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STRATEGIC ANALYSIS AND ENTREPRENEURIAL THINKING: EXPERIENCE FROM SMEs IN LAGOS STATE

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Abstract
This study x-rayed the link between strategic analysis and entrepreneurial thinking, experience from selected SMEs in Lagos State. The purpose of the study was to examine the effects of strategic analysis on entrepreneurial thinking of SMEs in Lagos State, Nigeria. To achieve this objective, a survey research design was employed. The population of study was 8395 registered SMEs in Lagos State. A sample size of three hundred and eighty two (382) were gotten using Taro Yamani sample size determination method. A questionnaire was developed and randomly distributed among the 382 selected SMEs Managers in Lagos, out of which 347 respondents returned their questionnaire. The data generated were analyzed with regression analysis. The study revealed that organization core competence influences entrepreneurial creativity, availability of resources do significantly affect entrepreneur risk-taking and that external environment do influence opportunity recognition among SMEs in Lagos State. The study recommended that SMEs managers and owners were to take strategic analysis serious and ensure that it is conducted regularly in order to enhance the organisational capabilities through creativity, better risk taking and opportunities recognition in the industry where the SMEs operates.

Keywords: strategic analysis, entrepreneurial thinking, SMEs, environment, creativity

Introduction
Entrepreneur's ability to recognize opportunities and mobilize resources to take advantage of the identified opportunities in the environment is what makes them unique and successful than other businessmen. However, this ability to recognize opportunities and harness resources to explore them relies solely on the entrepreneur's inner most spirit to analyze strategically his identified business and the environment in which it operates and get a detailed understanding of how entrepreneurs can capitalize on their strengths to explore the opportunities in the business environment. Strategic analysis is basically concerns with the process of evaluating the strengths, weaknesses, opportunities and threats by seriously measuring their impacts on the organisation and it business environment within which an organization operates, in order to formulate strategy that can be used to exploit opportunities identified (BNET Business Directory, 2007). The unique advantage of entrepreneurs conducting a detailed strategic analysis on their business and its environment makes them acquainted with where the business is currently standing and what variables or trends they need to be aware of as these will influence their abilities to recognize opportunities in the business environment and come up with innovative ideas to exploit those opportunities. Strategic analysis provides entrepreneurs with a clear picture of different dimensions and variables that may influence organization's decisions while making a better strategic choice among several alternatives and design a template that can support the overall

strategic management process (Griffins, 2006). Garad et al. (2015) also opine the possible design for analyzing the changes occurring among these variables; PEST, political, economical, sociological and technical developments and which unique methods will improve the quality of services offered. Organization can only survive the threats of the industry environment if it can effectively evaluateit environment and make an informed strategic decisions that can keep such an organization on a competitive map such that her activities will be difficult to be imitated and the quality of services unique (Hax and Majluf, 1996). Therefore, the understanding of the environment and the business itself should be the important responsibilities of entrepreneurs who can then take advantage of different models identified to create a sustainable competitive advantage than can enhance entrepreneurs' view of the whole situations and generate a better returns.

An entrepreneurial drive is connected to entrepreneur's ability to identify a market where opportunities canbe discovered and best methods are initiated to take advantage by capitalizing on his strength to take advantage. However, identifying marketplace opportunities and knowing when to capitalize on them is not something that can just be easily seen but depending on the nature of environment the business is operating. As such, strategic analysis of the whole business and it environment is needed to be done so as to get a better understanding of the opportunity and this will help the entrepreneurs identify what is truly an opportunity and not a threat disguised in the shreds of opportunity. With this, entrepreneurial thinking will help see what has been portrayed by the analysis as an advantage that can be taken, than the rest of the world. Though, this traits of identifying opportunities may be natural but can be developed or improved upon. It is more like a state of mind that opens your eyes to new learning opportunities and helps you grow in your role. Sometimes, this abilities can be referred to as ways to find problems and develop unique ways to solve them. As identified by Krueger (2007) and Gaglio (2004), entrepreneurial thinking is the capacity to see the world and the environment as an open market, and in turn, to involve the essential activities to exploit opportunities that exist. Entrepreneurial thinking includes looking beyond the current and envisioning what the future can carry with the individual's and other's aggregate initiatives after a comprehensive strategic analysis of the business and the environment it operates that will help it gain more advantages than its competitors and more importantly achieve its goals. This entrepreneurial thinking includes the opportunity recognition, which the entrepreneur has with risk-taking, creative and innovative and tolerance ambiguity. This also includes the procedure of recognizing, forming, and seeking entrepreneurial opportunities as a point of convergence in the field of entrepreneurship, where the intellectual procedures of mental simulation and counterfactual thinking are proposed as instruments by which entrepreneurs distinguish and create opportunity (Shane & Venkataraman, 2000). This is to say that strategic analysis is essential for entrepreneurial thinking in order for them to be aware of his adversaries and strengths while making a decision they intend to make to achieve a better profit or return. Therefore, this study will be looking at how strategic analysis can influence entrepreneurial thinking.

