

Influence of Public Policy on Business Strategy: A Systematic Literature Review and Thematic Visualization Analysis

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HISTORY	ABSTRACT
Received 10 August 2024	Purpose — <i>The primary purpose of this study is to investigate how political decisions and public policies shape the formulation and implementation of business strategies across various organizational contexts.</i>
Revised 15 August 2024	
Accepted 16 August 2024	Method — <i>Following the PRISMA guidelines, this study commenced with an extensive search in the Scopus database, initially identifying 281 articles. However, after rigorous relevance and quality screenings, only six articles were selected. VOSviewer was then employed for advanced visual analytics to explore the interconnections and thematic developments within the academic discourse, providing deeper insights into the literature's structure and evolution.</i>
	Result — <i>The findings reveal a complex interplay between business strategies and public policies, where alignment with governmental directives is associated with increased innovation and market adaptability. Conversely, misalignments tend to result in higher compliance costs and reduced strategic agility. The visualizations highlight key areas such as sustainability, regulatory frameworks, and strategic management, underscoring their crucial roles in shaping how businesses respond to policy changes.</i>
	Novelty — <i>This Systematic Literature Review (SLR) combines thematic visualizations with systematic data analysis to provide a clearer understanding of the dynamic relationship between policy decisions and business strategies. This approach not only reveals the current state of research but also traces the evolution of key themes over time, offering insights into the shifting focuses of both academic and practical perspectives.</i>
	Keywords: <i>public policy, business strategy, systematic literature review, VOSviewer, strategic adaptation, policy impact</i>

INTRODUCTION

Political decisions play a crucial role in shaping business strategies and influencing corporate behavior. The relationship between political dynamics and business operations is complex and multifaceted, impacting investment decisions, risk management, and overall corporate strategy (Adejare et al., 2023). For example, research indicates that political uncertainty, especially during election periods, can negatively affect firms' investment activities. This impact is often more severe in countries with unstable political systems, while those with a plurality electoral system experience less disruption (Amore & Corina, 2021). The interaction between politics and business is not merely incidental; it forms a core aspect of strategic planning for many corporations, particularly in highly regulated industries (Halari et al., 2023).



Moreover, a firm's political connections significantly influence its strategic decisions. Firms with strong political ties are often more inclined to take risks, perceiving a sense of security or expecting preferential treatment from government entities (Jegen, 2024). This contrasts with the more conservative investment strategies typically adopted by firms without such connections. Politically connected firms may leverage their relationships to gain insights into regulatory changes or secure favorable conditions, directly linking political influence with corporate strategy (Gordon & Hafer, 2007). Additionally, corporate political strategies can serve as channels for the flow of politically sensitive information, influencing stock prices and offering potential profitability through return predictability techniques (Kim et al., 2018).

In specific industries, such as mobile telecommunications, political and regulatory environments heavily influence the selection of regulatory regimes, demonstrating the direct impact of political decisions on firms' strategies. Companies must navigate a landscape shaped by government policies and regulations, underscoring the importance of understanding how political decisions affect corporate strategies. This necessitates a comprehensive examination of this relationship across various organizational contexts.

Numerous studies have examined the influence of government policies on business performance and operational efficiency. Government interventions often create a supportive regulatory environment that fosters sustainable practices and encourages investment in innovation and infrastructure. For instance, research highlights the positive impact of government policies on enhancing knowledge sharing, resource efficiency, and organizational networks—factors that are essential for driving business performance, particularly in sectors where innovation and sustainability are key competitive advantages (Yadewani et al., 2024; Hashmi, 2023; Forrest et al., 2022).

Additionally, previous research underscores the role of government interventions in promoting business growth through tax incentives, business support, and research funding. These policies enable firms to invest in productivity-enhancing measures, ultimately improving their operational performance. Government interventions are particularly effective in helping businesses boost productivity and operational efficiency (Ugoani, 2020). Furthermore, effective governance and public service, as outlined in government policies, are crucial for managing operations efficiently and ensuring business success by upholding democratic principles, fairness, and regional competitiveness (Jaman et al., 2023).

The influence of government policies extends beyond operational efficiency to encompass sustainable growth, especially in small and medium-sized enterprises (SMEs). Studies have demonstrated that government policies can drive sustainable growth across various sectors by creating a conducive business environment (Solihin et al., 2021). These policies often include incentives for adopting green practices and investing in innovation, which are critical for long-term competitiveness in an increasingly environmentally conscious market (Tyshchenko et al., 2024).

While previous studies have made significant progress in understanding the relationship between government policies and business strategies, there remains a gap in comprehensively exploring how political decisions influence corporate behavior across diverse organizational contexts. Many studies focus on specific industries, regions, or policy types, offering valuable insights but often lacking a broader, integrative perspective. This research seeks to address this gap by conducting a Systematic Literature Review that synthesizes findings from various sectors and geographical contexts, providing a more holistic view of the interplay between political decisions and business strategies.

