Challenges Facing Women-Owned Small and Medium Enterprises (SMES) in Lafia Metropolis, Nasarawa State: A Theoretical Perspective

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Abstract
Small and medium enterprises (SMEs) owned by women have become an increasingly visible feature of the economic landscape of Lafia metropolis, the administrative capital of Nasarawa State, Nigeria, yet their growth continues to be constrained by an interlocking set of financial, cultural, structural, and institutional obstacles. This paper is a theoretical review that draws together conceptual and empirical literature on women's entrepreneurship in Nigeria and situates it within the specific socio-economic realities of Lafia. Anchored on the Liberal Feminist Theory, the Resource-Based View, and Social Capital Theory, the paper argues that the difficulties women entrepreneurs face in Lafia are not simply a matter of individual capability but are produced by unequal access to productive resources, restrictive gender norms, weak institutional support, and thin social networks. The review identifies limited access to finance and credit, socio-cultural and patriarchal expectations, multiple taxation and weak regulatory support, poor infrastructure, work-family role conflict, restricted market access, low technical and managerial capacity, and insecurity as the dominant challenges reported in the literature and reflected in the Lafia context. The paper concludes that addressing these challenges requires coordinated action from government agencies, financial institutions, and community structures, and it proposes directions for future empirical research and policy intervention that could improve the survival and growth of women-owned SMEs in the metropolis.

Keywords: *women entrepreneurship, small and medium enterprises, gender, Lafia metropolis, Nasarawa State, Nigeria*

1.0 Introduction

Small and medium enterprises occupy a central place in discussions about economic diversification, job creation, and poverty reduction in Nigeria, and women's participation in this sector has attracted growing scholarly and policy attention over the past two decades. Across the country, women now own a substantial share of micro and small businesses, ranging from trading and food processing to tailoring, event services, and agro-allied ventures. In Nasarawa State, and particularly within Lafia metropolis, this pattern is visible in the markets, roadside shops, and home-based enterprises that line the town's commercial corridors. Yet ownership and visibility do not automatically translate into growth, sustainability, or profitability.

A recurring finding in the Nigerian entrepreneurship literature is that women-owned businesses tend to remain smaller, less capitalized, and more vulnerable to failure than those owned by men, largely because women operate within an environment that was not originally designed with their needs in mind (Halkias et al., 2011; Mordi et al., 2010). Lafia, as a fast-growing state capital with a largely informal commercial base, illustrates many of the structural difficulties that scholars have documented elsewhere in northern Nigeria, including restricted access to credit, socio-cultural expectations around women's roles, and a business environment that offers limited institutional cushioning for small operators (Development Research and Projects Centre [DRPC], 2022).

This paper takes a theoretical rather than empirical approach. Rather than reporting new survey data, it synthesizes existing conceptual and empirical work on women's entrepreneurship in Nigeria and reads that literature against the known socio-economic conditions of Lafia metropolis, in order to build a coherent framework for understanding why women-owned SMEs in the area struggle to grow. The paper is organised as follows: first, it clarifies the key concepts of SMEs and women entrepreneurship; second, it presents the theoretical framework guiding the discussion; third, it reviews the contextual and empirical literature on the subject; fourth, it discusses the specific challenges facing women-owned SMEs in Lafia; and finally, it draws conclusions and recommends directions for policy and future research.

2.0 Conceptual Clarification

2.1 Small and Medium Enterprises

There is no single, universally accepted definition of an SME, as classifications differ according to the metric used, whether that is the number of employees, asset value, or annual turnover. In the Nigerian context, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) classifies enterprises using a combination of employee size and asset value, with small enterprises generally described as employing between 10 and 49 persons and medium enterprises employing between 50 and 199 persons, excluding land and buildings (SMEDAN, 2023). SMEs are widely regarded as the engine room of the Nigerian economy: they are credited with generating a substantial proportion of employment and contributing meaningfully to gross domestic product, even though most of them operate informally and outside the reach of conventional financial and regulatory institutions (Iyiola & Azuh, 2014).

2.2 Women Entrepreneurship

Women entrepreneurship refers to the process by which women identify opportunities, mobilize resources, and establish and manage business ventures, often while simultaneously navigating domestic and caregiving responsibilities that are not equally distributed between men and women in most African societies. Jamali (2009) frames women's entrepreneurship as inherently relational, shaped less by individual ambition alone than by the surrounding network of family expectations, market structures, and institutional rules within which a woman operates. This relational framing is useful for understanding Lafia, where business decisions by women are frequently negotiated within household hierarchies rather than made in isolation.