Statement of the Problem

Entrepreneurial ability to recognize opportunities and deploy resources to exploit them is a core element of being an entrepreneur. These opportunities lie in the business environment and strategic analysis of the business environment is one that can trigger that ability in an entrepreneur to recognize an opportunity to be profitably exploited. Therefore, strategic analysis is an important criteria for entrepreneurial thinking which is the ability to recognize business opportunities to be exploited in the environment. Entrepreneurial thinking is very critical for any business organization, that is; the entrepreneur's ability to identify and recognize opportunities in the environment. However, this ability to spotlight opportunity is premised on a strategic analysis of the business and the environment. More like an environmental scanning of the environment in order to understand and get a clearer picture of what is an opportunity or a threat to the business. However, most small and medium business owners do not really imbibe the culture of critically analyzing their environment because of their notion to minimize cost and make short term gains as most of them seen analysis of environment as a waste of resources. This approach and pattern may affect the future of the business as no thorough information available about the future growth of the business. The attitude of using intuitive approach by entrepreneurs have led to the sudden death of several SMEs as this approach could not show the potential entrant and pattern of operations adopted by existing competitors. The rivalry among SMEs in the same industry, competitive and general environment may not be seen without analysis. The opportunities and threats emerging from change in taste and fashion, government policies, political, economic and global environments may appear sudden and cause serious damage or opportunity on the business, depending on the proactiveness and ability of entrepreneurs to get updated about the happenings in the environment. Therefore, the need to conduct strategic analysis at all business formations whether small, medium and big is important and that forms the reason for this study in order to understand how strategic analysis significantly influence entrepreneurial thinking and their responses to business issues.

Research Objectives

The main objective for conducting this research is to examine the effect of strategic analysis on entrepreneur thinking

The specific objectives are to:

i. assess how organization's core capabilities influences entrepreneurs creativity
ii. examine the effect of available resources on entrepreneur risk-taking
iii. examine how an understanding of the external environment influences opportunity recognition

Research Questions

The following questions will help guide this study to avoid confusion and ensure transparency in carrying out this research. Therefore, the research questions for this study are as follow:

i. Does organization's core competence influence entrepreneurial creativity?
ii. Do available resources affect entrepreneur risk-taking?
iii. How does understanding of external environment influence opportunity recognition?

Research Hypotheses

Ho1: Organization core competence does not influence entrepreneurial creativity
Ho2: Available resources do not significantly affect entrepreneur risk-taking
Ho3: Understanding of the external environment does not influence opportunity recognition

Literature Review

Strategic Analysis

Strategic analysis can be deduced as a way of looking in, looking out and pulling together of information generated to formulate a strategy to be executed. Strategic analysis is also ab approach to make an enquiry about the business environment within which afirm operates and on the company itself, so as to formulate an appropriate strategy (BNET Business Directory, 2007). Strategic analysis is a component and first stage of management process to gather information that will help organisation to understand the strategic relative position of the organization in the industry, and help makes informed positions and judgments on how the happenings in the business environment can affect the organization. Strategic analysis is useful to know and evaluate the organization's strengths and weaknesses against opportunities and threats with respects to the happenings, feelings and responses of the stakeholders (Aguoru, Umogbaai &Ozowa, 2016). Strategic analysis is seen as a helping tool that inform managers about the clearer picture of the factors that influences the organization to makea better strategic choice for overall strategic management process (Griffins, 2006). Les Worrall, (1998) asserts that strategic analysis is a theoretically informed understanding of the happenings in the environment in which an organisation operates, together with an understanding of the organisation's interaction with its environment so as to enhance and improve organisational efficiency and effectiveness by increasing the organisation's capacity to deploy and redeploy its available resources intelligently.