The novelty of this research lies in its comprehensive approach, which not only examines the direct effects of political decisions on corporate strategies but also considers indirect impacts, such as how firms adapt to regulatory uncertainties and the role of political connections in shaping strategic decisions. By integrating insights from studies across different industries and regions, this research aims to uncover common patterns and unique variations in how businesses respond to political influences. This broader perspective is essential for developing a more nuanced understanding of the strategic implications of political decisions.

Furthermore, this study introduces advanced analytical tools, such as VOSviewer, to map the relationships and trends within the existing literature. This methodological innovation enables a more detailed and visual exploration of how different research themes are interconnected, how they have evolved, and where gaps remain. By combining traditional literature review techniques with these advanced tools, this research offers novel insights into the dynamic relationship between public policy and business strategy, contributing to both academic discourse and practical business applications.

The primary aim of this study is to conduct a comprehensive Systematic Literature Review to examine how political decisions and public policies influence the formulation and implementation of business strategies across various organizational contexts. This research seeks to synthesize existing literature to clarify the mechanisms through which political influences shape corporate strategies. By exploring these dynamics, the study provides valuable insights that can guide both policymakers and business leaders in navigating the complex interactions between public policy and corporate strategy.

A key objective of this study is to apply advanced analytical tools to visualize and analyze relationships within the literature. Utilizing tools like VOSviewer, the study will identify central themes, emerging trends, and research gaps in the intersection of public policy and business strategy. This approach not only deepens the literature review but also offers a visual representation of how the academic discourse has evolved, making a unique contribution to the field.

Ultimately, this research aims to contribute to the broader discourse on strategic management and public policy by understanding how political decisions impact business strategies on a global scale. By synthesizing insights from diverse contexts, the study will provide practical recommendations for businesses adapting to changing political environments and for policymakers designing more effective regulations that align with corporate objectives. This dual focus on academic and practical contributions ensures that the findings of this study will be relevant and impactful across multiple domains.

METHOD

The study uses a Systematic Literature Review methodology to examine relevant studies published in high-impact journals in the past two years. The findings will contribute to both academic knowledge and practical applications by providing a detailed framework for businesses to navigate the complexities of political decision-making. By highlighting firms' strategic responses to policy changes, this research will offer valuable insights for managers and policymakers aiming to foster an environment conducive to business growth.

We adopted a comprehensive and systematic approach to conducting the Systematic Literature Review (SLR) on "How do political decisions and public policies influence the formulation and implementation of business strategies in different organizational contexts?" to ensure the integrity and depth of the review. This narrative provides a detailed methodology for gathering and analyzing relevant literature, emphasizing the processes and tools utilized.

The primary source for collecting scholarly articles was the Scopus database, which was recognized for its extensive coverage and inclusion of high-level international journals. We chose Scopus due to its comprehensive indexing of peer-reviewed literature and wide acceptance in the academic community as a reliable source of scientific information, which aligns with the study's focus on high-quality and reputable sources. Institutional access restrictions posed significant hurdles in accessing papers from the Web of Science (WoS), further solidifying the choice.

We developed a structured search query using keywords and Boolean operators to ensure a focused and relevant dataset. The terms included "public policy," "government policy," "business strategy," "strategic management," and "organizational strategy," among others relevant to the research question. We linked these terms with Boolean operators like "AND"

and "OR" to refine the search results, focusing on papers discussing the interplay between public policy and corporate strategies.

The articles retrieved from Scopus underwent a rigorous screening process. We initially reviewed titles and abstracts to exclude studies that did not explicitly address the intersection of public policy and business strategy. This preliminary screening helped to reduce the large number of initial hits to a more manageable subset of relevant papers.

After this, we subjected the remaining articles to a more detailed evaluation based on their abstracts and, where available, their full texts. We strictly adhered to the inclusion criteria, focusing on articles published in English within a defined time frame from 1999 to 2024 to capture historical and contemporary perspectives. We set this temporal boundary to encompass a significant evolution in public policy dynamics and strategic business responses, providing a broad spectrum of data for analysis.

Methodological Approach Using PRISMA

To ensure the reproducibility and transparency of the review process, we implemented the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines. PRISMA provides a robust framework for reporting systematic reviews, emphasizing clear documentation of the research flow—from record identification, through screening and eligibility assessments, to final inclusion in the review (Rethlefsen et al., 2021). This approach enhances the methodological rigor of the Systematic Literature Review (SLR), helping to maintain objectivity and reduce bias in study selection.