2.3 Lafia Metropolis as a Study Context

Lafia is the capital of Nasarawa State and functions as the state's principal center of administrative, commercial, and educational activity. Its economy blends civil service employment with a large informal trading sector, agro-allied processing, and a growing cluster of small service businesses run predominantly from homes, markets, and rented shop spaces. Studies of small business

ownership within Nasarawa State suggest that a considerable proportion of entrepreneurial activity in Lafia is carried out by women, many of them engaged in petty trading, food vending, tailoring, and agro-related enterprises (Anshir et al., 2025). This concentration in low-capital, easily entered trades is itself instructive, since it reflects the resource constraints and risk-averse strategies that shape where women choose, or are able, to invest.

3.0 Theoretical Framework

This paper draws on three complementary theories to explain the challenges facing women-owned SMEs in Lafia metropolis: The Liberal Feminist Theory, the Resource-Based View, and Social Capital Theory. Each theory illuminates a different dimension of the problem, and together they provide a fuller picture than any single perspective could offer on its own.

3.1 Liberal Feminist Theory

Liberal Feminist Theory holds that the disadvantages women experience in economic life arise mainly from unequal access to resources, education, and opportunity structures, rather than from any inherent difference in ability between men and women (Calás & Smircich, 1996). Applied to entrepreneurship, the theory suggests that if women were granted the same access to capital, training, land, and market information as men, gender gaps in business performance would substantially narrow. This lens is helpful for interpreting the Lafia context because it directs attention away from explanations that blame women's own capacity and toward the structural barriers, such as discriminatory lending practices and unequal inheritance and land-ownership customs, that continue to restrict what women can mobilize to start and grow a business. Relatedly, the Role Congruity Theory of prejudice against female leaders (Eagly & Karau, 2002) helps explain why women in business, including in commercial hubs like Lafia, often encounter skepticism when they attempt to occupy roles, such as large-scale trading or contracting, that are culturally coded as masculine.

3.2 Resource-Based View

The Resource-Based View treats the firm as a bundle of tangible and intangible resources, arguing that a firm's competitive performance depends on its ability to acquire and deploy valuable, rare, and difficult-to-imitate resources, whether financial capital, skilled labour, technology, or reputation. When applied to women-owned SMEs, the theory draws attention to the fact that many women enter business with a narrower resource base than their male counterparts, not because they lack ambition, but because access to collateral-backed credit, formal education in business management, and inherited business assets is frequently skewed against them in patriarchal settings (Ighomereho et al., 2013, as cited in related Nigerian SME literature). For women-owned enterprises in Lafia, this helps explain the persistence of small scale and slow capital accumulation, since limited access to finance restricts firms from investing in the kind of resources that would otherwise support expansion.

3.3 Social Capital Theory

Social Capital Theory emphasises the value embedded in networks, relationships, and norms of trust and reciprocity that individuals can draw upon to advance their goals. In the entrepreneurship literature, family, community, and peer social capital have all been shown to influence how resilient small business owners are in the face of adversity. A recent study of small business owners across Nasarawa State, including Lafia, found that family and peer support significantly

strengthened entrepreneurial resilience, largely by increasing owners' perceived desirability of running a business, even under difficult conditions (Anshir et al., 2025). This suggests that where women entrepreneurs in Lafia have access to strong family backing or active market associations, they are better positioned to absorb shocks, whereas isolated or unsupported entrepreneurs are more vulnerable to business failure.

4.0 Review of Related Literature

A substantial body of literature has examined the constraints facing women entrepreneurs across Nigeria, and much of it converges on a similar set of findings even though the studies were conducted in different states and sectors. Mordi et al. (2010) found that cultural values around gender roles significantly shaped how much support, both financial and moral, women entrepreneurs received from their families, with women frequently expected to prioritise domestic responsibilities over business growth. In a study specifically framed around the barriers to women entrepreneurship in Nigeria, Halkias et al. (2011) identified limited access to capital, weak infrastructure, and restrictive social attitudes as recurring obstacles across regions of the country.

