Critical Feasibility Study Skills Required for Effective Entrepreneurial Development: Implications for Business Education Programmes

Onyesom, Moses
Department of Office Technology & Management
Delta State Polytechnic
Ogwashi-Uku
Nigeria

Okolocha, Comfort Chimezie PhD
Department of Vocational Education
Nnamdi Azikiwe University
Awka, Nigeria

Abstract

The study focused on critical feasibility study skills required for effective entrepreneurship development with implications on business education programmes. The study adopted the survey design method and was guided by three research questions and three null hypotheses. The population comprised 278 entrepreneurs registered with the Delta State Chamber of Commerce, Industry, Mines and Agriculture in Nigeria. The instrument for data collection was a structured questionnaire with four response options. Mean and standard deviation were used to analyze the data relating to the research questions while t-test statistic was used to test the hypotheses. Results showed that environmental feasibility study sub-skills, market feasibility study sub-skills and technical feasibility study sub-skills are highly required for effective entrepreneurial development. Consequently, the study raised issues of implication for business education programmes and recommended among other things that students under training should be guided to conduct a feasibility study of a choice business for hands-on experience and adequate exposure

Keywords: Business, Business education, Entrepreneurship, Feasibility study, Nigeria, Skills

1.1 Introduction

In the past two decades, there has been a global emphasis on the need for deregulation of the economy, privatization and commercialization by nations, especially the developing ones. Thus, this emphasis has brought a great and urgent drive of shift from the dependency on public sector financing to a private driven economy and initiatives. There is no doubt that this is one of the ways through which industrialization can be achieved by the developing countries. However, this will pose challenges to entrepreneurs, businessmen, industrialists, and other economic operators not only to explore new ventures to enter, but also strive hard to remain in such ventures or businesses.

Similarly, another challenge in our present economy as noted by Onyesom and Uwaifo (2013) is the high rate of graduates' unemployment and frequent collapse of existing private businesses especially among young entrepreneurs. This could be an indication that our business schools and programmes lack the ability to produce entrepreneurs that can create jobs, sustain their businesses and energize the low productivity of the private sector. This position was further corroborated by Odu (2010) when he observed that while millions of people from among the educated are unemployed, millions of jobs are awaiting to be done because people with the right education and training cannot be found. These challenges according to Akarahu (2011) were as a result of inability of training institutions to imbibe in the entrepreneurs the total skills needed for successful entrepreneurship. These skills include feasibility study skills. To ensure the right decisions to a business, its take-off and management require a good feasibility study of the business. The Financial Standards (2005) puts it this way: the primary value of your business plan will be to create a written outline that evaluates all aspects of the economic viability of your business venture including a description and analysis of your business prospects.

As the name implies, a feasibility study is an analysis of the viability of a business idea. Onyegbu (2007) sees feasibility study as a study that helps in taking business management decision on whether to accept, modify or reject a business project based on the analysis of the projects' merits and demerits. Feasibility study is a comprehensive pre-investment examination of all factors and issues surrounding a contemplated investment plan to determine its practicability and profitability. It establishes the chances of success of an investment opportunity. Thus, Hofstrand and Holz-Clause (2009) noted that the feasibility study focuses on helping answer the essential question of "Should we proceed with the proposed business project?" All activities of the study are directed toward helping answer this question. Feasibility study has become a very valuable tool for the entrepreneurs, project sponsors, potential investors, industrialists, bankers, suppliers and others to ensuring that the business concept is technically, financially, socially, economically, legally and profitably sound before investing in it.

The importance of a feasibility study is so enormous that it is to an entrepreneur what a compass is to a traveler. Adidu and Olaniyi (2006) opined that a good feasibility study helps to determine the viability of a proposed business and the risks associated with it, enables the entrepreneur to reject or accept a business before starting it, reveals if there is market for the proposed business and examines more on marketing requirements of the business ventures, guides the implementation of the business plan, helps in determining the sources of financing the business, reveals the machines, facilities and equipment needed for the proposed business, helps determining the number and nature of staff required for the work of the business and helps in identifying those factors that will create unusual high risks and probability of failure or loss.

Similarly, Hofstrand and Holz-Clause (2009) added that feasibility study gives focus to the proposed business and outline alternatives, identify new opportunities through the investigation process, identifies reasons not to proceed with the proposed business, provides documentation that the business idea was thoroughly investigated and helps attract equity investment. The feasibility study is a critical step in the business assessment process. If properly conducted, it may be the best investment ever made.

