

## From Entropy to Adaptability: Rethinking Leadership Decision-Making through the Lens of Personality and Preference

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**Abstract.** In today's highly volatile and complex global environment, growth has become a strategic imperative rather than a mere option. This study explores how firms navigate organic, inorganic, and hybrid growth strategies to achieve sustainable competitive advantage in VUCA (volatility, uncertainty, complexity, and ambiguity) conditions. Drawing on a systematic literature review of 52 peer-reviewed articles published between 2015 and 2025, this paper examines how internal capabilities and external opportunities are aligned through growth configurations. The findings indicate that organic growth fosters innovation depth, brand cohesion, and cultural alignment, while inorganic growth provides rapid access to markets, technologies, and resources. However, each approach carries unique risks—organic growth may be too slow in fast-changing sectors, while inorganic strategies may face integration and cultural challenges. Hybrid strategies, which blend both approaches, emerge as the most adaptive solution in dynamic environments, offering firms flexibility to combine speed with sustainability. Strategic fit, absorptive capacity, and organizational agility are identified as key enablers of growth effectiveness. This study contributes to the theoretical development of growth strategy from a dynamic capabilities perspective and offers practical guidance for organizations designing context-sensitive growth paths.

**Keywords:** growth strategies, organic growth, inorganic growth, hybrid strategy, competitive advantage.

**Abstrak.** Dalam kondisi global yang semakin volatil dan kompleks, pertumbuhan bukan lagi sekadar pilihan, melainkan keharusan strategis bagi keberlangsungan organisasi. Studi ini mengkaji bagaimana perusahaan memanfaatkan strategi pertumbuhan organik, anorganik, dan hibrida untuk mencapai keunggulan bersaing yang berkelanjutan di tengah kondisi VUCA (volatility, uncertainty, complexity, ambiguity). Berdasarkan tinjauan pustaka sistematis terhadap 52 artikel ilmiah terbitan 2015–2025, penelitian ini menganalisis bagaimana kapabilitas internal diselaraskan dengan peluang eksternal melalui konfigurasi strategi pertumbuhan. Hasil temuan menunjukkan bahwa pertumbuhan organik mendukung inovasi jangka panjang, kohesi merek, dan keselarasan budaya, sementara pertumbuhan anorganik memungkinkan akses cepat terhadap pasar, teknologi, dan sumber daya baru. Namun, masing-masing pendekatan memiliki risiko tersendiri—pertumbuhan organik mungkin terlalu lambat di sektor yang berubah cepat, sementara strategi anorganik menghadapi tantangan integrasi dan konflik budaya. Strategi hibrida yang menggabungkan keduanya muncul sebagai solusi adaptif dalam lingkungan dinamis, memungkinkan perusahaan menggabungkan kecepatan dengan keberlanjutan. Kesesuaian strategis, kapasitas absorptif, dan kelincihan organisasi diidentifikasi sebagai faktor kunci keberhasilan implementasi strategi pertumbuhan. Studi ini berkontribusi secara teoretis melalui penguatan perspektif kapabilitas dinamis dan memberikan panduan praktis bagi perancang strategi pertumbuhan yang sensitif terhadap konteks.

**Kata kunci:** strategi pertumbuhan, pertumbuhan organik, pertumbuhan anorganik, strategi hibrida, keunggulan bersaing.

### 1. INTRODUCTION

Amidst the rapid currents of change, today's business world and organizations face increasingly unpredictable dynamics. Changes no longer follow a linear or stable path, but instead occur randomly, filled with uncertainty, and often involve elements of disruption. This situation characterizes what many experts refer to as the VUCA era—Volatility, Uncertainty,

Complexity, and Ambiguity (Bennett & Lemoine, 2014). Peter Drucker (2001) once emphasized that the new wave of the economy does not merely bring physical or material changes, but also shakes the very foundation of how organizations think, act, and make decisions. In such conditions, many organizations weaken or even collapse—not necessarily because they make clear strategic mistakes, but because they fail to adapt swiftly and appropriately to sudden and unforeseen changes (Christensen, 2015; Handy, 1993).