Core Competence

Johnson and Scholes (1999) describe core competence as the bases upon which an organization achieves strategic advantage in terms of activities, skills, or know how which in combination distinguish it from competitors and provide value to customers or clients. Building core competencies is significant to the development of successful and effective strategies (Mooney, 2007). Indeed, a critical step in the path to competitive advantage begins with identification and support of a firm's core competencies. Core competencies of firms do not happen by accident, they are carefully nurtured, developed, and supported by senior management. Distinctive competencies represent the unique strengths of a company and building a sustainable competitive advantage involves the strategic exploitation of distinctive competencies which form the bedrock of a company's strategy. This distinctive competencies are found within the individual functional business arms of a company such as marketing, finance, production and personnel department. Core competencies will lead to sustainable competitive advantage and firms lacking in this, will find it difficult to cope or survive. Skills, abilities, and resources are often linked together to create and sustain core competencies. The best core competencies are not easily imitated by competitors (Prahalad, & Hamel, 1990). However, a core competence is not dependent upon uniqueness among the industry competitors (Thompson et al, 2012).

Resources
Resources are firm's specific assets that enables the organization to perform activities in a manner superior to competitors. Resources are inputs into a firm's production process such as capital equipment, the skills of individual employees, patents, finance and talented managers. Resources can be tangible or intangible. Tangible such as; financial and physical resources (building, structures, human capital, etc). Intangible such as; goodwill and intellectual assets (copyright, patent, trademark, etc). Resources are stock or supply of money, material, staffs and other assets that can be drawn on by an organization in order to function effectively. The availability of resources can help firms develop capabilities, core competencies and enable them determine what it can do.

External Environment
The external business environment is seen as those forces and factors outside the control of an organisation which can impact either positively or negatively on its operations. An external environment is composed of all the outside factors or influences that impact the operations of a business. The business must act or react to these variables to keep up its flow of operations. The external environment can be broken down into two types: the micro environment and the macro environment. The micro environment consists of the factors that directly impact the operations of a company. Factors that influence the micro environment include: competitors, government regulatory agencies, suppliers, customers, labour union and marketing intermediaries. The macro environment consists of general factors that a business typically has no control over. The success of the company depends on its ability to adapt. Factors that influence the macro environment includes: economic, sociocultural, political, legal, technological, and global environment.

Entrepreneurial Thinking
Entrepreneurial thinking refers to the ability to harnessing passions, skills, experience, knowledge and insights, resources and networks to spot and take advantage of opportunities at the right time and in the right way, (Creativedge, 2019). It has to do with creating problem-solving technique, redirecting issues to achieve competitiveness and seeing possibilities where others see threats and proactively take initiative, learn from experience and being resourceful in all situations. Entrepreneurial thinking is the ability to see things in a different perspective than others do, however, it is not necessarily an inherent trait and can be easily developed or improved. This entrepreneurial thinking includes the opportunity recognition, which the entrepreneur has with risk taking, creative and innovative and tolerance ambiguity. This also includes the procedure of recognizing, forming, and seeking after entrepreneurial opportunities as a point of convergence in the field of entrepreneurship, where the intellectual procedures of mental simulation and counterfactual thinking are proposed as instruments by which entrepreneurs distinguish and create opportunity (Shane & Venkataraman, 2000). Entrepreneurial thinking is associated with problem-solving, innovation, invention, resourcefulness and creativity to capture opportunities.

