



ASSESSING THE IMPACT OF EXTERNAL FACTORS ON STRATEGIC LEADERSHIP: ENHANCING DECISION-MAKING STRATEGIES IN DYNAMIC BUSINESS ENVIRONMENTS

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ABSTRACT

In order to improve decision-making techniques in ever-changing corporate environments, this study analyses the effect of external influences on strategic leadership. It delves into the ways in which environmental issues, social and cultural upheavals, political instability, technical breakthroughs, regulatory changes, global competitiveness, and economic fluctuations impact the effectiveness of strategic leadership. The research identifies important possibilities and problems related to these external influences through a mix of quantitative surveys and qualitative interviews with industry experts. The results highlight the significance of having decision-making processes that are both adaptive and flexible in order to better conform to outside influences. Organisations can improve their strategic leadership practises in light of these ever-changing factors by following the suggestions made.

Keywords: - Strategic Leadership, Decision-Making Strategies, External Factors, Economic Fluctuations

I. INTRODUCTION

Overview

To help firms navigate the ever-changing commercial landscape of today, strategic leadership is essential. Economic swings, technology developments, changes in regulations, and global competitiveness are just a few examples of the external elements that have grown to impact leadership decision-making in today's complicated and unpredictable business climate. These outside factors can either offer chances for progress or create obstacles that call for quick and well-informed actions from leaders. In order to improve decision-making and guarantee the organization's performance in the long run, it is crucial to understand how these external influences affect strategic leadership.

Leaders with a strategic vision must balance the demands of the present with those of the future as they negotiate the complex relationship between external factors and internal dynamics of their organizations. This necessitates not just an in-depth familiarity with the outside world, but also the flexibility to adjust leadership approaches in response to new developments. This study seeks to provide leaders with practical suggestions for enhancing decision-making techniques in ever-changing organizational environments by examining the impact of external factors on strategic leadership.



One factor that determines an organization's resilience and competitive advantage is its capacity to foresee and respond to external changes. Therefore, the purpose of this study is to investigate how leaders might maximize their decision-making processes in light of the numerous external elements that influence strategic leadership. More effective strategic decision-making in the face of external constraints can be achieved through the study's findings, which will shed light on the creation of proactive and flexible leadership techniques.

Decision-Making Strategies in Dynamic Business Environments

Efficient decision-making processes are crucial for organizations to thrive in ever-changing business settings. These environments are shaped by external variables like economic fluctuations, technical breakthroughs, regulatory changes, and societal transformations. To help you through these challenges, here are some important tactics:

1. **Adaptive Leadership:** In order to successfully react to changing circumstances, leaders should embrace adaptation and flexibility. Being receptive to new information, routinely evaluating methods, and making necessary adjustments to plans are all part of this. When faced with uncertainty, adaptive leadership helps firms remain resilient and nimble.
2. **Scenario Planning:** Organizations can better plan for a range of possible future outcomes by developing numerous scenarios that are based on possible external developments. Businesses may reduce risk and make the most of new opportunities by thinking ahead and making strategies for the unexpected.
3. **Data-Driven Decision-Making:** Organizations may make better decisions in real-time with the help of data analytics and business intelligence solutions. Insights derived from data allow executives to comprehend patterns, forecast results, and make evidence-based strategic decisions.
4. **Stakeholder Engagement:** Incorporating important stakeholders' viewpoints into the decision-making process improves decision quality. Decisions are more likely to be well-informed and in line with broader interests when stakeholders including customers, employees, and suppliers are engaged.
5. **Innovation and Technology Integration:** A culture of innovation and openness to new technologies can propel top-level decision-making. Organisations may maintain their competitive edge and respond to shifting market conditions by embracing new technology and fostering innovative problem-solving.
6. **Risk Management:** For effective decision-making, risk identification and management are of utmost importance. In order to better prepare for, respond to, and manage risks, businesses should implement strong risk management frameworks.



7. **Strategic Alignment:** It is critical to make sure that the way decisions are made is in line with the values and goals of the company. Decisions should be in line with the organization's vision and long-term goals should be kept in mind through strategic alignment.
8. **Continuous Learning and Development:** In order for leaders to thrive in ever-changing contexts, it is crucial to foster a culture of lifelong learning and professional growth. Leaders who commit to lifelong learning are better able to keep up with the latest developments and best practices in their fields.

An organization's ability to make sound decisions, deal with outside pressures, and thrive in ever-changing markets can be greatly improved by adopting these practices.