This phenomenon reflects "organizational entropy"—a systemic decline that unfolds gradually, often without being realized by those experiencing it (Handy, 1993). In a world marked by uncertainty and rapid change, an organization's survival heavily depends on its leaders' ability to make effective strategic decisions. These decisions are not only long-term in nature but also have broad impacts on the organization's direction, structure, and resilience (Ahlstrand et al., 1998). Therefore, leadership can no longer be understood merely as a formal position or authority. More than that, leadership is a psychological and behavioral function—reflected in how a leader thinks, responds, and makes decisions under pressure and complexity (Eisenhardt & Zbaracki, 1992; Yukl, 2013).

In this context, understanding personality and individual preferences becomes crucial. A leader's personal characteristics shape how they perceive the world and influence their patterns in strategic decision-making (Roberts et al., 2007). In other words, who the leader is—and how they think and feel—can significantly determine the future direction of the organization. Although many studies have explored leadership and decision-making, few have deeply integrated aspects of personality, cognitive preferences, and the effectiveness of strategic decision-making—particularly in the context of organizational disruption (Judge & Bono, 2001; Kirkman et al., 2009). Most decision-making models in use today remain normative and linear, often neglecting the psychological dimensions that greatly influence a leader's intuition and thinking style (Sadler-Smith & Shefy, 2004). Yet, when facing disruption, elements such as responsiveness and risk-taking become essential. These elements are heavily influenced by each leader's personality structure and thinking preferences. In situations that are fast-moving and uncertain, the way a leader processes information and makes decisions becomes a key factor in an organization's ability to survive and adapt (Yukl & Mahsud, 2010).

Based on this background, this article aims to consolidate and synthesize relevant literature on the role of personality, individual preferences, and strategic decision-making in organizations facing disruption. Through an integrative literature review approach, this paper not only seeks to outline previous findings but also to formulate a conceptual framework that

helps explain how psychological factors in leaders influence the effectiveness of strategic decisions—especially in situations where organizations face the risk of decline or entropy. The unique value of this article lies in its interdisciplinary perspective, combining insights from organizational psychology and strategic management. This perspective is expected not only to enrich existing academic discussions but also to offer practical contributions to the development of more adaptive and resilient leadership in an increasingly uncertain world.

## **2. LITERATURE REVIEW**

### **Organizational Entropy and Adaptability**

Organizational entropy describes a system's natural decline in vitality and functionality due to internal stagnation, such as rigid bureaucracy and outdated practices (Camisón & Villar-López, 2014; Drucker, 2012; Handy, 1993). This decline often results not from external threats, but from a failure to renew processes, structure, and culture (Ismail et al., 2019; Zhang & Bartol, 2010). In contrast, adaptability is a core strategic resource that enables organizations to sense, interpret, and respond proactively to environmental changes (Drucker, 1999; Lengnick-Hall & Beck, 2005). Strategic frameworks such as Dynamic Capabilities (Teece et al., 2016), Ambidexterity (O'Reilly III & Tushman, 2013), and Organizational Resilience (Lengnick-Hall et al., 2022) emphasize innovation, flexibility, and continuous learning as keys to long-term viability. Effective leaders play a critical role in fostering adaptive cultures and preventing entropy through early detection and strategic renewal.

### **Personality Theories in Leadership**

Personality significantly influences leadership behavior, especially in decision-making and navigating organizational dynamics. The Big Five model—Openness, Conscientiousness, Extraversion, Agreeableness, and Neuroticism, is widely used to understand these traits (McCrae & John, 1992). Conscientiousness and Extraversion are positively linked to leadership effectiveness (Judge & Bono, 2001). Additionally, tools like MBTI, DISC, and e-Colors help identify communication and behavioral patterns in leaders. For instance, leaders high in Openness are often innovative, while those high in Neuroticism may struggle with emotional stability under stress (Roberts et al., 2007). In disruptive contexts, personality becomes crucial in determining a leader's adaptability and risk management.

