**INTRODUCTION**

It is crucial to make strategic choices to shape the direction and performance of an organization, particularly Microsoft (Alhawamdeh, 2019). In addition to internal and external factors, these choices are influenced by the decision-making process. To ensure that strategic choices are aligned with Microsoft's goals and capabilities, it is imperative to conduct a thorough analysis of these factors (Asikhia and Nwadiuru 2021). In an ever-evolving technology industry, this will ensure continuity and drive success.

The integration of real options analysis (ROA) into scenario planning (SP) has been explored to enhance the benefits of both techniques (Favato and Vecchiato, 2017). As Microsoft navigates a rapidly changing technological landscape, this approach is particularly relevant to it. As a result of combining SP-ROA, Microsoft has been able to identify strategic issues and develop options, allowing it to make more dynamic decisions in uncertain situations (Khan, 2011). As the company's previous analyses have noted, a flexible and adaptive strategy approach is necessary. In addition, Microsoft's focus on innovation and growth can be aligned with SP-ROA integration, which helps the company manage risk and capitalize on opportunities.

SP-ROA can be used to analyze Microsoft's strategic issues, which take into account both internal and external factors. According to Snake and Jüttner (2017), a cross-impact matrix can be used to analyze how these factors interact, while Abell (2018) argues that changes in the marketplace must be anticipated and responded to.

**KEY STRATEGIC ISSUE FACED BY MICORSOFT**

There are significant strategic challenges for Microsoft, mainly related to innovation (Gurel and Tat, 2017). To avoid addressing customers' specific needs, Microsoft often succumbs to a "me-too" mentality by replicating competitor moves (Bort, 2019). A result of this approach has been the abandonment of successful technologies such as MP3 players, cloud-based Office applications, and webcams, in favor of unnecessary changes which fail to meet customer demands. A lack of innovation despite substantial investments in Research and Development has prevented the company from developing groundbreaking products (Loebbecke *et al*, 2020).

A major challenge for Microsoft is its inability to understand its customers and resistance to change. Because of its own success, the company has trouble introducing innovations without disrupting its existing systems (Bort, 2019). As demonstrated by their reluctance to upgrade from Internet Explorer 6, enterprises are dependent on Microsoft's technology and resist constant change. Thelwall (2018) warns that Microsoft faces a precarious position as a result of the tension between innovation and stability.

Additionally, Microsoft's tendency to build rather than partner for technology hinders its progress (Valentin, 2021). As a result of the company's insistence on creating its own solutions, such as hypervisors and gaming consoles, instead of working with established players like VMware, unnecessary expenses and opportunities have been missed (Warner, 2019). Microsoft's tendency to go against market trends and competitors' strategies hinders its ability to remain competitive (Neumann *et al,* 2019).

**FACTORS INFLUENCING THE STRATEGIC CHOICES**

To deal with several key strategic issues, Microsoft needs to carefully analyze its SP-ROA framework, taking both external and internal factors into account. (UKEssays, 2018)

**External Factors:**

1. **Technological Advancements:** Microsoft needs to align its strategies with emerging technologies, such as artificial intelligence and cloud computing, to remain competitive in the rapidly evolving tech industry.
2. **Competitive Landscape:** Microsoft detects opportunities and threats by analyzing the strategies of competitors, especially in areas like search engines (Google).
3. **Regulatory Environment**: A diverse regulatory environment poses challenges to Microsoft due to its global reach. Keeping up with changing regulatory frameworks requires flexibility and strategic foresight.

**Internal Factors:**

1. **Innovation and R&D:** It's critical that Microsoft fosters a culture of innovation to create breakthrough products and services in order to maintain its dominance as the world's leading operating system provider.
2. **Employee Satisfaction and Retention:** In the analysis, employee discontent is highlighted as a cause of concern; employee satisfaction directly impacts productivity and innovation. Therefore, strategic initiatives should be focused on retaining top talent and creating a positive work environment.
3. **Product Diversification**: In the SP-ROA framework, product diversification is emphasized. Microsoft's overreliance on Windows and Office leaves it vulnerable. By expanding into emerging technologies or enhancing Bing's market share, strategies should explore new avenues for revenue.

**STRATEGIC OPTIONS FOR MICROSOFT**

1. **Innovation Hub Creation:** A dedicated Innovation Hub should be established by Microsoft to foster a culture of innovation. It will function independently of routine product development, ensuring constant inflow of novel ideas.
2. **Strategic Partnerships:** Develop unique end-user devices and extend Microsoft's market presence by forming strategic partnerships with niche entities in the tech industry.
3. **Customer-Centric R&D:** Utilize customer feedback systems to gather insights, ensuring that product features align with current demands, thereby increasing customer loyalty.
4. **Diversification in End-User Devices:** Stay competitive in the tech market by introducing wearables, tablets, and innovative gadgets beyond smartphones.

**LIMITATIONS AND MITIGATIONS**

In identifying strategic issues, internal biases or an excessive reliance on historical data may be overlooked. This can be mitigated by fostering a diverse team for unbiased insights. Generating options can be constrained by industry norms; overcome this by encouraging "out-of-the-box" thinking.

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