To conduct a meaningful feasibility study requires certain skills and competencies. These skills cover the different aspects of the study. Thus, Ifechukwu (2006) identified the following as the types of skills required for conducting a good feasibility study: environmental analytical skills, market analysis skill, technical analysis skills, economic analysis skills and financial analysis skills. Environmental analysis skill according to Inegbenebor (2006) is the ability to examine the business environment in terms of the legal requirements, location, social factors, government support and regulation among others. Market analysis skill is the ability to examine the target market (customers), suitability of the product for the target market, existing competitors (their strengths and weaknesses), pricing system, product delivery and extension services among others. Technical analysis skill is the ability needed to assess issues like product design and production process, machines and equipment to be selected, sources of raw materials, number of technical staff needed among others. Financial analysis skill is the ability to examine the inflow and outflow of cash, cost implication, capital requirements, sources of capital, return on investment among others. A well prepared feasibility study covers at least all the aspects of mentioned above although there are other areas.

The art of conducting a good feasibility study should be highly-emphasized in entrepreneurship trainings, business education programmes and business schools. This is because without proper development of business ideas, skills and attitudes in the recipients of any entrepreneurship and/or business education, the whole process is nothing but a mismatch (Onyesom & Jegbefume, 2012). The tenet of entrepreneurship education as enunciated by Okolocha and Ile (2011) is that, it is designed to prepare young people to acquire appropriate business skills, ideas and knowledge that will help them to have a fulfilled life, increase their economic status and contribute to the development of the society. So, feasibility study skill is a fundamental aspect of these business skills, which to a large extent determine the success of a new venture. Hence, this study is focused on identifying those critical feasibility study skills required for effective entrepreneurial development and its implications for business education programmes.

1.2 Statementof theProblem

The increasing rate of graduates unemployment and frequent collapse of business especially among young entrepreneurs has become a source of worry to the graduates, parents, entrepreneurs, governments and the society at large. Ubogu (2010) lamented that graduates of business schools were poorly equipped to handle the nature of problems encountered in starting new business and managing them to fruition.

These worries pose a great challenge to business education programmes that train and prepare people on development of business and entrepreneurship skills and ideas. Sometimes, people get so excited about their idea for a new product or service that they almost become obsessed with the idea of starting their own business without really verifying if there is market for their new product or service and some likely risks or threats they may encounter; considering the fact that the marketplace where the entrepreneurial operate does not have much tolerance for miscalculations, lack of commitment or incompetence.

An in-depth training on feasibility study sub-skills can salvage this problem by ensuring that trainees and graduates of business education programmes acquire the necessary feasibility study skills for entrepreneurship development.

1.2 Purpose of the Study

This study specifically sought to:

1. Determine the extent environmental feasibility study sub-skills are required for effective entrepreneurial development.
2. Determine the extent market feasibility study sub-skills are required for effective entrepreneurial development.
3. Determine the extent technical feasibility study sub-skills are required for effective entrepreneurial development.

1.3 Research Questions

The following research questions guided the study:

1. To what extent are the environmental feasibility study sub-skills required for effective entrepreneurial development?
2. To what extent are the market feasibility study sub-skills required for effective entrepreneurial development?
3. To what extent are the technical feasibility study sub-skills required for effective entrepreneurial development?

1.4 Hypotheses

The following null hypotheses were tested at 0.05 level of significance.

1. There is no significant difference between the mean responses of production and service entrepreneurs on the extent to which environmental feasibility study sub-skills are required for effective entrepreneurial development.
2. There is no significant difference between the mean responses of experienced and less experienced entrepreneurs on the extent to which market feasibility study sub-skills are required for effective entrepreneurial development.
3. There is no significant difference between the mean responses of male and female entrepreneurs on the technical feasibility study sub-skills required for effective entrepreneurial development.

3.1 Method

The survey design was used for the study since it is concerned with exploring people's opinions on the subject matter by the use of a questionnaire (Ezenwafor, 2010). The study was conducted in Delta State of Nigeria with a population of 278 entrepreneurs that are registered as members of Delta State Chamber of Commerce, Industries, Mines and Agriculture (DCCIMA). However, a sample of 120 entrepreneurs drawn randomly from the population was used for the study.

