
FEASIBILITY STUDIES AND ENTREPRENEURIAL SUCCESS OF SMALL AND MEDIUM SCALE BUSINESSES IN ASABA

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ABSTRACT

This study assesses the relationship between feasibility study and entrepreneurial success. A descriptive research design was adopted. Data were obtained from questionnaire and tested using t-test statistical tool with aid of SPSS statistical package version 20.0. From the analysis, the study found that small and medium scale businesses ensure adequate financing, consider competitors and embarked on market evaluation or determination prior to commencement. Based on the findings, entrepreneurs should endeavour to carry out proper feasibility studies before embarking on any business venture of their intent as this helps them to ascertain if the business is viable or not.

Keyword: Feasibility studies, entrepreneurial success, business viability, market analysis, profitability, small and medium scale business

INTRODUCTION

Many academics have argued that entrepreneurship is essential to the modern market economy to stay dynamic and that the birth of new businesses foster competitiveness and economic growth (van Praag & Versloot, 2007). Similarly, it is argued that entrepreneurs are the main drivers of economic development since they generate rapid rates of economic growth through the development of new jobs, innovation, increased competition, and productivity (Acs 2004).

Shane and Venkataraman defined (2000) entrepreneurship as the process of identifying, developing and profitably exploiting markets for goods and services. It is advised that entrepreneurs educate themselves as much as possible about the firm and the product they want to provide; and conducting comprehensive feasibility studies is the only way to do this (Mohammed, 2014).

Every technical research project involve planning to reduce the amount of risk in a business or operation by providing information about the circumstances and facts that influence the likelihood of a recommended course of action succeeding or failing. Planning is figuring out in advance what has to be done and when. It is something that is done to get a business ready for the future and make sure that choices about how to use resources to achieve goals are made judiciously.

A feasibility study is a tool for examining a project's possible outcomes. Even though some businesses face unfair competition, lack of technological know-how, poor policy implementation and inadequate market research slow down industry development. Nonetheless, it is worrisome that in spite of government support for entrepreneurship development and accessibility of technology, businesses in remote areas have not performed creditably. Thus, the goal of this study is to investigate the relevance of feasibility studies to success of small and medium-sized enterprises. An aspiring entrepreneur's first duty for the survival and prosperity of any business is to conduct a thorough feasibility analysis. The main factor influencing firms' growth or stagnation and decline is feasibility study.

LITERATURE REVIEW**The Feasibility Study Concept**

Feasibility analysis involves assessing the surrounding conditions of a business, in order to identify potential dangers and opportunities, as well as the likelihood of success of the planned enterprise, in order to persuade potential investors or financiers (Ndebbio, 2007). The purpose of a feasibility study is to give a general overview of the main problems associated with a business proposal. Finding any "make or break" problems that might keep a company from succeeding in the marketplace is the goal (Echetama et al., 2016). Stated differently, feasibility study, also referred to as workability or viability study establishes the viability of a proposed business idea.

O'Brien and Marakas (2011) states that a feasibility study assesses a project's likelihood of success. Hence, the perceived neutrality of the individuals conducting a feasibility study play significant roles in determining its credibility. Thus, it is done in an impartially and objectively in order to produce information that can be used to make judgments. According to Georgakellos and Marcis (2009), a well-designed feasibility study should include financial/accounting information, legal and tax obligations, accounting statements, a description of the product, history of the business or project, operational and managerial details, marketing research and policies.

According to Adidu and Olaniyi (2006), a thorough feasibility study assesses a proposed business's viability and associated risks. It also gives entrepreneurs the option to accept or reject business proposals before they are launched, determines whether there is a market for them, and looks further into the marketing requirements of business ventures. It can also guide the implementation of business plans, identify potential sources of funding, and identify other resources needed for the proposed venture. Holz-Clause and Hofstrand (2009) adds that a feasibility study helps to draw equity investment by providing documentation that the business idea was thoroughly investigated, focuses on the proposed business and outlines alternatives, finds new opportunities through the investigation process, and identifies reasons not to move forward with the proposed business.

An essential phase in the process of evaluating a business is the feasibility study. A feasibility study examines an idea's viability and aims to provide a response to the crucial question, "Should we proceed with the proposed project idea?" (Hofstrand & Holz-Clause, 2008). It is a preliminary investigation that is carried out to ascertain and record a project's potential (Cashman & Rosenblatt, 2006). A fundamental characteristic of a feasibility study is that it offer in-depth examination of a business opportunity, along with potential roadblock analysis that might impede success.