By integrating the PRISMA guidelines with a targeted search and selection strategy, this SLR aims to comprehensively synthesize the existing literature on how political decisions shape business strategies across various organizational contexts. This methodology enables a detailed understanding of the strategic implications of public policies, allowing businesses and policymakers to develop strategies informed by a nuanced appreciation of the academic discourse in this field. Ultimately, this approach not only addresses the research question comprehensively but also grounds the findings in a systematic exploration of high-quality academic literature.

The Systematic Literature Review (SLR) process employs the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework to ensure a comprehensive and organized approach to screening, identifying, and selecting relevant studies. Below, we detail the PRISMA flow for this study, focusing on the relationship between business strategy and public policy.

Identification

The first step in the PRISMA process is identifying records from relevant databases. We used the Scopus database to ensure comprehensive coverage of high-quality, peer-reviewed literature. We conducted the search using a well-defined Boolean query: "public policy" OR "government policy" OR "policy making" OR "policy development" OR "regulatory policy" OR "policy formulation" OR "policy analysis" OR "policy evaluation" AND "business strategy" OR "strategic management" OR "management practices" OR "corporate strategy" OR "organizational strategy" OR "business planning" OR "organizational planning" OR "business management" OR "corporate planning" AND "political decisions" OR "government regulation" OR "political influence" OR "regulatory environment" OR "public administration" OR "policy implementation" OR "policy impact" OR "government intervention" OR "regulation impact" OR "policy outcomes" OR "government decisions". This query yielded 281 records from Scopus, covering various articles on the interaction between political decisions and business strategies.

Screening

During the screening phase, we applied several filters to refine the search results. First, we restricted the publication date to articles published between 1999 and 2024, which excluded 12 records, reducing the dataset to 269 records.

Further refinement involved filtering by document type, source type, and language, considering only journal articles published in English. This resulted in the exclusion of an additional 33 records. We then assessed the remaining 236 records for relevance to the fields of social sciences, business management, and accounting, leading to the exclusion of 111 records that did not align with these subject areas.

After these screening steps, 125 reports were selected for retrieval based on their abstracts and overall relevance to the research question.

Eligibility

In the eligibility phase, we reviewed the abstracts of the 125 selected reports to determine their relevance to the study's objectives. We excluded 100 reports whose abstracts did not align with the research themes.

We attempted full-text retrieval for the remaining 25 reports for further evaluation. However, we could not download two full papers, and upon closer examination, we deemed 17 additional articles irrelevant to the title and research question.

Included

The review ultimately included six studies that met all the inclusion criteria. These studies were considered relevant and critical for addressing the research question of how political decisions and public policies influence the formulation and implementation of business strategies across various organizational contexts.

RESULT AND DISCUSSION

Interactions between political decisions and business strategies have long been significant research topics. Public policies and political actions heavily influence the strategic orientation of enterprises. Governments use policies to steer economic growth, establish competitive advantages, and alter market dynamics. Examples of such policies include regulations, tariffs, subsidies, and other forms of governmental involvement that impact corporate operations and strategic planning (Brown & Stark, 2022). As a result, businesses face both opportunities and challenges due to public policy, necessitating flexible approaches to adapt to the changing regulatory environment. Companies must continuously monitor regulatory changes and respond appropriately to maintain their competitive advantage and ensure compliance.

From a strategic management perspective, corporations must integrate political considerations into their strategic planning processes regarding public policy. This integration involves proactively adjusting strategies and assessing the potential impacts of evolving policies on their operations. For instance, the Canadian government's Strategic and Operating Review (SOR) process demonstrates how strategic management in the public sector can be influenced by political decisions, as it aligns operational reductions with public policy priorities (Levasseur & Rounce, 2017). By aligning themselves strategically, firms can capitalize on policy changes while ensuring compliance with current requirements.

The relationship between public policy and business strategy is further complicated by the varying levels of autonomy within different organizational structures. For example, the Canadian National Research Council (NRC) has greater operational autonomy compared to line departments, allowing it to make more independent budgeting decisions. This structural

variation highlights the importance of organizational context in developing and implementing corporate strategies in response to political decisions (Shaffer & Hillman, 2000).

Recent studies have examined the dynamic relationship between company strategy and public policies in various contexts. For instance, research on small and medium-sized enterprises (SMEs) in Indonesia revealed that government initiatives, such as grants and subsidies, significantly enhance SMEs' innovation capacity and support sustainable business practices. These policies not only provide financial assistance but also create a growth-friendly environment conducive to innovation (Yadewani et al., 2024).

Other research has explored policy inactivity and its effects on policy learning and implementation. The study identified critical non-implementation moments that could transform lessons into practical strategies. It emphasizes the need to address policy inaction to ensure that public policies effectively impact company operations (Brown & Stark, 2022). By overcoming barriers to policy execution, governments can help firms adapt to new regulatory frameworks and strategic challenges.