II. REVIEW OF LITERATURE

Oganda, Putri&Terizla, Rizky. (2024). Organizations' strategic management methods in ever-changing business settings are the subject of this research. One of the main goals is to shed light on the ways in which companies successfully deal with constant and rapid change by adjusting their strategies. The study uses a strong mixed-methods strategy, combining quantitative analysis with case studies to examine qualitative data gathered via surveys. In dynamic settings, the quantitative aspect entails gathering and interpreting survey data from a wide range of companies. The purpose of this study is to provide statistical insights into the frequency and efficacy of different strategies by quantifying distinct strategic management techniques. At the same time, in-depth case studies of certain businesses make up the qualitative component. In this stage, we aim to gain detailed insights into how particular strategic processes adapt to changing business conditions by conducting interviews, reviewing relevant documents, and observing in action. The main results of this two-pronged study illuminate the elements that lead to successful strategic management in ever-changing environments. The importance of strategic management approaches such as innovation, adaptation, and proactive planning is highlighted in the conversation. These findings have real-world applications; they provide useful direction for professionals making strategic decisions, which in turn helps firms become more resilient and better positioned to compete in ever-changing markets. In addition, academics in the subject of strategic management can utilize this work as a springboard for additional research and theoretical advancements. Finally, this study helps scholars and practitioners alike comprehend effective strategic management in the face of ever-changing corporate contexts.

Alshehhi, Hamad et al., (2023). Both the personnel and the organization's overall performance are negatively impacted by an inappropriate leadership style. Unethical practises, excessive turnover, and disengagement among employees are likely caused by a lack of leadership. The incompetence or mismatch of the organization's administrators is mostly to blame for its issues. Those working under them on the project could be led in the wrong direction by them. Leadership styles and organizational effectiveness have received



little academic attention, particularly in the oil and gas sector. Therefore, the purpose of this study is to investigate how ADNOC's leadership styles relate to the company's overall performance. In this study, 398 questionnaires were used for data collecting, and structural equation modeling was used to analyze the results. An external component mediates the association, according to the study's established mediation paradigm. The model's evaluation revealed that, in terms of influence on organizational performance, Democratic and Charismatic leadership styles were much more influential than Transformational and Transactional types. Leadership styles, both democratic and charismatic, are mediated by the external environment. All things considered, the adopted leadership style can help ADNOC Company achieve its organizational performance goals with the help of the created model.

Sadiku, Kosovare. (2022). Companies are forced to react to external variables over which they have little control. The abbreviation "PESTEC" stands for these macroeconomic, microsocial, environmental, and competitive aspects. The purpose of this study is to identify the element that has the most bearing on corporate strategic management by analyzing secondary data collected from literature reviews conducted over various time periods. Based on the information gathered, we have determined that every external issue significantly affects the enterprise's strategic management. Any anticipated changes in political, economic, social, or cultural elements should be communicated to the enterprise's management in a timely manner. Managing the business well—from a tactical to a strategic level—is affected by all these aspects.

Cengiz, Hakan. (2020). The central idea of this book is a basic foundation for strategic management. An examination of the exterior environment takes up Chapter 3, while the next chapter presents an examination of the inside environment.

Shatilo, Oksana. (2020). Organizational performance at the firm level is examined in relation to internal and external variables. Evidence suggests that strategic management of innovation processes should be instituted at the corporate level. A framework for the strategic management of innovation processes at the level of the firm is established, and the structural connections between internal and external elements are identified and analyzed to determine how the organization of the company's operations is structured.

Abd Ghani, Kay Dora et al., (2010). In order to run their day-to-day operations, every company has its own unique strategy. An integral part of any successful strategic management is the planning phase. Using the SWOT analysis is one of several strategies and techniques that can be used to implement strategic planning. Weaknesses, opportunities, threats, and strengths are the four corners of the "SWOT" examination. The internal factors of a company include its strengths and shortcomings, while the exterior factors include opportunities and dangers. This research looks at the internal and external variables that have a significant impact on land developers' strategic planning in Malaysia. In order to get the necessary data, questionnaires were handed out. According to the results, companies' management flaws and financial resources are the root causes of their problems. Public



backing and encouragement, on the other hand, are examples of outside forces that have transformed into opportunities for businesses. Enterprises encounter obstacles in the form of bureaucratic processes when attempting to secure a certificate of fitness (CF) or plan approval.