### **Individual Preferences and Decision-Making**

Individual preferences in organizations influence how people process information and make decisions, especially in complex or uncertain situations. Mumford (1992) categorizes individuals as Activists, Theorists, Pragmatists, or Reflectors, which affects their approach to

problem-solving. Cognitive style distinguishes between intuitive thinkers, who rely on experience and patterns, and analytical thinkers, who depend on data and logic (Sadler-Smith & Shefy, 2004). These preferences, including risk-taking and uncertainty tolerance, are crucial in determining decision-making speed and quality in dynamic environments. Understanding these preferences is key to assessing leadership effectiveness in modern organizations.

### **Leadership and Strategic Decision-Making**

Strategic decision-making is a critical leadership function, involving high-level thinking, from understanding internal and external organizational conditions to formulating strategic alternatives and setting long-term directions (Ahlstrand et al., 1998). These decisions are often made under pressure, with limited information, and within tight timeframes. In complex environments, strategic decisions are rarely fully rational; instead, they are influenced by intuition, internal politics, and entrenched organizational habits (Eisenhardt & Zbaracki, 1992). Thus, successful strategic decision-making depends on adaptive, reflective, and responsive leadership styles (Yukl, 2013). Traditional decision-making models often assume linear, rational approaches, which fail to capture the dynamic and ambiguous realities of organizations. Integrating personality traits and cognitive preferences of leaders offers a more comprehensive view of how and why decisions are made, providing a more realistic understanding of strategic decision-making in practice.

## **3. METHODS**

This article employs an integrative literature review as its primary methodological approach to develop a conceptual framework. This approach was chosen because it allows for the synthesis of theories, empirical findings, and conceptual perspectives from multiple disciplines—ranging from psychology to management—into a new and comprehensive understanding (Snyder, 2019; Torraco, 2005). The main focus of this study is to explore how personality traits and individual preferences influence leaders' strategic decision-making, particularly in contexts marked by disruption and the risk of organizational entropy. Through this approach, the article aims to build a more holistic understanding of the relationship between leaders' psychological aspects and the effectiveness of their decisions in the face of today's challenges.

The literature search was systematically conducted to ensure that the sources used were relevant, credible, and up-to-date. Major academic databases, such as Google Scholar, Scopus, and ProQuest, were utilized to capture diverse perspectives and broaden the scope of the

review. Keywords were selected to reflect the psychological dimensions of leadership within the context of strategic decision-making amid disruption. These included: “personality traits” AND “leadership,” “strategic decision making” AND “preference,” “individual differences” AND “VUCA” OR “disruption” OR “entropy,” and “adaptive leadership” AND “organizational behavior.” The search focused on literature published in the last ten years (2013–2023) to ensure relevance and timeliness, although foundational works with strong theoretical contributions from earlier were also included to strengthen the conceptual foundation.

To ensure the quality and relevance of the literature, clear inclusion and exclusion criteria were applied. Inclusion criteria included: articles published in indexed academic journals (Scopus or SINTA) to guarantee scientific validity, literature directly relevant to leadership, decision-making, personality, and adaptive organizations, and articles written in English or Indonesian for thorough analysis. Exclusion criteria included: popular articles or those not peer-reviewed (e.g., media opinions, blogs, or non-academic institutional reports), and publications focused outside the organizational or managerial context (e.g., clinical psychology or social issues without clear links to organizational dynamics). These criteria ensured the literature collected was academically robust and aligned with the research objectives.

The gathered literature was analyzed using a thematic and theoretical synthesis approach. Each article was coded based on key themes such as personality types, cognitive preferences, leadership styles, decision-making approaches, and organizational adaptability. This process enabled the identification of relational patterns among themes, including similarities, differences, and conceptual interactions. The analysis also helped to identify research gaps that have not been extensively explored and therefore present opportunities for further conceptual development. The outcomes of this synthesis serve as the foundation for formulating several conceptual propositions, which are discussed in the following section, including the proposed conceptual models developed in this study.