Additionally, research on business-government strategies revealed internal disputes within companies regarding proactive policy stances and compliance costs. These disputes underscore the complexity of aligning business strategies with external public policy demands. The authors highlight the importance of organizational structures that support effective policy engagement and strategic alignment (Shaffer & Hillman, 2000).

The current Systematic Literature Review aims to develop a comprehensive framework for understanding the interaction between business strategies and political decisions, building on existing concepts and findings. This framework will include key components such as the impact of government policies on business environments, how businesses respond strategically to policy changes, and the role of organizational structures in facilitating effective policy engagement. By integrating insights from recent studies, this review seeks to provide a complete overview of how firms can navigate the complexities of political decision-making and strategic planning.

Additionally, the proposed framework will address various levels of organizational autonomy and their effects on aligning business strategies with public policy. It will consider different business environments, offering valuable recommendations for companies aiming to adapt their strategies to evolving political contexts. This thorough approach is intended to provide fresh perspectives and practical insights for both researchers and practitioners, contributing to the ongoing discussion on public policy and business strategy.

Figure 1 presents a pie chart illustrating the distribution of documents across academic disciplines relevant to the Systematic Literature Review on how political decisions and public policies influence business strategies. The largest segment, Social Sciences, comprises 36.2% of the dataset, highlighting its significant role in addressing the research question. This substantial focus on social sciences suggests a multidisciplinary approach to understanding the implications of political and policy decisions within social contexts. It provides a broad base of literature that includes theories and case studies on policy impact.

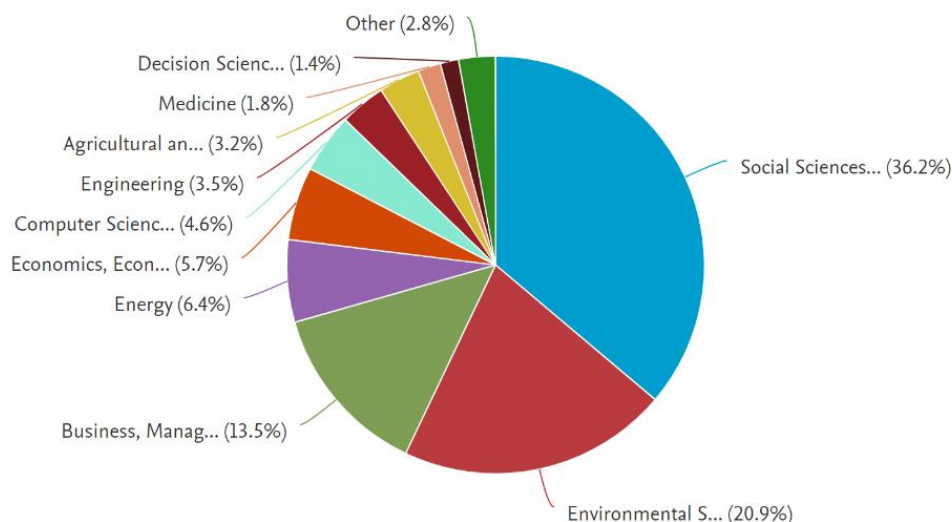
Environmental Sciences account for the second-largest proportion, at 20.9%. This indicates that environmental considerations are becoming increasingly critical in the development of business strategies and policy initiatives. Current global trends emphasize sustainability and the environmental impacts of corporate actions, which are increasingly governed by international and local policies. The prominence of environmental sciences underscores the need for businesses to adopt strategies that comply with environmental regulations and sustainability goals.

The third significant segment is Business, Management, and Accounting, which makes up 13.5% of the documents. This area directly relates to the core aspects of the research question by providing insights into strategic management practices and organizational adaptations in response to external political influences. The focus on this segment reveals an integration of practical business strategies with theoretical and policy-driven frameworks,

suggesting that the literature offers substantial information on how businesses can navigate and leverage political and policy environments to optimize strategic outcomes.

Figure 1. Disciplines in Studying the Influence of Public Policy or Politics on Business Strategy