SWOT Analysis

SWOT (strengths, weaknesses, opportunities, and threats) is the method used by organisations to know and have information about the happenings in it environment so as to capitalize on the strength to take advantage of the opportunities and avoid threats which can cause damage to the organisations. SWOT analysis is a management technique that is used to identify and execute organisation's mission by matching its capabilities with the demand of its environment. Generally, SWOT analysis is conducted in order to understand its internal strengths and weaknesses and external opportunities and threats so that organisations can effectively choose strategy to be formulated. A SWOT analysis is also meant to facilitate and influence a realistic, fact-based, data driven that will show the strengths and weaknesses of an organization, and how organisation can use it strengths to mitigate the threats and explore the opportunities in the market or industry where it operates. The organization needs to generate an accurate analysis in order to avoid a pre-conceived beliefs or gray areas and thereby focused on issues identified through the analysis. It is important at the preliminary stages of decision making processes and can be used as a tool for evaluation of the strategic position of a city or organization (Caves, 2004). According to Dess (2018), SWOT has been described as the tried-and-true tool of strategic analysis, but has also been criticized for its limitations. Strengths and weaknesses are usually internally-related influences while opportunities and threats are external environmental influences. The four influences of the environment which form the acronym SWOT are explain below; strengths these are inherent capacity which an organisation can use to gain strategic advantage, and examples are goodwill, experience management, available data, availability of resources among others Characteristics of the business or project that give it an advantage over others. Weaknesses these are inherent limitations that creates strategic disadvantages for the organisation. Examples are low morale, strategic drift, lack of resource, poor information management and so on. Opportunities are favourable conditions in the organisations environment which enable it to consolidate and strengthen its positions. For instance economic boom, good location, arrival of a new technology, lowering the regulations, favourable global influence while threats are unfavourable condition in the organisation's environment which create a risk or causes damage to the organisation and they are economic downturn, political instability, loss of key staff and unfavorable global trend.

The degree to which the internal environment of the firm matches with the external environment helps organisation achieves an effective strategy which capitalizes on the opportunities through the use of strengths and neutralizes the threats by minimizing the impact of weaknesses to achieve the pre-determined objectives of the organisation.

Theoretical framework

Blue Ocean Theory

The blue ocean is basically concerned with what is known as the value innovation; a concept originated by Kim and Mauborgne (1997). They noticed that business organizations engage in fierce competition in order to achieve a sustainable growth in profit. In today's business environment, fierce competition among business organizations yields no better result but an ocean of rivals filled with blood, fighting for a saturated market profit pool. Organization's longevity and success is ensured and premised not on the fierce competition and battle between competitors, but on the ability to create a blue ocean of available untapped opportunity to exploit for sustainable growth in profit; that is creation of new market opportunities and leaving the saturated and shrinking market through the innovation.

Value innovation is about blending differentiation and low cost into a product or service in order to create a value for the consumer, the firm and its staffs simultaneously. The aim of this theory is not to get involved in competition but to do away with competition in such a way that it would become irrelevant by changing the status quo of the playing ground from a battle field to a creativity value creation playing ground all by getting a detailed knowledge and understanding of the environment the business operate in. The proponents of this theory include; the Prime Minister of Malaysia, Eduado Ruz Tagle; former President of Chile, President, Chairman of LG Electronics; Moon Bum Shin and many more. This theory was selected by the researcher because it is simply to apply. The blue ocean theory is based on the strategic idea of creating value for the current market through differentiation and cost leadership and simultaneously cutting irrelevant costs and features that are not needed or would be appreciated by the current or future market. This research study is basically grounded on the blue ocean theory otherwise known as the value innovation theory because it is a theory that is based on creating value for the business organization through differentiation and cost leadership and simultaneously cutting irrelevant costs and features that are not needed or would be appreciated by the current or future market after conducting a strategic analysis of the business and the environment to understand consumer needs which in turn leads to an increased and positive organization performance It give business organizations the ability to create a blue ocean of available untapped opportunity to exploit for sustainable growth in profit; that is creation of new market opportunities and leaving the saturated and shrinking market through the innovation.

Methodology

Research Design

The study utilized a survey research design with a quantitative approach. The quantitative approach aided the eliciting of responses to the research questions through quantitative data analysis. This approach describes the theoretical or hypothetical constructs which answers the questions asked in the research study. The population of the study covered selected SMEs in Lagos. The research instrument adopted for this study was questionnaires. It was adopted to elicit primary data from the population of the study. However, the researcher utilized the Taro Yamane (1967) sample size determination formula in determining the sample size.