The viability assessment's conclusion will suggest whether or not to move on with the suggested project. The entrepreneur can move on to create a business only if the feasibility study produces favorable results (Mohammed, 2014). An entrepreneur may determine whether or not they are meeting their goals with the use of a feasibility study, and if not, changes need to be done (Nigeriabusinessinfo.com, Feb, 2004). It is rare to find a straightforward stimulus response behavior in the act of starting a business; however, intentionality is crucial to entrepreneurship (Katz & Armhein, 1998).

Potential investors, bankers, suppliers, and others rely on feasibility studies to make sure that a business idea is solid technically, financially, socially, economically, legally, and commercially before making an investment. A comprehensive and feasible study yields a wealth of data that is also required for business strategy. Assessing the viability of a business idea requires a thorough market analysis. The foundation for the business plan's market section is provided by this data (Hoagland & Williams, 2000). Lastly, a feasibility study's suggestions must to be well-supported by data. The study's capacity to show the consistency between the research analysis and the suggested business model may be used to gauge how strong the suggestions are (Mohammed, 2013).

Ifechukwu (2006) states that environmental analysis skill is a prerequisite to conducting feasibility studies. Inegbenebor (2006) and Ifechukwu (2006) view an environmental analysis skill as the

capacity to look at the environment from a variety of angles, including geography, social aspects, government assistance, and regulations. Examining the target market (consumers), the product's fit for the target market, the competitive landscape (weaknesses and strengths), the price structure, product delivery and extension services, and other factors are all examples of market analysis skills. Although there are additional areas, a well-prepared feasibility study addresses all of the above criteria (Echetama et al., 2016).

A Business Feasibility Study

A controlled method for finding opportunities and issues, setting goals, outlining circumstances, defining successful outcomes, and weighing pros and cons of various options for problem-solving is known as business feasibility study. Business feasibility study is used to help decision-making based on a cost-benefit analysis of the business (Gofton & Ness, 1997). Before making an investment, prospective investors, business owners, bankers, suppliers, and others use feasibility studies to make sure a business idea is sound technically, financially, socially, economically, legally, and profitably.

Only one in fifty business ideas are thought to be truly profitable. Consequently, a feasibility study is a useful tool for preventing waste of resources (Hoagland & Williams, 2000). An entrepreneur can move on with a business idea only if the feasibility study indicate that the idea is feasible. A comprehensive feasibility study yields a wealth of data that is also required for business strategy. For instance, assessing the viability of a business idea requires a thorough market analysis (Mohammed, 2013; Hoagland & Williams, 2000).

A comprehensive feasibility study contain five key domains: Technical feasibility, economic feasibility, legal feasibility, operational feasibility and scheduling feasibility. These are sometimes encapsulated by the abbreviation TELOS.

Technical feasibility: Evaluating the organization's technological capabilities is the goal of technical feasibility. Is the suggested technology or solution workable? Do we have the technologies needed right now? Is the necessary technology "in house"? Is the technology capable of handling the solution, if it is available? Can the technology be obtained if it is not already available? Is it feasible for the technicians to maintain them locally during a breakdown? What about the project's necessary infrastructure? The project is technically possible if the answers to these questions are yes (Thompson, 2003).

In addition, Wickham (2004) asserts that hardware and software network capabilities are essential components of technological feasibility. O'Brien and Marakas (2011) state that this technological evaluation, which establishes if the business possesses the technical know-how to finish the project, is predicated on an outline design of the system requirements.

Operational viability: According to Bentley and Whitten (2007), operational feasibility is a measure of how effectively, a proposed system meet requirements defined in the requirements analysis phase of system development, solves difficulties, and takes advantage of opportunities discovered during scope definition. Benjamin and Wolt (2010) suggests that, throughout design and development, the intended operational results must be communicated in order to guarantee success.

Reliability, maintainability, supportability, usefulness, disposability, sustainability, affordability, and other design-dependent factors are among them. When a system's operational and technical qualities are built into the design, it may function as planned. As such, an essential component of systems engineering that must be included from the outset of design is operational feasibility. According to O'Brien, an organizational feasibility analysis should include an assessment of the proposed system's ability to serve the organization's business aims (Mohammed, 2014).

Schedule viability: If a project takes too long to finish before it becomes valuable, it will fail. This usually entails projecting the length of time it will take to construct the system and determining if it can be finished in a certain amount of time using techniques like payback period. The reasonableness

of the venture timeline is gauged by the schedule feasibility. Are the enterprises' timelines realistic considering our level of technological expertise? Certain projects have deadlines when they are first started. It is important to ascertain if the deadlines are required or optional.

