlight the value of social networks across a range of groups and institutional levels, not only within intimate social circles. In particular, linking capital allows access to formal resources, legitimacy, and institutional support, bridging capital exposes entrepreneurs to wider markets and ideas, and bonding capital offers fundamental financial and emotional support. The results support the tenets of empowerment theory, resource-based view (RBV), and social capital theory, highlighting the potential of networks as strategic assets that enhance corporate performance when used properly. Therefore, building and utilising a variety of social connections is essential for the sustainability and expansion of businesses for female microentrepreneurs in Lagos.

It is recommended that NGOs and policymakers should provide peer-support training and capacity-building workshops to existing women's groups, cooperatives, and local associations. By promoting cooperation, trust, and mutual learning among close networks, this will increase the usefulness of bonding social capital. Additionally, women entrepreneurs should be encouraged to take part in business forums, trade shows, and community development projects that introduce them to new suppliers, clients, and creative business methods. Networking

platforms that encourage interaction outside of familiar social circles can be facilitated by government and development organizations. Furthermore, state-level women's development initiatives and government organizations like SMEDAN and BOI should design customised interventions that connect female entrepreneurs to official financial services, training, and policy data. This can include mentorship programs, digital platforms for business registration, and streamlined loan schemes.

It is also recommended that plans for the development of Micro-Enterprises should include gender-sensitive tactics. This includes tax breaks for female-owned companies that effectively use social capital, streamlined business registration procedures, and subsidised access to capital. Finally, future studies may explore the mediating or moderating effects of factors such as digital literacy, entrepreneurial training, and household responsibilities on the relationship between social capital and profitability, particularly in informal sectors

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