Access to finance features prominently across almost all of this literature. Hill et al. (2006) observed, in an argument that has since been echoed in the Nigerian context, that women-owned businesses often face what has been termed a demand-side problem as much as a supply-side one: women may be less likely to apply for formal credit in the first place, sometimes due to fear of rejection or discomfort with collateral requirements, which compounds whatever structural bias exists on the lender's side. The International Finance Corporation has similarly documented a persistent finance gap facing women-owned SMEs in developing countries, noting that women entrepreneurs frequently lack the collateral, credit history, and financial literacy that formal lenders require (International Finance Corporation [IFC], 2011). Reporting specific to northern Nigeria supports this picture: of the funding raised by women-led businesses nationally between 2017 and 2022, only a small fraction went to entrepreneurs operating in the northern region, reflecting both weaker investor interest and a thinner ecosystem of support services in that part of the country (Shokunbi, 2022). Beyond finance, socio-cultural constraints and the burden of multiple roles are widely reported. Jamali (2009) argues that women entrepreneurs in developing economies operate within a web of relationships, familial, religious, and communal, that can either enable or constrain business activity depending on how supportive those relationships are. Iyiola and Azuh (2014), studying women SME operators in Ota, Nigeria, found that women's enterprises tended to remain concentrated in low-capital sectors such as trading and services, a pattern that mirrors what is observable in Lafia's markets and that reflects both resource constraints and the practical need to combine business with household duties. Taken together, this literature suggests that the challenges facing women-owned SMEs in Nigeria are neither isolated nor peculiar to any one location; rather, they form a fairly consistent national pattern into which Lafia's own experience fits.

5.0 Challenges Facing Women-Owned SMEs in Lafia Metropolis

Reading the literature reviewed above against the known economic and social conditions of Lafia metropolis, several interlocking challenges emerge as most relevant to women entrepreneurs operating in the area.

5.1 Limited Access to Finance and Credit

Access to affordable capital remains the most frequently cited constraint on women-owned SMEs, and Lafia is unlikely to be an exception given its position within a wider northern Nigerian financial landscape that has consistently attracted less formal investment into women-led ventures than the southern part of the country (Shokunbi, 2022). Many women entrepreneurs in Lafia rely on personal savings, informal cooperative societies known locally as esusu or adashi, and small loans from family members rather than commercial bank credit, partly because they lack the collateral, typically landed property, that formal lenders require, and partly because customary land tenure practices in much of northern Nigeria continue to limit women's ability to own or inherit land in their own names (IFC, 2011).

5.2 Socio-Cultural and Patriarchal Constraints

Deeply rooted cultural expectations about a woman's primary role as wife and mother continue to shape how much latitude women in Lafia have to travel for business, negotiate independently with suppliers, or reinvest profit into expansion rather than household needs. Mordi et al. (2010) found this dynamic to be widespread across Nigeria, and it is compounded in many parts of the north, including Nasarawa State, by religious and customary norms that some households interpret as discouraging women from engaging too visibly in commerce outside the home. The result is that even capable and motivated women entrepreneurs in Lafia may be constrained less by ability than by what their immediate social environment considers appropriate.

5.3 Multiple Taxation and Weak Regulatory Support

Informal and semi-formal businesses in Lafia, like their counterparts elsewhere in Nigeria, are frequently subject to a confusing array of local government levies, market fees, and other charges that are difficult for small operators to predict or plan around. This multiplicity of informal and formal charges, combined with limited practical support from business development agencies, tends to fall hardest on the smallest and least capitalised enterprises, a category that disproportionately includes women-owned businesses (DRPC, 2022). Registration and compliance requirements, while intended to formalise the sector, can also inadvertently push resource-constrained women entrepreneurs deeper into informality if the process is perceived as costly or bureaucratic.

5.4 Poor Infrastructure

Inconsistent electricity supply, poor road networks linking Lafia to surrounding rural markets, and inadequate storage facilities raise the operating costs of running a small business in the metropolis. For women who process food items, sew garments, or operate cold-chain-dependent trades such as frozen food retailing, unreliable power supply in particular translates directly into spoilage, higher generator fuel costs, and reduced competitiveness relative to larger firms that can better absorb these costs. These infrastructural gaps are a general constraint on SMEs in the area, but they tend to weigh more heavily on women-owned businesses precisely because those businesses typically operate with thinner financial buffers (Iyiola & Azuh, 2014).