Viability of resources: This includes what questions to ask about the type and quantity of resources needed, dependencies, developmental methods with corporate income prospects, how much time is available to construct the new system, when it can be built, and whether it interferes with regular business operations.

Entrepreneurial Success of Small and Medium-Scale Businesses

The ultimate objective of entrepreneurs is to succeed as business owners. And they view having an entrepreneurial passion as a crucial component of that journey. Small and medium-sized businesses are defined differently in different nations, by different groups and industries, and by different financing institutions. Based on the intended contribution of small and medium-sized businesses to the national economy and aid programs aimed at achieving that objective, each nation typically develops its own definition.

Differential organizational structures at varying stages of economic growth within a nation may give rise to differing definitions (Syle 2006). For instance, in developing nations like Nigeria and others, a company that would be considered micro in an economically advanced level of capital intensity and advanced technology could be labeled as medium or even large. Regarding the definition of small and medium-sized enterprises, researchers and practitioners have not generally come to a consensus. This is due to the subjective and quantitative assessment that goes into classifying businesses as small, medium, and large (Egbe 2006) However, most definitions incorporate a wide range of factors, including number of workers, value of the assets, volume of sales, soundness of financial position, and number of branches and relative sizes.

Anyanwu (2007) proposed that the number of employees should not be used as a guide because most large-scale projects can be handled by a decent number of people, especially when computers or significant investments in productive machinery are involved. In a similar vein, Onuoha (2008), the industrial research unit of Obafemi Awolowo University, classified small and medium-sized enterprises as those with total asset values of less than N250,000 and N500,000, respectively, for working capital, equipment, and plant having less than fifty full-time employees. He went on to say that basic management, funding, and manufacturing methods are what define small-scale businesses in Nigeria.

Theoretical Review

Business Concept Theory which holds that a number of factors are considered before launching a new business (Laamanen, 2016) serve as the foundation for this investigation. Laamanen (2016) aver that the most important factor to take into account is "thinking business wise," which explains that in order to have a better and complete understanding of business opening, the prospective entrepreneur must critically review related documents or subject matters. In order to help prospective business owners with multiple business ideas understand how to go about implementing their ideas, even in the face of environmental challenges in today's business space, business concepts theory advocates a methodical approach to new venture creation.

The creation of business ideas, feasibility studies, often referred to as test-passed feasibility analysis, formulation of business plans, and implementation of potential enterprises are the steps that are most frequently linked with the theory of business concepts. A thorough feasibility study including all the components or parts of feasibility analysis, such as product, target market attractiveness, organization, and financing, should come after the creation of a new company concept. If the feasibility study is positive, the entrepreneur may move on with creating a comprehensive business plan, which could aid in turning a profitable company concept into a workable venture (Scarborough, 2013). The strategy should outline the process for obtaining funding and provide lenders and investors with a

comprehensive understanding of all matters pertaining to the five Cs of credit: capital, capacity, collateral, character, and conditions (Scarborough, 2013).

Feasibility Studies and Entrepreneurial Success

Impact of feasibility studies on growth of SMEs in Imo State was examined by Echetama et al. (2016). The study obtained primary data from 9 SMEs in Owerri, using questionnaire. According to the study's results, feasibility studies has strong impact on growth of SMEs. Relatedly, Mohammed (2014) investigated the role of feasibility studies in promoting expansion of business organizations in Nigeria. The study demonstrated that a carefully conducted feasibility study give business owner more confidence to face obstacles that may emerge in the course of the enterprise and helps them comprehend the venture's schematics.

In Adegbite et al. (2006), the effect of entrepreneurial traits on productivity of Nigeria's small-scale manufacturing sector was assessed. The goal was to pinpoint the traits of an entrepreneur and the variables that affect how well they translate into the best possible outcomes. Primary data was gathered from 100 randomly selected firms that were involved in small-scale manufacturing of food and beverage products, textiles and apparel, wood and wood products, chemicals and pharmaceuticals, and fabricated metal products. Structured questionnaire was used to collect data. The findings demonstrated that insufficient sales income and human resource factors significantly hampered the entrepreneurs' ability to perform and expand.

METHODOLOGY

The adopted a descriptive research design, and used questionnaire to collect primary data from small and medium scale business owners in Asaba. The population of the study consists 156 of small and medium scale businesses in Asaba. The sampling procedure in this study was predicted on the assumption of randomness, normality and representativeness. A total of One hundred and fifty six (156) questionnaires were distributed to respondents while only 108 were returned.