#### **4. SYNTHESIS AND DISCUSSION**

The literature shows that when organizations fail to adapt to disruptive changes, they experience entropy, a systemic decline in functionality (Drucker, 1999; Handy, 1993). To avoid this, adaptability is emphasized as a vital strategic capability. However, it depends on the quality of strategic decisions made by leaders, particularly under uncertainty and time constraints (Eisenhardt & Zbaracki, 1992; Yukl & Mahsud, 2010). Strategic decision-making is influenced by leaders' psychological dimensions, particularly their personality and cognitive

preferences. The Big Five Personality Traits model (McCrae & John, 1992) explains how traits like Openness to Experience and Conscientiousness shape leaders' responses to pressure and ambiguity. For example, open leaders tend to innovate, while conscientious leaders weigh risks carefully (Judge & Bono, 2001). Additionally, intuitive thinkers make quick decisions based on experience, while analytic thinkers rely on logic and data (Sadler-Smith & Shefy, 2004).

Personality and cognitive preferences interact to influence leadership. For instance, a leader with high openness and a pragmatist style combines flexibility with practical decision-making, whereas high neuroticism and a reflector style may lead to overthinking and decision delays. In a disruptive environment, aligning leader characteristics with external challenges (person-environment fit) is critical. Enhancing adaptability requires mapping leader personalities, profile-based training, and creating complementary teams. This approach highlights that strategic decision-making success depends not only on tools and structures but also on who is making decisions and how they think, making it essential for modern leadership research.

### **Proposed Conceptual Framework**

Based on the literature synthesis and discussion, this article proposes a conceptual framework to understand how personality traits and individual preferences affect the effectiveness of strategic decision-making by leaders, particularly in organizations facing disruption and the risk of entropy. This framework not only maps the internal factors of leaders but also places them in a dynamic relationship with decision-making processes and the external organizational context.

### **Leader's Internal Factors**

The leader's internal factors include psychological characteristics that directly influence how a leader thinks and acts. Personality traits, based on the Big Five model (McCrae & John, 1992), include Openness to Experience, which is related to creativity, innovation, and openness to new ideas; Conscientiousness, reflecting discipline, attention to detail, and strategic planning orientation; Extraversion, associated with initiative-taking and strong external communication; and Agreeableness and Neuroticism, which impact teamwork ability and emotional stability in critical situations. Additionally, individual preferences shape how leaders process information and make decisions. These include thinking style, with intuitive leaders relying on gut feeling and experience, while analytical leaders depend on data and logic; learning style, as described by Mumford (1992), which includes activist, reflector, theorist, and pragmatist types; and

preferences for risk and time, influencing the speed and focus on short-term versus long-term goals.

### **Strategic Decision-Making Process**

The strategic decision-making process outlines the cognitive and practical steps a leader takes when formulating strategic decisions. These include environmental scanning, which involves recognizing changes and opportunities in the external environment; problem framing, which means contextualizing issues strategically; generating alternatives, which involves creating various courses of action; and evaluation and execution, where decisions are selected and implemented. Each of these stages is influenced by the leader's personality and cognitive preferences, which shape their thinking style (Sadler-Smith & Shefy, 2004).

### **Organizational Environment Context**

In a disruptive organizational environment, often referred to as the VUCA (volatility, uncertainty, complexity, ambiguity) context, external factors moderate the decision-making process. In this context, entropy is understood as a latent threat resulting from stagnation and failure to adapt. Adaptability becomes the primary goal—the organization's ability to adjust effectively to change. The effectiveness of a leader's strategic decisions can be assessed through several indicators, including alignment with the organization's strategic direction, speed and accuracy in responding to changes, success in driving organizational transformation, and the organization's ability to prevent or reverse entropy.

### **Outcome: Strategic Decision Effectiveness & Organizational Adaptability**

The effectiveness of a leader's strategic decisions can be assessed through several indicators: alignment with the organization's strategic direction, speed and accuracy in responding to changes, success in driving organizational transformation, and the organization's ability to prevent or reverse entropy.

### **Relationship Between Components**

The relationship between the components is as follows: personality and individual preferences shape leadership style and decision-making patterns, which in turn influence the strategic decision-making process, from problem identification to solution execution. In the context of disruption, the alignment between a leader's internal characteristics and the external demands of the organization will determine the success of adaptation. Ultimately, this leads to the effectiveness of strategic decisions and organizational adaptability, contributing directly to the organization's long-term resilience.