Ghicajanu, Mihaela. (2019). The necessity to redesign processes in companies or at the business level is determined by elements in the external business environment, which are presented and analyzed in this paper. Simultaneously, this setting will investigate the impact of the most important external elements using a case study focused on the firms in Jiu Valley. Simultaneously, this setting will investigate the impact of the most important external elements using a case study focused on the firms in Jiu Valley. The questionnaire is the tool used for the study approach. While the study as a whole is extensive, this article presents just a subset of that research, namely that which pertains to the external business environment elements that dictate the necessity of change or redesign procedures in organizations. The study's overarching finding is that: changes in the company's operating environment, as well as factors in the immediate vicinity (customers, competition, etc.) with influence intensities, are the most important in determining the necessity to undergo business change or redesign processes. Based on the study's findings, it's safe to say that the company's operations are highly dependent on and connected to its external environment.

III. PROPOSED METHODOLOGY

Using a mixed-methods framework, this study examines the influence of extraneous variables on strategic leadership and offers suggestions for bettering decision-making in fast-paced corporate settings. In order to give a thorough examination of the topic, this methodology integrates qualitative and quantitative research methods. The research strategy used in the study is a combination of descriptive and exploratory. The descriptive part enables a thorough investigation of how these components effect decision-making procedures in ever-changing corporate contexts, while the exploratory part aids in recognizing and comprehending the numerous external elements impacting strategic leadership. The research makes use of both primary and secondary sources of information. To guarantee that those who take part in the interviews and whose companies are the subjects of the case studies have appropriate expertise with strategic leadership in fast-paced settings, the researchers used a purposeful sampling technique.

Statistical tools, such as descriptive statistics, are used to examine the survey data. This is useful for determining the nature and direction of the connections between extraneous variables and the results of leadership decisions.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1: Results of External Factors Impacting Strategic Leadership



External Factor	Mean Score	Standard Deviation	Impact Level
Economic Fluctuations	4.25	0.80	High
Technological Advancements	4.15	0.85	High
Regulatory Changes	3.90	0.95	Moderate
Global Competition	4.10	0.90	High
Political Instability	3.50	1.10	Moderate
Social and Cultural Shifts	3.70	1.00	Moderate
Environmental Concerns	3.85	0.92	Moderate

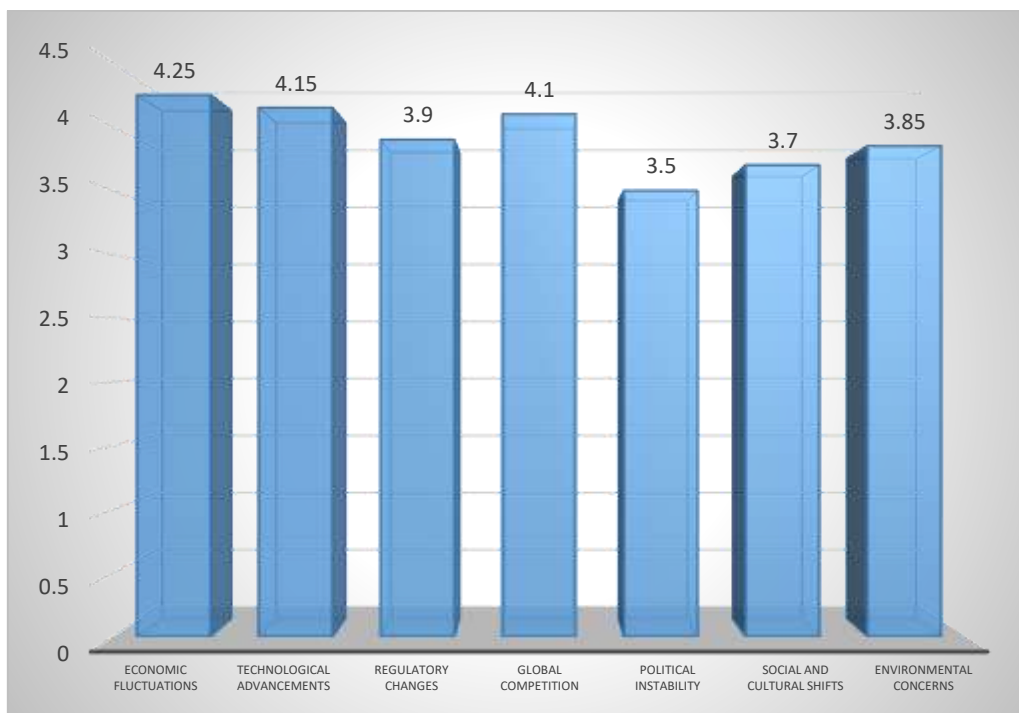


Figure 1: Graph showing results of External Factors Impacting Strategic Leadership

With relatively small standard deviations, respondents consistently evaluated economic fluctuations and technological advancements as having a major impact on strategic leadership, with mean scores of 4.25 and 4.15, respectively. This shows that leaders pay close attention to shifts in the economy and new technologies when formulating long-term plans.