Target Population and Size

The population of the study covers the owners of SMEs in Lagos State. According to the report released by the National Bureau of Statistics (NBS), three South-Western States in Nigeria have the highest number of Small and Medium Enterprises (SMEs) in the country. Lagos State being the Nigeria's commercial hub, recorded the highest number of 8,395 (11.5%) out of the total of 73,021 SMEs in the country, followed by Oyo state having a total of 6,131 (8.4%) and then Osun State having a total of 3,007 (4.1%) (Bamidele, 2019). Thus, the population size is 8, 395.

Sample size and Sampling technique

The sample size in the statistical sense often represents the number of observations that is targeted for closer study, thus, the term "sample size" is typically denoted as *n* a positive integer. The sample size is an important feature of any empirical study in which the goal is to make inferences about a population from a sample. Thus, the researcher utilized the Taro-Yamane (1967) sample size determination formula was used.Thus, a sample size of approximately 382 respondents were selected. The simple random sampling technique was used to select the respondents to whom the copies of the questionnaire were distributed.

Research Instrument

The research instrument adopted for this study was a structured questionnaire. It was adopted to elicit primary data from the population of the study. It was carried out among the selected three hundred and eighty-two (382) SMEs owners to get the information required to carry out the research. Out of the three hundred and eighty-two (382) copies of the questionnaires administered, three hundred and forty-seven (347) copies were retrieved. The research instrument was administered using a simple sampling technique. The structured questionnaire divided into two sections. The first section of the questionnaire contains general questions relating to the respondents' bio-data information, while the second sections focused on information relating to strategic analysis, strategic formulation, strategic implementation and control, SMEs sales revenue, SMEs competitive advantage, and SMEs profitability. The research instrument was structured in five (5) Likert scale measurement of 5 represent strongly agreed (SA), 4 - agreed (A), 3- undecided (U), 2 - disagreed (D), and 1 - strongly disagreed (SD).

Method of Data Analysis

The inferential analysis employed t-test in regression analyses to test the hypotheses. In other words, regression model was used to examine the cause-effect relationships among the variables under study. The statistical and econometric package, EViews, was used to conduct the test of hypotheses. Also, SPSS was used to conduct reliability test.

Test of Reliability

The Cronbach Alpha was employed to test the reliability of the instrument.

Table 3.1-: Results of the Alpha test

S/N	VARIABLE	NO. OF ITEMS	COEFFICIENT ALPHA
1	Core competence and entrepreneurial creativity	**5**	**0.731**
2	Resources and entrepreneur risk-taking	**4**	**0.762**
3	External environment and opportunity recognition	**5**	**0.724**

Source: *Author's computation using SPSS, 2020*

The test of reliability measures the internal consistency of the measurement scales of the items of each of the variables for primary data analysis. Table 3.1 presents the Cronbach's alpha result. The coefficients of the Cronbach's alpha of the variables; Core competence and entrepreneurial creativity, Resources and entrepreneur risk-taking, and External environment and opportunity recognition are 0.731, 0.762 and 0.724 respectively. Thus, since each of the coefficients lies within the threshold values of 0.7 and 1.00, this is an indicator of consistency that the responses measure the same characteristics of the same constructs such as; Core competence and entrepreneurial creativity, Resources and entrepreneur risk-taking, and External environment and opportunity recognition. Therefore, there is consistency in the measurement scales given by responses. This implies that 73.1%, 76.2% and 72.4% of variance in these scores of the variables respectively is reliable.