Documents by subject area



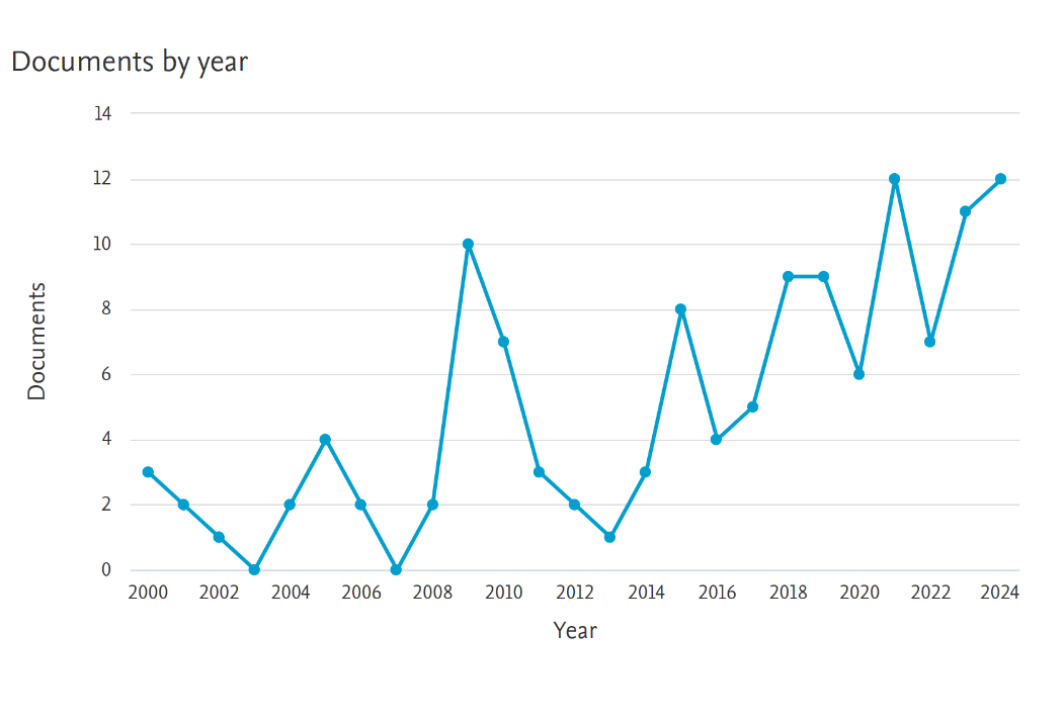
Source: Processed data (2024)

Figure 2 displays a line graph tracing the frequency of document publications from 2000 to 2024. The graph reveals fluctuations in publication numbers, with notable peaks around 2002, 2011, 2020, and 2024. These peaks may indicate heightened interest or significant shifts in political environments and policy decisions affecting business strategies. Such changes could be linked to major global or regional economic events, new legislation, or shifts in political power.

The sharp increase in publications during 2020, continuing into 2024, suggests a recent surge in research interest. This spike may be attributed to global challenges such as the COVID-19 pandemic, environmental crises, and rapid technological advancements. These events often prompt new public policies and necessitate swift strategic adaptations by businesses, marking this period as crucial for academic research on these dynamics. This trend highlights the responsiveness of the academic community to contemporary events and their impact on business and policy.

Overall, the trend depicted in the figure illustrates the dynamic nature of the field, with research interest varying in response to real-world developments. This variability emphasizes the importance of conducting systematic reviews periodically to capture the most recent research and insights into how external factors, such as political decisions, influence business strategy.

Figure 2. Trends in Publications on the Influence of Public Policy on Business Strategy (1999-2024)



Source: Processed data (2024)