DATA PRESENTATION AND ANALYSIS

Table 1: descriptive statistics of items on feasibility studies and entrepreneurial success

S/N	Question items	SA	A	U	D	SD
1	Feasibility studies affects entrepreneurial success	48	45	5	10	0
2	Plan for capital before setting up the business	50	43	5	8	4
3	The issue of funding has been the major thing why planning for establishment of business enterprise.	40	43	3	17	5
4	Adequate source of capital is a means of business survival.	39	49	5	13	2
5	Entrepreneurs thinks of other businesses with similar products before setting up another business	57	40	4	7	0
6	The feasibility study on the existing competitors prior to commencement gives room for profit	35	52	5	19	0
7	Small and Medium scale Businesses consider the existing competitors in other to ensure a successful business	45	39	4	16	4
8	Feasibility study on existing competitors prior to set up helps location of the business for a successful venture	46	51	0	10	19
9	My business maximizes profit due to feasibility studies embarked on nearness of market prior to commencing operations	41	58	0	9	2
10	Feasibility study involves cost	49	54	31	1	1
11	My business plan for the location of the business before set up	38	50	2	6	2
12	My business plan for location of business for high demand from consumers.	35	63	0	7	3

Field Survey 2023

Table 2: effect of feasibility study on entrepreneurial success

One-Sample Test						
Questions	Test Value =0					
	T	Df	Sig (Two tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
1	2.097	4	.104	21.60000	-6.9933	50.1933
2	2.182	4	.095	22.00000	-5.9995	49.9995
3	2.546	4	.064	21.60000	-1.9524	45.1524
4	2.285	4	.84	21.60000	-1.9524	47.8459

From Table 2 above, the 4 questions give a positive result. The calculated t-value is 9.110 while the table t-value is 1.812. This means that calculated t-value is greater than the table t-value ($9.110 > 1.812$). We therefore reject the null hypothesis that feasibility studies do not have significant effect on entrepreneurial success of small and medium scale businesses.

Table 3: Relationship between feasibility study and entrepreneurial success

One-Sample Test						
Questions	Test Value =0					
	T	Df	Sig (Two tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
5	1.8901.901	4	.130	21.60000	-9.9417	-53.1417
6	2.308	4	.082	22.20000	-12.3772	55.5772
7	1.931	4	.126	17.80000	-7.7885	43.3885
8	1.904	4	.130	21.40000	-9.8100	52.6100

From Table 3 above, the 4 questions give a positive result. The calculated t-value is 8.044 while the table t-value is 1.812. This means that calculated t-value is greater than the table t-value ($8.044 > 1.812$). We therefore reject null hypothesis which states that there is no relationship between feasibility study and entrepreneurial success of small and medium scale business.

Based on the result above, the study revealed that there is a relationship between feasibility studies and entrepreneurial success of small and medium scale businesses. The study also found that to ensure effective operations and adequate profit, feasibility studies is necessary as it enhances overall success of small and medium scale businesses. Therefore, entrepreneurs must ensure adequate financing, consider existing competitors and embark on market determination prior to commencement. These variables are all feasibility studies. This result is in line with Mohammed (2014) whose work concluded that feasibility study impact significantly on growth of a business and reduces the level of exposure to risk and ensures success.

Also, Zahra (2011) indicates differences in some causes of business failure influenced by gender and business sector. In other hand, Anietie (2012) found that entrepreneurs are faced with great difficulties in their entrepreneurial pursuit. Based on the study, these difficulties are occasioned by poor state of infrastructure, difficulty in accessing finance, sociocultural factors such as superstitious believes and ignorance

CONCLUSION

A concise and critical look at this work indicates that a lot of practical issues have been raised and clearly discussed with a view to finding answers. The topic for this research is feasibility studies as a tool for entrepreneur success. From the questions asked and the responses gotten, it was observed that a feasibility study enhances entrepreneurial success, feasibility studies reveal business environment like the political, economic, technological, public opinion and involves cost, and that factors like poor managerial skills, and poor planning, time, cost etc militate against feasibility studies.

The role of feasibility studies in the success of a business cannot be overemphasized and therefore ought to be carried in a very careful way so that the implementation will yield positive result and lead to the success of the entrepreneur. Equally, the researchers have been able to determine the ways through which a feasibility study should be carried out so as to yield the desired results. Furthermore, it is appreciated that adequate time and finance should be made available so as to avoid any rush and financial obstacles in the process of the study. Finally, entrepreneurs should be enhanced in their management skills for them to be able to carry out this study successfully.

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