Data Analysis and Results

Hypothesis I

H_0: Organization core competence does not influence entrepreneurial creativity

The regression model is specified as follows with ***entrepreneurial creativity*** as the ***dependent variable*** and ***core competence*** as the ***independent variable***:

$$ENTC = f(COC) \quad (4.1)$$

The regression model is stated as follows:

$$ENTC_i = \beta_0 + \beta_1 COC_i + v_i \qquad (4.2)$$

Where ***ENTC*** = *entrepreneurial creativity*

COC= *core competence*

v = error term

β_0 = intercept

β_1 = slope coefficient

i = individual observation for each respondent

Table 4.1-: Estimated regression Model for Hypothesis I

Dependent Variable: ENTC

Method: Least Squares

Included observations: 347

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.739525	0.207074	8.400485	0.0000*
COC (β_1)	**0.580269**	**0.049814**	**11.64878**	**0.0000***

R-squared	0.282288	F-statistic	135.6942
Adjusted R-squared	0.280208	Prob(F-statistic)	0.000000*

Source**:** *Author's computation, 2020*

Note**: ***statistically significant at 1 per cent level of significance

Table 4.1 shows the result of the estimated coefficients relating to hypothesis one. As shown in the table, organization core competence (***COC***) exacts positive significant impact($\beta_1 = 0.580$; p-value = 0.0000<**0.01**) on entrepreneurial creativity (***ENTC***). Thus, this indicates the rejection of the null hypothesis that 'organization core competence does not influence entrepreneurial creativity'. The power of the explanatory power of the model (R-squared) indicates that organization core competence (***COC***) accounts for about 28.23% of the variations in entrepreneurial creativity (***ENTC***). It is also revealed that core competence (***COC***) is a significant predictor (F = 135.69, p = 0.0000<**0.01**) of entrepreneurial creativity (***ENTC***) in SMEs in Lagos State.

Table 4.2-: Result of the Heteroscedasticity testfor Hypothesis I

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	1.442054	Prob. F(1,345)	0.2306
Obs*R-squared	1.444376	Prob. Chi-Square(1)	0.2294

Source**:** *Author's computation, 2020*

In table 4.2, the F-test statistic (1.4421, p-value = 0.2306) and LM test statistic (1.4444, p-value = 0.2294) indicates the evidence of homoscedasticity in the residuals ($\hat{v}_i$) obtained in equation (2). This suggests that there is a substantial degree of homogeneity among the selected SMEs in Lagos State. In other words, the selected SMEs in this study embody the qualities that define SMEs generally.

Hypothesis II

H_0: Available resources do not significantly affect entrepreneur risk-taking

The regression model is specified as follows with ***entrepreneur risk-taking*** as the ***dependent variable*** and ***available resources*** as the ***independent variable***:

$$ENTR = f(AVR) \qquad (4.3)$$

The regression model is stated as follows:

$$ENTR_i = \alpha_0 + \alpha_1 AVR_i + u_i \qquad (4.4)$$

Where ***ENTR*** = *entrepreneur risk-taking*

AVR= *Available resources*

u = error term

α_0 = intercept

α_1 = slope coefficient

Table 4.3-: Estimated regression Model for Hypothesis II

Dependent Variable: ENTR
Method: Least Squares
Included observations: 347

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.350113	0.205410	11.44106	0.0000*
AVR	0.463769	0.049037	9.457516	0.0000*
R-squared	0.205883	F-statistic		89.44461
Adjusted R-squared	0.203581	Prob(F-statistic)		0.000000*

Source*: *Author's computation, 2020

***Note*: *statistically significant at 1 per cent level of significance**

Table 4.3 shows the result of the estimated coefficients relating to hypothesis two. As shown in the table, available resources (***AVR***) exacts positive significant impact (α_1 = 0.4638; p-value = 0.0000 <**0.01**) on entrepreneur risk-taking (***ENTR***). Thus, this indicates the rejection of the null hypothesis that 'Available resources do not significantly affect entrepreneur risk-taking'. The power of the explanatory power of the model (R-squared) indicates that available resources (***AVR***) accounts for about 28.23% of the variations in entrepreneur risk-taking (***ENTR***). It is also revealed that ***AVR*** is a significant predictor (F = 89.4446, p = 0.0000 <**0.01**) of entrepreneur risk-taking (***ENTR***) in SMEs in Lagos State.