The instrument for data collection was a structured questionnaire which has two parts. Part one contained information of respondents personal data while part two is divided into three sections according to the research questions with four point rating scale of Very Highly Required (VHR)=4points; Highly Required (HR)=3 points; Fairly Required (FR)=2 points and Not Required (NR)=1 point. Three experts validated the questionnaire items. Using a test-retest method, Pearson Product Moment Correlation Coefficient was applied to determine the internal consistency of the questionnaire items and a reliability coefficient of 0.79 was obtained. The questionnaire was administered to the sampled respondents by the researchers. Out of 120 administered questionnaires, 115 (96%) were retrieved and used for the analysis. Data collected in respect of research questions were analyzed using mean and standard deviation to answer them while t-test statistic was used to test the null hypotheses at 0.05 level of significance. Decision was based on the condition that any questionnaire items with a mean score of 2.5 and above will be regarded as highly required skills while those with less than 2.5 will be seen as not required.

Similarly, null hypotheses are accepted if the calculated t-value is less than the table t-value and rejected if otherwise.

3.1 Results

The results of the study are represented in the following tables according to the research questions.

Table 1: Mean and Standard Deviation of Respondents' Opinions on Environmental Feasibility Study Sub-Skills

S/N	Environmental Feasibility Study Sub-Skills	X	SD	Remarks
1.	Ability to understand the appropriate process for the business registration	3.01	0.89	Highly Required
2.	Ability to understand government regulation affecting the operation of the business	2.95	0.81	Highly Required
3.	Understanding legal issues surrounding the business	3.25	0.52	Highly Required
4.	Understanding the economic environment of the business	3.34	0.75	Highly Required
5.	Ability for appropriate site location of the business	3.57	0.64	Highly Required
6.	Ability to identify the basic steps in starting a business	2.73	0.92	Highly Required
7.	Understanding sources of business risks in the environment	3.41	0.56	Highly Required
8.	Ability to understand and effectively evaluate the business risks	3.41	0.67	Highly Required
9.	Ability to maintain good working environment	2.86	0.98	Highly Required
10.	Ability to maintain professional ethics	3.06	0.88	Highly Required
11.	Ability to maintain good public image	3.24	0.66	Highly Required
12.	Ability to identify government supports and incentives for the business	3.81	0.74	Highly Required

The result in Table 1 shows that all the items had Mean scores of above 2.5, which means that all the environmental feasibility study sub-skills listed are highly required for effective entrepreneurial development.

Table 2: Mean and Standard Deviation of Respondents' Opinions on Market Feasibility Study Sub-Skills

S/N	Market Feasibility Study Su-Skills	X	SD	Remarks
1.	Ability to analyze consumers' needs	3.81	1.10	Highly Required
2.	Ability to analyze the demand and supply situation	3.02	0.74	Highly Required
3.	Ability to analyze competition	3.93	0.81	Highly Required
4.	Ability to determine what extent a product will sell	3.62	0.94	Highly Required
5.	Ability to analyze current market demand	3.23	0.86	Highly Required
6.	Ability to anticipate future market potentials	3.72	0.73	Highly Required
7.	Ability to make sales projection	3.31	0.87	Highly Required
8.	Ability to analyze sales revenue	2.82	0.95	Highly Required
9.	Ability to determine marketing strategies	3.25	0.81	Highly Required
10.	Ability to analyze how to capture and retain customers	3.21	1.24	Highly Required
11.	Understanding of pricing system	3.33	0.57	Highly Required
12.	Understanding of product design and packaging	3.52	0.64	Highly Required
13.	Ability to analyze customers characteristics and behaviours	3.61	0.78	Highly Required
14.	Ability to analyze competitors' strengths and weaknesses	3.80	0.57	Highly Required
15.	Ability to determine appropriate means for advertising and production	3.16	0.89	Highly Required

The result in Table 2 shows that all the items had Mean scores of above 2.5, meaning that all the market feasibility study sub-skills listed are highly required for effective entrepreneurial development.

Table 3: Mean and Standard Deviation of Respondents' Opinions on Technical Feasibility Study Sub-Skills

S/N	Technical Feasibility Study Sub-Skills	X	SD	Remarks
1.	Ability to set achievable business goals	3.65	0.94	Highly Required
2.	Ability to analyze the physical plant layout	3.15	1.18	Highly Required
3.	Ability to determine the appropriate technology to be adopted	2.72	0.64	Highly Required
4.	Ability to determine the appropriate machines and equipment to use	3.20	0.97	Highly Required
5.	Ability to describe the product line	2.84	0.97	Highly Required
6.	Ability to analyze the production process	2.91	1.62	Highly Required
7.	Ability to determine sources of raw materials	3.35	0.58	Highly Required
8.	Ability to determine the type and number of technical staff to use	3.01	0.94	Highly Required
9.	Ability to determine the social facilities needed	2.84	0.66	Highly Required
10.	Ability to project production output	2.65	0.73	Highly Required
11.	Ability to analyse production cost	2.87	0.89	Highly Required
12.	Ability to determine sources, maintenance and repair of machines and equipments	3.12	0.95	Highly Required

The result in Table 3 reveals that all the items had Mean scores of above 2.5, which implies that the listed technical feasibility study sub-skills are highly required for effective entrepreneurial development.