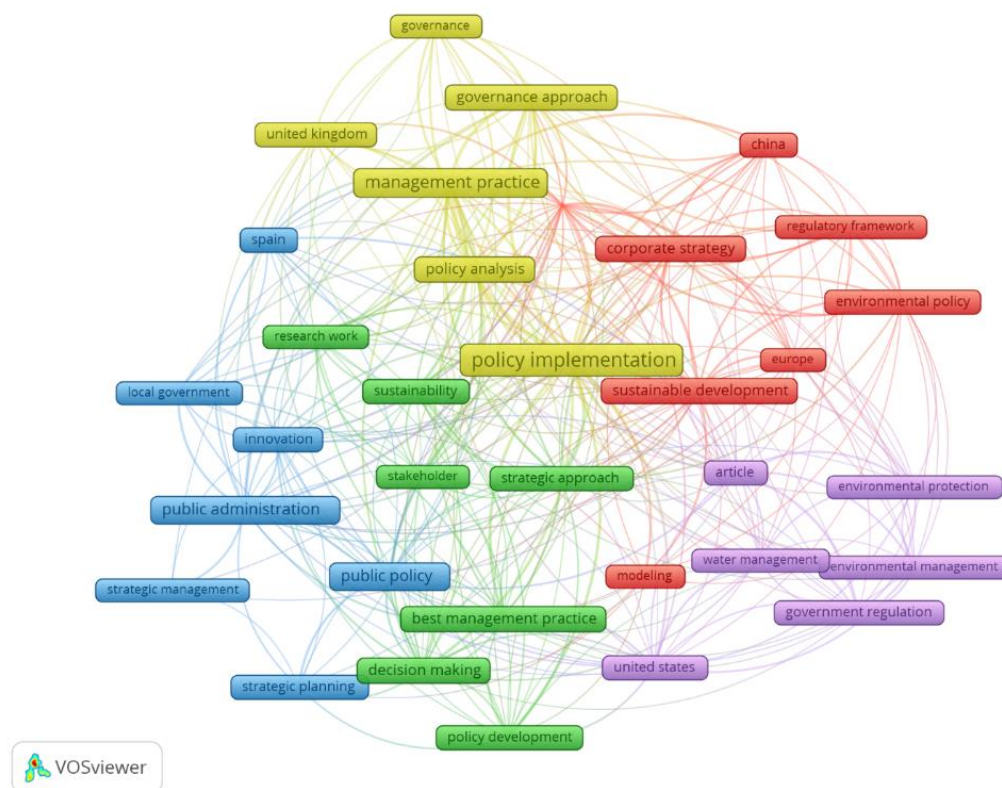
Network Visualization Analysis

In the network visualization, the strategic positioning of nodes such as 'corporate strategy,' 'policy implementation,' and 'sustainable development' highlights the connection between management practices and regulatory as well as environmental concerns. This network not only shows the co-occurrence of these topics but also illustrates the strength of their relationships, indicating the extent of research integration across disciplines like environmental science, public administration, and strategic management. The varied color coding of the clusters further enhances the understanding of thematic distinctions and overlaps, revealing how different research domains interact within the broader context of policy and strategy.

The linkages between 'environmental policy' and 'corporate strategy' indicate an active area of research focused on how businesses adapt to environmental regulations. These connections underscore a significant interdisciplinary research area, suggesting that effective policy implementation often requires strategies that integrate business needs with environmental sustainability. For the Systematic Literature Review (SLR), such visualizations provide a roadmap of critical thematic areas where the impact of policy on business strategies is most pronounced, guiding the review toward literature that exemplifies this interplay.

This detailed mapping of interdisciplinary relationships aids in structuring the SLR by focusing on how various research areas contribute to understanding the overall impact of political decisions on business strategies. It offers both a visual and analytical approach to exploring how different fields converge to address complex issues at the intersection of policy, business, and sustainability, ensuring that the review encompasses a broad range of integrated perspectives.

Figure 3. Network Visualization Analysis Using VOSviewer



Source: Processed data (2024)

Overlay Visualization Analysis

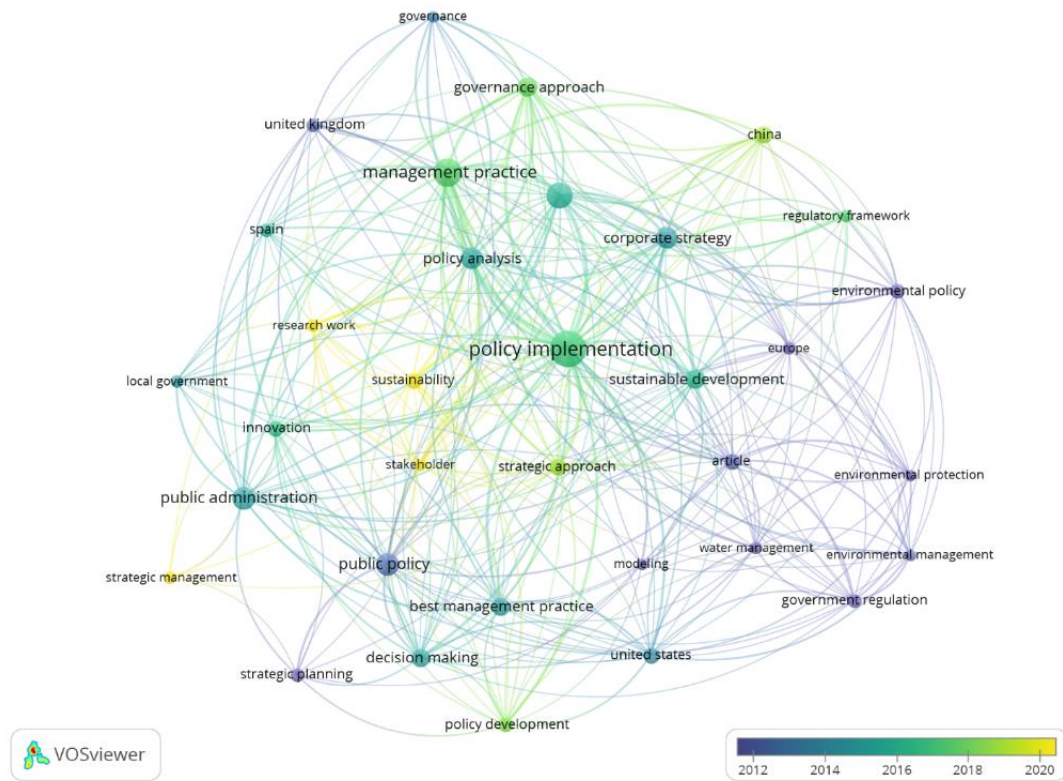
The overlay visualization, with its temporal dimension, illustrates how research focus has shifted towards emerging themes such as 'sustainable development' and 'environmental policy,' which are highlighted in warmer colors to indicate recent research. This temporal shift reflects the increasing importance of sustainability issues within both the academic and business communities, mirroring a broader societal movement towards sustainability that affects public policy and corporate strategies. The visualization effectively captures the evolution of these themes over time, offering insights into how academic discourse adapts to changing policy landscapes and business needs.