Table 4.4-: Result of the Heteroscedasticity test for Hypothesis I

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistic	0.513806	Prob. F(1,344)	0.4740
Obs*R-squared	0.516023	Prob. Chi-Square(1)	0.4725

Source*: *Author's computation, 2020

In table 4.4, the F-test statistic (0.5138, p-value = 0.4740) and LM test statistic (0.5160, p-value = 0.4725) indicates the evidence of homoscedasticity in the residuals ($\hat{u}_i$) obtained in equation (4). This suggests that there is a substantial degree of homogeneity among the selected SMEs in Lagos State. In other words, the selected SMEs in this study embody the qualities that define SMEs generally. This is consistent with the result obtained in table 4.4 using equation (2)

Hypothesis III

H_0: Understanding the external environment does not influence opportunity recognition

The regression model is specified as follows with ***opportunity recognition*** as the ***dependent variable*** and ***external environment*** as the ***independent variable***:

$$OPR = f(EXE) \qquad (4.5)$$

The regression model is stated as follows:

$$OPR_i = \lambda_0 + \lambda_1 EXE_i + u_i \qquad (4.6)$$

Where ***OPR*** = *opportunity recognition*

EXE= *external environment*

u = error term

λ_0 = intercept

λ_1 = slope coefficient

Table 4.5: Estimated regression Model for Hypothesis III

Dependent Variable: OPR

Method: Least Squares

Included observations: 347

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.792036	0.172561	10.38494	0.0000
EXE	0.580394	0.041511	13.98163	0.0000
R-squared	0.361686	F-statistic		195.4861
Adjusted R-squared	0.359835	Prob(F-statistic)		0.000000

Source*: *Author's computation using Eviews, 2020

Table 4.5 shows the result of the estimated coefficients relating to hypothesis two. As shown in the table, external environment (***EXE***) exacts positive significant impact (λ_1 = 0.5804; p-value = 0.0000 <**0.01**) on opportunity recognition (***OPR***). Thus, this indicates the rejection of the null hypothesis that 'external environment does not influence opportunity recognition'. The power of the explanatory power of the model (R-squared) indicates that external environment (***EXE***) accounts for about 36.7% of the variations in opportunity recognition (***OPR***). It is also revealed that ***EXE*** is a significant predictor (F = 195.468, p = 0.0000 <**0.01**) of opportunity recognition (***OPR***) in SMEs in Lagos State.

Table 4.6-: Result of the Heteroscedasticity test for Hypothesis III

Heteroskedasticity Test: ARCH

F-statistic	0.250346	Prob. F(1,344)	0.6172
Obs*R-squared	0.251619	Prob. Chi-Square(1)	0.6159

***Source**: Author's computation, 2020*

In table 4.4, both the F-test statistic (0.2503, p-value = 0.6172) and LM test statistic (0.2516, p-value = 0.6159) indicates the evidence of homoscedasticity in the residuals ($\hat{u}_i$) obtained in equation (4). This suggests that there is a substantial degree of homogeneity among the selected SMEs in Lagos State. In other words, the selected SMEs in this study embody the qualities that define SMEs generally. This result is consistent with the results obtained in tables 4.2 and 4.3 using equations (4.2) and (4.4).

Conclusion and recommendations

This study is meant to provide general direction for SMEs in relations to the importance of strategic analysis on entrepreneurial thinking. The ability of any manager to act decisively is dependent of available data and information. Though, thorough analysis of the business environment will give SMEs owners the opportunities to be proactive, innovative and resourceful in their managerial decision making.

The finding of the hypotheses showed positive relationship between strategic analysis and entrepreneurial thinking of selected SMEs in Lagos State. The first hypothesis showed that organization core competence influences entrepreneurial creativity. The second hypothesis also showed that availability of resources do significantly affect entrepreneur risk-taking and the third hypothesis indicated that external environment do influence opportunity recognition among SMEs in Lagos State.

SMEs managers and owners are advised to take strategic analysis serious and ensure that it is conducted regularly in order to enhance the organisational capabilities through creativity. Managers should take more risk in the presence of more resources, as the study showed that the more the resources the better to take risk and make more return. SMEs owners and managers should monitor the external environment very well since it cannot be control but embedded are the opportunities to make the organisation better. Organisations should consider the analysis of the external environment important in order to identify and explore the opportunities and minimize the threats that can negatively affect the survival of the organisation.

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