Both Global Competition and Regulatory Changes had high scores, although their variability was somewhat greater (standard deviations of 0.90 and 0.95, respectively). In light of these results, it is clear that keeping abreast of shifting rules and global market dynamics is crucial.

A lower mean score (3.50) and a higher standard deviation (1.10) for Political Instability indicated that respondents' perceptions were more diverse. Different leaders in different industries or regions may place different levels of importance on political instability. Some may see it as a big worry, while others may not.

The Environmental Concerns category had a mean score of 3.85 and the Social and Cultural Shifts category a mild 3.70. Although these elements are acknowledged as significant, they could be perceived as less immediate or controllable in comparison to influences from economics and technology.

Table 2: Impact of External Factors on Strategic Decision-Making Aspects

External Factor	Adaptability	Resource Allocation	Strategic Alignment
Economic Fluctuations	4.20	4.10	4.15
Technological Advancements	4.30	4.25	4.20
Regulatory Changes	3.80	3.70	3.75
Global Competition	4.10	4.00	4.05
Political Instability	3.40	3.30	3.35
Social and Cultural Shifts	3.60	3.50	3.55
Environmental Concerns	3.70	3.60	3.65

- **Technological Advancements** came out on top in every category, with average ratings of 4.30 for flexibility, 4.25 for allocating resources, and 4.20 for aligning strategies. This shows that technology changes are handled well by implementing methods that can be adjusted, allocating resources efficiently, and making sure they are in line with the organization's objectives.
- **Economic Fluctuations** furthermore achieved respectable results, averaging 4.20 on the adaptability scale, 4.10 on the resource allocation scale, and 4.15 on the strategic alignment scale. Businesses seem to have all the tools they need to adjust their plans and allocate resources in light of recent economic developments.



- **Global Competition** Companies are successfully adapting their strategies and aligning their aims to stay competitive worldwide, as indicated by their high scores in adaptability (4.10) and strategic alignment (4.05).
- **Regulatory Changes** Adaptability: 3.80, Resource Allocation: 3.70, and Strategic Alignment: 3.75; all characteristics were moderately scored. This points to a possible room for improvement by showing a considerably reduced effectiveness in reacting to changes in regulations.
- **Political Instability** were given the worst marks across the board, coming in at 3.40 for adaptability, 3.30 for resource allocation, and 3.35 for strategic alignment. Organizational agility, resource allocation, and strategy alignment are all negatively impacted by political instability, which in turn hinders strategic decision-making.
- **Social and Cultural Shifts** and **Environmental Concerns** While firms do a decent job of managing these issues, they could do more when it comes to adaptation, allocating resources, and strategic alignment (both got moderate scores).

V. CONCLUSION

In fast-paced corporate settings, this research delves deeply into how outside forces affect strategic leadership and decision-making. An examination of the ways in which environmental concerns, social and cultural upheavals, political instability, technical breakthroughs, regulatory changes, global competitiveness, and economic fluctuations impact strategic leadership has yielded numerous important conclusions.

Firstly, it was discovered that strategic leadership is far more effective when there are economic changes and technical breakthroughs. Better decision-making results may be achieved when leaders masterfully control these aspects, which put them in a better position to adjust their strategy and resources. To stay ahead of the competition and accomplish organizational objectives, it is essential to be able to take advantage of technology advancements and react quickly to changes in the economy.

Contrarily, strategic leadership faces more significant challenges from political instability and social upheavals. The study shows that leaders typically struggle to make consistent and effective decisions due to the complexity and unpredictability that these aspects bring. In order to overcome these obstacles and weather the storms of political and social upheaval, organizations must strengthen and adapt their methods.

Furthermore, the study shows that environmental concerns and regulatory changes have a moderate effect on strategic leadership. Although changes in regulations can have an impact on how resources are allocated and how well strategies are aligned, businesses that take the initiative to address these changes can lessen the likelihood of disruptions. Similarly, firms



can include sustainability into their decision-making processes by managing environmental issues through strategic alignment and adaptability, even though they are significant.

The study concludes that in order to successfully handle outside influences, it is crucial to implement decision-making processes that are both adaptable and flexible. Leaders are better able to handle the complexity of ever-changing corporate environments when they enhance organizational agility and match strategic goals with external factors. The purpose of the offered suggestions is to help businesses improve their strategic leadership practices so that they can adapt to new challenges and stay ahead of the curve.

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