The historical context provided by the overlay reveals the foundational research in 'public administration' and 'strategic planning,' which laid the groundwork for more specialized studies on sustainability and policy implementation. This progression from general to specific demonstrates the growing complexity of research as it begins to cross traditional disciplinary boundaries, integrating insights from environmental science, public policy, and business strategy. For the Systematic Literature Review (SLR), this visualization is crucial for understanding the chronological development of key concepts, identifying periods of significant shifts in research focus, and contextualizing the current research landscape.

Additionally, the overlay visualization offers a deeper understanding of how these research themes have developed over time. It highlights the emergence of new research areas and the ongoing relevance of specific themes, indicating areas of sustained academic interest and concern. This perspective helps frame the SLR within a dynamic research environment,

emphasizing the importance of historical trends and future directions for a comprehensive review of how political decisions impact business strategies.

Figure 4. Overlay Visualization Analysis Using VOSviewer



Source: Processed data (2024)

The systematic review of literature from high-quality journals indexed in Scopus reveals a dynamic interplay between political decisions and business strategy formulation. The first article reviewed, focusing on sustainable SMEs, highlights how environmental policies have mandated changes in operational practices and strategic planning. Governments worldwide have been enforcing stricter environmental regulations, compelling businesses to adapt their operations and rethink their strategies to ensure compliance and sustainability. This shift is particularly pronounced in industries like manufacturing and energy, which are heavily impacted by such regulations.

Similarly, the article on policy inaction illustrates the significant effects of failed policy implementations. Public policy goals are often not realized due to various barriers during the implementation phase. The discrepancies between policy design and execution can create uncertainty for businesses, affecting their long-term strategic planning. To mitigate risks associated with unclear policy directions, businesses may adopt conservative strategies, which can stifle innovation as companies defer major investments in new technologies or markets until clearer policies are established.

The third and fourth papers provide insights into how organizations respond to political changes. These studies demonstrate that businesses do not merely react to policy but actively interpret and integrate these changes into their strategic decisions. For example, changes in trade policies prompt businesses to reevaluate their supply chain and logistics strategies to

avoid potential disruptions and take advantage of new market opportunities. Economic recovery programs, such as those in Ghana's gold mining sector, have led companies to adjust their investment strategies, leveraging governmental support to expand operations and enhance technological capabilities.

These adaptations vary significantly across different sectors and regions. Companies in highly regulated industries like healthcare and finance typically have dedicated teams to monitor policy changes and adjust their strategies accordingly. In contrast, smaller enterprises or those in less regulated fields may face more significant challenges navigating the policy landscape, often relying on industry associations and external consultants for strategic guidance.

The last two articles explore the outcomes of these strategic adaptations, highlighting both successes and challenges. When companies effectively align their strategies with governmental policies, they can enhance their market positioning and contribute to broader economic and social goals, such as sustainability and innovation. For instance, firms that have embraced digital transformation in response to digital economy policies have improved their operational efficiencies and expanded their market reach.

However, alignment with policies is not always feasible or beneficial. Rapid regulatory changes can impose significant compliance costs on businesses, which may outweigh the potential benefits. For example, small businesses often struggle with the resources needed to implement changes required by new data protection laws, such as GDPR in Europe. This misalignment can lead to competitive disadvantages, as smaller businesses may fall behind larger players who are better equipped to handle regulatory demands.

Discussion

The Systematic Literature Review delved into the complex relationships between political decisions, public policies, and business strategies, emphasizing the impact of policies on corporate strategies across various organizational contexts. This broad approach revealed that policy shifts can have far-reaching effects across multiple sectors, underscoring the need for a multidisciplinary perspective in business strategy formulation. Integrating insights from diverse fields enables businesses to develop robust strategies that respond to the dynamic nature of political landscapes (Levasseur & Rounce, 2017).

Addressing the primary research question, the review synthesized data showing that businesses must align closely with evolving policy environments. This alignment is crucial as it allows companies to leverage opportunities arising from policy changes while mitigating associated risks (Engau & Hoffmann, 2009). Strategic alignment, as posited by Porter's theories, can enhance or hinder competitive advantage depending on the regulatory framework governing the industry. However, achieving this alignment is challenging due to potential risks, such as sudden policy shifts that disrupt strategic plans and the complexity of managing diverse political environments across regions (Tsotsolas & Alexopoulos, 2019).