3.2 Testing of Hypotheses

The null hypotheses were tested at 0.05 level of significance using t-test statistic and the results are presented in the following tables according to the hypotheses

Table 4: t-test Summary Analysis of Hypothesis One

Type of Business	No	X	SD	df	t-cal	t-tab	Decision
Production	35	3.01	0.83	113	0.038	1.960	Accepted
Service	80	3.06	0.72				

The result in Table 4 shows that the calculated t-value of 0.038 is less than the table t-value of 1.960. Therefore, the null hypothesis was accepted, meaning that the responses of production and service entrepreneurs did not differ significantly concerning the extent environmental feasibility study sub-skills are required for effective entrepreneurial development.

Table 5: t-test Summary Analysis of Hypothesis two

Experience	No	X	SD	df	t-cal	t-tab	Decision
Less Experienced	40	3.05	0.80	113	0.019	1.960	Accepted
Experienced	75	3.16	0.76				

The result in Table 5 shows that the calculated t-value of 0.019 is less than the table t-value of 1.960. Hence, the null hypothesis was accepted, which implies that the opinions of less experienced and experienced entrepreneurs did not differ significantly concerning the extent market feasibility study sub-skills are required for effective entrepreneurial development.

Table 6: t-test Summary Analysis of Hypothesis Three

Gender	No	X	SD	df	t-cal	t-tab	Decision
Males	79	3.15	0.76	113	0.044	1.960	Accepted
Females	36	0.12	0.84				

The result in Table 6 shows that the calculated t-value of 0.044 is less than the table t-value of 1.960. Thus, the null hypothesis was accepted meaning that the responses of male and female entrepreneurs did not differ significantly regarding the extent technical feasibility study sub-skills are required for effective entrepreneurial development.

4.1 Discussion of Findings

The study revealed that environmental feasibility sub-skills (as contained in Table 1) are highly required for effective entrepreneurial development among recipients of business education. This finding agrees with the research results of Ezeh (2011) and Adidu and Olanye (2006) who found that skills such as ability to analyze sources of business risks, identify legal framework of a business, understand government regulations and incentives for a business are much needed for a successful entrepreneurship. The environmental feasibility study skill is imperative for any entrepreneur who wants to start a new business or venture because, it enables him to assess the socioeconomic, legal, political and cultural environment of the business in order to identify the threats and opportunities inherent in the environment.

The study also found that market feasibility study sub-skills (as contained in Table 2) are highly required for effective entrepreneurship development. This finding conforms to the earlier findings of Ademiluyi (2007) and Ezeh (2011) that market and market skills are basic necessities needed for effective entrepreneurship. The success of every business depends to a large extent on its marketing strength. This is why market feasibility study skill is apt for every entrepreneur. It analyses the potentials of current market, the strengths and weaknesses of the competitors, the stronghold of the new product and how it can gain a higher market share.

Furthermore, the study discovered that technical feasibility study sub-skills (as contained in Table 3) are highly required for effective entrepreneurial development. This finding supports the view of Omeje and Onaga (2013) who posited that technical skills enable an entrepreneur to operate and use gadgets, equipments and machines, develop imaginative and problem solving attitude as well as enterprising creativity. Similarly, the three hypotheses tested were accepted which shows that all the respondents did not differ significantly in their opinions concerning these feasibility study skills. This implies that these skills are highly required and necessary for a good feasibility study and entrepreneurship development. Thus, Wolf (2010) maintains that a good feasibility study contains comprehensive and detailed information about the business structure, the products and services, marketing of the products, logistics on how the goods or services can be delivered as well as resources needed to make the business run efficiently in addition to other pertinent information about the business.

