

Bird's-Eye View of Business Strategy in Uncertain Economic Conditions

Myra Abhishek Chamaria

Jamnabai Narsee School, Mumbai, Maharashtra, India

Abstract: *This article examines how external economic and geopolitical forces influence business performance and strategic decision-making (Porter, 2008; International Monetary Fund [IMF], 2023). It argues that the perceived control entrepreneurs believe they possess is often limited by broader systemic factors (Knight, 1921). Using conceptual analysis and illustrative examples, including global energy disruptions and trade dependencies, the paper highlights the importance of adopting a broader strategic perspective. The findings suggest that businesses that diversify operations and anticipate macro-level trends are better positioned to adapt to uncertainty (Markowitz, 1952; Teece et al., 1997). The study concludes that adopting a bird's-eye view enhances resilience and supports sustainable growth in volatile environments (Sheffi, 2005).*

Keywords: business strategy, economic uncertainty, diversification, geopolitical risk, supply chain disruption, strategic management

1. Methodology

This study adopts a conceptual framework analysis supported by illustrative case-based reasoning to examine how macroeconomic and geopolitical forces influence business strategy. The methodology involves synthesising existing theories from strategic management and financial economics—particularly diversification principles such as the Efficient Frontier (Markowitz, 1952)—through a structured literature review of academic journals, industry reports (e.g., global energy market analyses), and policy publications from international organisations such as the IMF and World Bank (World Bank, 2023). These insights are then applied to real-world contexts using secondary data sources, including publicly available reports on global energy disruptions, trade flows, and sectoral performance in import-export industries. The analytical process follows three steps: (1) identification of key external variables (e.g., energy prices, geopolitical tensions, supply chain disruptions), (2) conceptual mapping of their impact on business operations and decision-making, and (3) development of strategic implications centred on diversification and adaptive planning (Teece et al., 1997). This approach ensures transparency, theoretical grounding, and reproducibility while allowing flexibility in interpreting complex, real-world business dynamics.

Do you ever wonder what affects a business? Do all these geopolitical factors and disasters influence business outcomes beyond managerial control? Will decisions by world leaders drag down businesses or lift them up without any direct intervention? Why should anyone take the risk of starting a business when the broader economic environment remains uncertain (Knight, 1921)?

Well, the idea of control in business can be understood as an illusion shaped by uncertainty. Crossing over to a broader perspective requires both knowledge and strategic awareness. There is often a way to use economic crises to a business's advantage, provided firms are able to recognise patterns and respond effectively (Teece et al., 1997).

A powerful illustration of this idea can be seen in the opening scene of *Now You See Me*. J. Daniel Atlas demonstrates how

perception can be misleading, emphasizing that “the closer you look, the less you see.” This metaphor reflects a key limitation in business strategy: an overly narrow focus can obscure broader structural forces.

This captures the essence of adopting a comprehensive strategic perspective. The only way to effectively navigate uncertainty is by maintaining a bird's-eye view of the external environment. When firms focus too narrowly on a single market, product, or immediate challenge, they risk overlooking larger competitive and macroeconomic forces that shape performance (Porter, 2008).

With the current global energy crisis, almost every sector has been affected, directly or indirectly. Most products rely on petroleum either in production or distribution, leading to rising input costs across industries. This ripple effect extends beyond manufacturing into logistics, transportation, and services, creating widespread disruption in supply chains (International Energy Agency [IEA], 2022; Ivanov & Dolgui, 2020).

One of the most affected industries is the import-export sector. Businesses engaged in exports to specific regions, such as Gulf countries, have faced operational disruptions. This highlights a critical vulnerability: dependence. When a business relies heavily on a single region, it becomes exposed to geopolitical instability, policy shifts, and external shocks beyond its control (Gereffi, 2020).

This relates closely to the concept of the Efficient Frontier in financial theory. Diversification is widely recommended to optimise risk-adjusted returns in investment portfolios (Markowitz, 1952). Applying this principle to business strategy suggests that firms should diversify markets and operations to reduce exposure to external shocks (Ansoff, 1957). Over-specialisation in a single region increases vulnerability, much like concentrating investments in a single asset.

The illusion of control often leads entrepreneurs to believe that outcomes depend solely on internal decisions. In reality, external forces consistently shape business performance. The

key capability lies not in controlling these forces, but in anticipating, adapting, and strategically responding to them (Teece et al., 1997).

As illustrated earlier, focusing too closely on immediate details can limit strategic awareness. Businesses that succeed are those that step back, identify patterns, and respond to broader trends. In an environment defined by uncertainty, the ability to maintain a wider perspective is not just advantageous but essential (Porter, 2008).

2. Conclusion

Businesses operate within complex and unpredictable economic systems where external forces significantly shape outcomes (Porter, 2008). This study emphasises that perceived managerial control is inherently limited, and strategic success depends on the ability to anticipate and adapt to broader trends (Teece et al., 1997). By adopting a comprehensive perspective and prioritising diversification, businesses can reduce vulnerability to external shocks (Markowitz, 1952; Ansoff, 1957). Future research should focus on empirical validation of these concepts to strengthen their practical application.

References

- [1] Ansoff, H. I. (1957). Strategies for diversification. *Harvard Business Review*, 35(5), 113–124. <https://hbr.org/1957/09/strategies-for-diversification>
- [2] Gereffi, G. (2020). What does the COVID-19 pandemic teach us about global value chains? The case of medical supplies. *Journal of International Business Policy*, 3, 287–301. <https://doi.org/10.1057/s42214-020-00062-w>
- [3] International Energy Agency. (2022). *Global energy crisis*. <https://www.iea.org/topics/global-energy-crisis>
- [4] International Monetary Fund. (2023). *World economic outlook*. <https://www.imf.org/en/Publications/WEO>
- [5] Ivanov, D., & Dolgui, A. (2020). Viability of intertwined supply networks: Extending the supply chain resilience angles towards survivability. *International Journal of Production Research*, 58(10), 2904–2915. <https://doi.org/10.1080/00207543.2020.1750727>
- [6] Knight, F. H. (1921). *Risk, uncertainty and profit*. Houghton Mifflin. <https://oll.libertyfund.org/title/knight-risk-uncertainty-and-profit>
- [7] Markowitz, H. (1952). Portfolio selection. *The Journal of Finance*, 7(1), 77–91. <https://doi.org/10.1111/j.1540-6261.1952.tb01525.x>
- [8] Porter, M. E. (2008). The five competitive forces that shape strategy. *Harvard Business Review*, 86(1), 78–93. <https://hbr.org/2008/01/the-five-competitive-forces-that-shape-strategy>
- [9] Sheffi, Y. (2005). *The resilient enterprise: Overcoming vulnerability for competitive advantage*. MIT Press.
- [10] Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533. [https://doi.org/10.1002/\(SICI\)1097-0266\(199708\)18:7<509::AID-SMJ882>3.0.CO;2-Z](https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z)
- [11] World Bank. (2023). *Commodity markets outlook*. <https://www.worldbank.org/en/research/commodity-markets>