Visual Model

Figure 1 illustrates a macro conceptual model showing the dynamic relationship between external pressures and internal responses within an organization. The leader, as a sense-maker, interprets change signals and translates them into strategic decisions. The leader's personality and cognitive preferences influence their decision-making. These decisions determine the organization's adaptability, impacting long-term outcomes like transformation and sustainability.

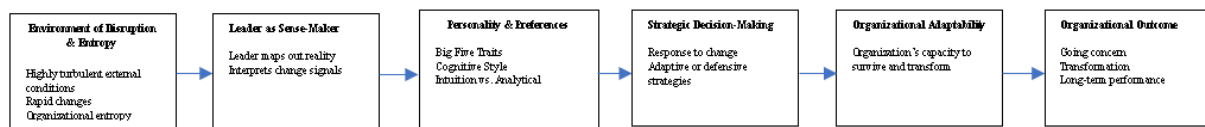


Figure 1. Macro Conceptual Framework Model: The Role of Leaders in Responding to Organizational Disruption: "From Entropy to Adaptability"

However, this macro model has not yet explained in detail how the strength of the relationship between a leader's psychological factors and decision-making effectiveness may change according to the external context. Therefore, this article strengthens the framework by adding a micro model, as shown in Figure 2. This model highlights that a disruptive environment—characterized by uncertainty, complexity, and rapid change (VUCA/entropy)—is not just the backdrop for events but also acts as a moderator. In other words, environmental conditions can either strengthen or weaken the influence of a leader's personality and preferences on the effectiveness of the decisions they make.



Figure 2. Micro-Conceptual Framework Model: Relational Framework of VUCA/Entropy Moderation in Strategic Decision Making

By integrating these two frameworks, it can be seen that organizational adaptability is not only about how great the internal qualities of a leader are, but also about how well their characteristics fit the demands of the complexity of the surrounding environment. In this context, the concept of person–environment fit is an important key to bridging the understanding between the macro and micro levels in strategic leadership studies, especially in an era of disruption that demands speed, precision, and flexibility in decision-making.



## 5. CONCLUSION

This article explores how a leader's psychological characteristics—particularly personality and cognitive preferences—affect the effectiveness of strategic decision-making in organizations facing disruption and entropy threats. Through an integrative literature review approach, a conceptual framework is developed that positions the disruptive environment (VUCA and entropy) not just as a backdrop but as a moderating factor that strengthens or weakens the impact of internal leadership factors on decision-making processes. The main conclusion of this study is that the effectiveness of strategic decisions does not solely depend on analytical tools, formal procedures, or organizational structure. More often, it is determined by the leader's psychological structure—how they think, interpret information, and respond to pressure. In uncertain, rapidly changing, and ambiguous situations, personality and cognitive preferences become essential foundations for adaptive and visionary leadership. Therefore, understanding person–environment fit is key in preparing leaders to make the right decisions at crucial moments.

### Recommendations

Based on these conceptual findings, here are some actionable recommendations:

1. For Future Research, this model should be empirically tested using a quantitative approach. Instruments such as the NEO-PI-R to measure personality, Honey & Mumford Learning Styles for preferences, and VUCA perception and decision effectiveness scales can be used to examine direct, moderating, and mediating relationships between variables.
2. For Organizations, mapping personality and cognitive preferences can serve as the basis for designing leadership training programs that are not only generic but also contextual and profile-based. This will help develop leaders who are more resilient and responsive to strategic challenges.
3. For Policy Makers and HR Practitioners, this approach provides opportunities to develop a more strategic talent management system, considering the alignment between individual character and the ever-changing demands of the work environment. This is essential to ensure that selected leaders are well-suited to the challenges they will face.

By integrating leadership psychology and strategic management perspectives, the "From Entropy to Adaptability" conceptual framework is expected to contribute to enriching the academic discourse while offering practical guidance for organizations in the era of disruption. Future leaders will need to be not only technically smart but also psychologically mature and flexible in facing uncertainty.

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