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Abstract: The importance of small and medium enterprise (SMEs) in an economy cannot be overemphasized. There has been a lot of debate among the academic and the policy makers on the factors that influence the performance in terms of profitability of SMEs. This paper focuses on these factors within the period 1995-2010 in Lagos state, Nigeria. Model was formulated using ordinary least square regression analysis on time – series data. The paper showed that turnover and total assets have significant and positive influence on SMEs. These results have important implications for SMEs development in an economy by shedding light on the quantitative factors that can influence the capacity of manufacturing SMEs, in improving the economy and thereby contributing to poverty alleviation through the employment generation and wealth creation.