Feasibility Study, Business Viability and Economic Growth of Small And Medium Enterprise’s (SMEs) in Nigeria

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Abstract
This paper reports the finding from the empirical survey on feasibility study, business viability and Economic growth of small and medium Enterprises (SMEs) in Nigeria. Extant literature suggests that firstly, “small and medium enterprises are at the heart of any economy”, and secondly, “A good rule of thumb is to never commission a business plan until a feasibility study has been completed”. Therefore, the intensification of research on this has led to the current survey study to examine feasibility study, business viability and economic growth of small and medium enterprises (SMEs) in Nigeria. The study used both primary and secondary data. Primary data were copies of questionnaire, while the secondary data were obtained from literature, through a purposeful and convenience sampling of seven states in Nigeria—Lagos, Edo, Imo, Kwara, Abuja and Kano State. 250 were engaged and 600 questionnaires were distributed as follows – 200 questionnaire to 75 SMEs in Lagos State, 100 questionnaire to 40 SMEs in Kano State, 100 questionnaire to 35 SMEs in Imo State and 50 questionnaire to 25 SMEs in each of the states in Edo, Kwara and Abuja and Kaduna State respectively. The respondents were selected based on convenience sampling method. The selected 250 SMEs were stratified into categories of services, manufacturing and others. Out of the total sample of 600 questionnaires, a total of 358 useable questionnaires were returned, representing a response rate of 59.7%. The data were analysed using descriptive statistics and t-test analysis. The research instrument shows high reliability and validity. The hypotheses were developed and tested. The major findings resulted from the study. The first is that SMEs in Nigeria do not carry any significant level of feasibility study before start-up of business. The second is that feasibility study does not have significant effects on business viability—says SMEs Operators in Nigeria and the third is that business viability will have significant effect on economic growth of SMEs.

Key Words: Feasibility Study, Viability, Economic Growth, Small and Medium Enterprises in Nigeria