The review highlighted the importance of agility in the operational and strategic frameworks of multinational corporations. These companies must adapt quickly to changes across various regulatory environments, each presenting unique challenges and opportunities. Decentralized decision-making often facilitates this agility, allowing local managers to align strategic decisions with global corporate goals and local regulatory requirements. However, maintaining agility introduces risks such as inconsistencies in strategy execution across regions and significant costs associated with continuous monitoring and strategy adjustments (Nikoi, 2016).

The influence of government policy on SMEs, particularly concerning sustainability, was also significant. Smaller businesses often rely on government guidance and incentives to implement sustainable practices, which can be cost-prohibitive without such support. These findings align with the resource-based view, where access to resources like government incentives enables businesses to pursue sustainability goals while maintaining profitability.

However, reliance on government support poses risks, such as policy changes that could undermine previous investments. This highlights the need for SMEs to diversify their resources and develop contingency plans (Yadewani et al., 2024).

Public policy variations across regions present both challenges and opportunities for global businesses. Companies must anticipate and respond to these variations through proactive strategy development, involving extensive market research and scenario planning. Firms that navigate this complex policy landscape effectively often gain a strategic advantage by capitalizing on favorable policies or avoiding pitfalls associated with adverse regulatory changes. This capability is crucial for maintaining competitiveness in a global market characterized by rapid public policy changes (Shaffer & Hillman, 2000).

Comparative analysis of policy impacts across regions showed that businesses adapt their strategies based on the stability of the political environment. In stable environments, companies pursue long-term strategies with confidence, while in volatile regions, they adopt a more reactive approach, prioritizing flexibility. This adaptability is critical for managing the risks of political instability, where sudden policy changes can disrupt markets and supply chains. The findings suggest that businesses must develop region-specific strategies to respond effectively to local political and regulatory climates (Brown & Stark, 2022).

The increasing integration of sustainability into core business strategies reflects a response to regulatory pressures and a strategic move to align with consumer preferences and market trends. The review highlighted that businesses are increasingly recognizing sustainability as a driver of innovation and competitive advantage. By adopting sustainable practices, companies not only comply with regulations but also enhance their brand reputation, open new markets, and improve operational efficiencies (Yadewani et al., 2024).

The theoretical implications of these findings suggest that traditional strategic management models must increasingly incorporate political and regulatory factors. This shift reflects the growing complexity of the global business environment, where companies must navigate numerous political and economic challenges. The review calls for an expanded theoretical framework that includes political risk management, regulatory compliance, and strategic flexibility (Nikoi, 2016).

Managers and business leaders must develop a deep understanding of the political and regulatory environment, market conditions, and competitive landscape. They need the skills and tools to analyze political risks and opportunities, integrating this analysis into strategic planning. This capability will enable them to navigate the complexities of the business environment more effectively, making informed decisions that safeguard their companies' interests while capitalizing on new opportunities created by political and policy changes (Levasseur & Rounce, 2017).

In conclusion, this discussion highlights the critical interdependencies between political decisions, public policies, and business strategies. The dynamic interplay between these elements presents both challenges and opportunities in today's globalized economy. Future research should explore these relationships through longitudinal studies or comparative analyses, offering deeper insights into how businesses can effectively navigate this complex landscape (Tsotsolas & Alexopoulos, 2019).

CONCLUSION

This study aimed to explore how political decisions and public policies influence the formulation and implementation of business strategies across various organizational contexts. The Systematic Literature Review has substantively addressed this objective, revealing that regulatory environments significantly impact strategic planning, particularly for multinational corporations navigating complex, multifaceted legal landscapes. The findings indicate that government policies, through incentives and regulations, play a crucial role in adopting greener and more sustainable business practices among SMEs. Moreover, the variability of public policy across regions necessitates that firms adapt and tailor their competitive

strategies to local conditions. These results underscore the intricate relationship between policy, political decisions, and strategic business management, emphasizing the importance of contextual intelligence and agility in business strategy formulation.

This study suggests that businesses must remain agile and informed in their strategic planning, particularly in response to evolving political and regulatory landscapes. In addition, companies should develop robust strategies that account for the dynamic nature of political environments, ensuring they can swiftly adapt to changes and capitalize on new opportunities. This research offers valuable insights for practitioners, guiding them in formulating strategies that align with local and global political contexts.

However, the research is not without limitations. One notable limitation is the reliance on articles sourced exclusively from Scopus, which may restrict the diversity of perspectives and data included in the review. Future studies should consider incorporating research from a broader range of databases and publications to capture a more comprehensive view of the topic. Additionally, longitudinal studies would be beneficial in understanding the evolving relationships between politics, policies, and business strategies over time. Conducting case studies or empirical research could provide deeper insights into how specific political decisions or policy changes directly impact business strategies in various contexts. These efforts would further enhance our understanding and provide more detailed guidance for scholars and practitioners navigating this complex field.

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