5.5 Work-Family Role Conflict

Because domestic and caregiving responsibilities in most Lafia households still fall disproportionately on women, female entrepreneurs frequently manage their businesses alongside childcare, cooking, and other household duties, leaving less time and energy for activities such as

market research, networking, or seeking out new suppliers and customers. This double burden has been documented broadly in the Nigerian literature (Jamali, 2009) and helps explain why many women-owned enterprises in Lafia remain small, home-based, or seasonal in character rather than expanding into full-time, larger-scale operations.

5.6 Limited Access to Markets and Business Networks

Expanding a business beyond the immediate neighborhood or local market requires access to wider trade networks, transport, and sometimes formal contracts with institutional buyers, all of which tend to be more accessible to established, often male-dominated, business associations. Where women in Lafia are excluded from or under-represented in these networks, they are less able to benefit from the pooled information, bulk purchasing arrangements, and referrals that stronger networks provide, reinforcing the pattern in which family and peer social capital, rather than broader market networks, becomes the main resource women can draw upon (Anshir et al., 2025).

5.7 Low Managerial, Technical, and Digital Skills

Many women entrepreneurs in Lafia enter business through apprenticeship or informal skill acquisition rather than formal business education, which can leave gaps in areas such as record-keeping, costing, and digital marketing. Limited exposure to information and communication technology further restricts women-owned SMEs from reaching customers beyond their immediate physical location, at a time when digital platforms increasingly determine which businesses can compete for a wider customer base (Aliyu, 2013).

5.8 Insecurity and Safety Concerns

Concerns about personal safety, particularly around late closing hours, travel to distant markets to source goods, or moving cash without formal banking channels, add a further layer of caution to how women in Lafia conduct business. Where security concerns are heightened, whether due to communal tension, armed robbery, or simply the practical risks of travelling alone, women entrepreneurs may deliberately limit the scale or geographic reach of their operations as a risk-management strategy, even where such a decision constrains growth.

6.0 Theoretical Implications and Discussion

Viewed together through the three theoretical lenses adopted in this paper, the challenges facing women-owned SMEs in Lafia metropolis appear less as a collection of unrelated problems and more as a mutually reinforcing system. The Liberal Feminist Theory helps explain why access to finance, land, and credit remains structurally skewed against women, since these gaps are rooted in unequal opportunity structures rather than any deficit in women's entrepreneurial capability. The Resource-Based View clarifies why this unequal access to capital and skills translates into smaller, less competitive firms, since a business that cannot accumulate valuable and difficult-to-replace resources is poorly positioned to grow, regardless of the owner's effort. Social Capital Theory, in turn, shows that where family and community networks are strong and supportive, as documented among small business owners across Nasarawa State (Anshir et al., 2025), women entrepreneurs can partially offset some of these structural disadvantages through resilience built on relationships of trust and mutual support. This integrated reading suggests that policy interventions aimed only at one dimension, for example, microcredit schemes that ignore cultural constraints on women's mobility, or skills training programmes that do not address collateral requirements, are unlikely to produce lasting improvement on their own. A more effective

approach would combine financial inclusion measures with deliberate efforts to strengthen women's business networks and to shift some of the cultural expectations that currently limit how visibly and independently women can operate in Lafia's commercial spaces.

7.0 Conclusion and Recommendations

This paper has argued, on the basis of a theoretical synthesis of existing literature, that women-owned SMEs in Lafia metropolis face a cluster of interconnected challenges: limited access to finance and credit, restrictive socio-cultural norms, multiple taxation and weak regulatory support, poor infrastructure, work-family role conflict, limited market access, low managerial and digital skills, and safety concerns. These challenges are consistent with patterns documented across Nigeria more broadly, suggesting that Lafia's experience, while shaped by its own local conditions, is part of a wider national pattern rather than an isolated case.

Based on this synthesis, the paper recommends that:

1. first, financial institutions and government agencies such as SMEDAN should design credit products that do not rely solely on landed collateral, given the customary barriers many women in the area face in owning land;
2. local government authorities should review and simplify the levy structures imposed on small businesses to reduce the disproportionate burden on informal, women-run enterprises.
3. deliberate efforts should be made to strengthen women's business associations and cooperative networks in Lafia's markets, given the demonstrated value of social capital in building entrepreneurial resilience.
4. targeted training in basic business management, record-keeping, and digital marketing should be made more widely available to women entrepreneurs in the metropolis. Because this paper is theoretical in scope, it also recommends that future researchers conduct primary empirical studies, whether survey-based or qualitative, directly among women SME owners in Lafia, in order to test and refine the propositions advanced here against lived experience on the ground.

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