4.2 Implications for Business Education Programmes

Business education is a programme that emphasizes on knowledge, skills, attitudes and competencies needed by all persons in order to effectively manage their personal businesses and the economic system. These skills and competencies include skills for conducting feasibility study and entrepreneurship development. The essence of introducing entrepreneurship into business education programme is for the training of graduates who will possess the requisite knowledge, skills and attitudes needed to set up and manage effectively their own business after graduation and equally offer employment opportunities to some unemployed youths. Business education programme at all levels is to provide training in business skills and to develop ability to use these skills in a work environment. Business education programme can only yield meaningful results when the students and the curriculum/programme designers aim at the required skills for practicing entrepreneurship. Feasibility study is an important aspect of these skills which must be adequately integrated into the business education programmes and the teachers must have the pedagogical techniques to develop it in the students. No doubt, if this is done, the spate of graduates unemployment and failure of small and medium sized business will be reduced drastically if not totally eradicated.

4.3 Conclusion

From the findings of this study, it is obvious that feasibility study skills are critical for effective entrepreneurial development. Therefore, business education programmes need to expose their trainees to the various feasibility study skills such as the environmental, market and technical analysis skills. This is to enable the trainees acquire the prerequisite skills for the establishment and managements of their personal businesses and possibly provide employment opportunities for the increasing number of unemployed graduates in Nigeria.

4.4 Recommendations

Based on the findings of the study, the following recommendations were made:

1. Teachers of the business education programmes should be trained and retrained to enable them update their knowledge on the critical feasibility study skills needed for effective entrepreneurial development.
2. Programme designers and teachers of business education should enhance the feasibility study skills in the curriculum to enable the students get adequate exposure and learning experiences.
3. Students under training should be guided to conduct a feasibility study of a choice business, ensuring that all relevant details are carefully represented.
4. Students under training in business education programmes should be conducted round successful business for interactions and guidance on how to carry out a good feasibility study.

References

Ademiluyi, F.L. (2007). Business competencies needed for effective entrepreneurship as perceived by fresh graduates. Business Education Journal, 5, (1), 18-29.

Adidu, F.A. & Olannye, P.A. (2006). Basic Small business entrepreneurship: A modern approach. Agbor: Royal Pace Publishers.

Akarahu, C.U. (2011). Competencies required by teachers of business education for effective teaching of entrepreneurship. Business Education Journal, 8(1), 192-205.

Ezeh, P.C. (2011). Critical entrepreneurial skills required by graduates' secretaries of Polytechnics. Business Education Journal, 8(1), 141-154.

Ezenwafor, J.I. (2010). Assessment of management challenges of entrepreneurs: Implications for entrepreneurship education. Unizik Orient Journal of Education, 5(2), 183-191.

Hofstrand, D. & Holf-Clause, M. (2009). What is feasibility study? Retrieved from: www.exension.iastate.edu/agdm

Ifechukwu, J.A.O. (2006). How to prepare a feasibility study report and establish your own business. Lagos: Goldhand Business Company.

Inegbenebor, A.U. (2006). The fundamental of entrepreneurship. Lagos: Malthouse Press Ltd.

Odu, K.O. (2010). School-industry link in entrepreneurship in vocational technical education in the face of global economic crisis in Nigeria. Unizik Orient Journal of Education, 5(2), 8-14.

Okolocha, C.C. & Ile, C.M. (2011). Strengths of the business plans and industrial collaboration strategies in the teaching of entrepreneurship in tertiary institutions. Business Education Journal, 8(1), 257-273.

Omoje, H.O. & Onaga, P. (2013). Entrepreneurial skill development in woodwork trade: A panacea to the challenges of youth unemployment. Nigeria Vocational Association Journal, 17(2), 85-89.

Onyegbu, V.O. (2007). Practical approach to feasibility study and establishment of business. Lagos: Duncit Publishers.

Onyesom, M. & Jegbefume, F.M. (2012). Towards combating youth unemployment in Nigeria: An agenda for functional entrepreneurship education. Nigeria Vocational Association Journal, 17(2) 90-93.

Onyesom, M. & Uwaifo, C.E. (2013). Reforming entrepreneurship education curriculum of Nigerian tertiary institutions for graduates' empowerment. International Journal of Education and Research,1(12), 141-148.

The Financial Standard Series (2005). Viability of your business. Lagos: Author, Jan-June, P. 12.

Ubogu, R. (2010). Functional entrepreneurship education in tertiary institutions for sustainable development. Unizik Orient Journal of Education, 5(1), 116-122.

Wolf, L. (2010). A comprehensive feasibility study supports business and management plans. Retrieved from: www.womeninbusiness.about.com/od.