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EXPERIENCE-BASED STRATEGIC PLANNING BY OWNERS OF SMALL AND MEDIUM ENTERPRISES PRODUCING DOLPHIN CASSAVA CHIPS

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Abstract:

Strategic planning is an important element for the sustainability of Micro, Small, and Medium Enterprises (MSMEs) in facing competition and market dynamics. This study aims to analyze the strategic planning process at Lumba-Lumba Cassava Chips MSME in Malang, which operates in the highly competitive snack food industry. The approach used is descriptive qualitative through case study method, with data collection techniques in the form of in-depth interviews, observation of production and marketing processes, and documentati . Data analysis was conducted using the Miles and Huberman model through the stages of data reduction, data presentation, and conclusion drawing. The results of the study indicate that strategic planning in this SME is carried out informally and based on the owner's experience, but it covers the main components of strategic planning, namely situation analysis, strategy formulation, implementation, and evaluation. The strategies are aimed at improving product quality, stabilizing raw material supplies, and expanding the marketing network through souvenir shops. However, product innovation, digital marketing, and strategy documentation are still not optimal. Strategy evaluation is also carried out intuitively without measurable performance indicators. This study concludes that although strategic planning at Lumba-Lumba Cassava Chips SME is not yet structured, the strategies implemented are able to maintain business sustainability. This study provides implications for SME actors to strengthen strategy documentation, product innovation, and digital marketing, as well as for SME facilitators to improve strategic management training in line with the SME context.

Keywords: *Strategic Planning, Case Study, MSMEs*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in the Indonesian economy (Dewi et al, 2023). Based on data from the Central Statistics Agency (BPS) in 2023, there are more than 65 million MSMEs, contributing around 61% to the Gross Domestic Product (GDP) and employing more than 97% of the national workforce. This significant contribution shows that MSMEs are an important pillar in strengthening the national economy,

creating jobs, and improving community welfare (Larasati et al, 2017).

Ideally, MSMEs are expected to be able to develop their businesses in a focused and sustainable manner through good management practices, including the implementation of strategic planning (Dewi et al., 2023). Strategic planning is an important element in ensuring that MSMEs can formulate their business vision and mission, understand the business environment, set long-term goals, and develop relevant strategies to achieve competitive advantage. Thus, MSMEs should be able to adapt to market changes, compete effectively, and take advantage of existing opportunities (Bellamy et al, 2019).

However, in reality, most MSMEs in Indonesia still face various structural and operational obstacles that hinder the strategic planning process (Gundry & Welsch, 2001). BPS notes that more than 87% of MSMEs are in the micro business category, which tends to have limited capital, managerial capacity, access to technology, and innovation capabilities. These limitations cause many MSMEs to make business decisions intuitively without analyzing the business environment or planned strategic direction. This condition makes MSMEs vulnerable to market dynamics, price competition, fluctuations in production costs, and ever-changing consumer preferences (Kafidi & Kaulihowa, 2023).

These challenges are also evident in MSMEs engaged in the snack food sector, including the Lumba-Lumba Cassava Chips MSME in Malang. The chip industry is a highly competitive industry, characterized by the large number of similar businesses, pressure on cassava raw material prices, the need for product innovation, and demands for quality improvement to maintain consumer loyalty. Additionally, the development of digital marketing and changing market preferences toward more varied and healthier products present significant challenges that local businesses must address.

Based on initial observations of the Lumba-Lumba Cassava Chip MSME, it appears that business management still relies heavily on the owner's intuition, with planning processes that are not yet systematically organized. Aspects such as competitive analysis, flavor innovation, brand development, distribution management, and digital marketing strategies still need to be strengthened through a strategic planning approach. This situation highlights the gap between the ideal need for strategic planning and the reality of its implementation in the field.

A research gap is also evident in previous literature, where most studies on strategic planning focus more on large companies or MSMEs with high capacity. Meanwhile, in-depth studies on how the strategic planning process is implemented by small MSMEs, particularly in the local snack food industry, are still limited, especially from a qualitative perspective that explores the process, experiences, and dynamics of contextual decision-making (Klugah et al, 2025).

Based on these conditions, this research is important to understand further the strategic planning practices of Lumba-Lumba Cassava Chip MSMEs. A qualitative case study approach was chosen to explore the strategic planning

process in depth, including the internal and external factors that influence it, the obstacles encountered, and the adaptive strategies used in responding to market dynamics. This study is expected to contribute theoretically to the development of literature on strategic planning in MSMEs, while also providing practical recommendations for MSME actors to strengthen their competitiveness and business sustainability in an increasingly competitive business environment (Ma. Rosalina et al, 2025).

Strategic planning is an important managerial process in directing organizations toward long-term goals oriented toward competitive advantage (Meshko & Mamedova, 2024). (Fernandes et al, 2021) define strategic planning as a series of decisions related to the formulation and implementation of strategies to provide direction for the organization in facing environmental dynamics. This process not only includes establishing a vision and mission, but also analyzing the internal and external environment, developing strategic alternatives, and evaluating their implementation. (Kuller et al, 2022) emphasizes that strategic planning is necessary for organizations to have a clear framework for capitalizing on opportunities and minimizing threats arising from a dynamic business environment.

Strategic planning for MSMEs has different characteristics compared to large companies (Alvarez-Robinson et al, 2024). (Purkarthofer & Mäntysalo, 2024) states that MSMEs tend to use emergent strategies, which are strategies that develop gradually through experience, intuition, and responses to daily operational problems. Most MSMEs do not carry out formal or documented planning, but rather through owner observation, interaction with customers, and repeated experience in business processes (Fan, 2024). This shows that MSME strategies are flexible, informal, and ad-hoc, because the owner is the main decision maker and has full control over business operations.

Strategic planning for MSMEs is greatly influenced by internal factors such as capital, production capacity, human resources, and managerial skills (Pöhler & Teuteberg, 2024). MSMEs with limited capital usually experience limitations in product innovation and market expansion, and the quality of human resources and managerial capabilities of the owners also determine how strategies are formulated and implemented (Yang et al, 2023). In addition to internal factors, the external environment also influences the direction of MSME strategies, such as the level of industry competition, changes in consumer interests and needs, government regulations, and developments in digitalization (MacKenzie et al, 2025). In the snack food industry, such as cassava chips, fluctuations in raw material prices and high competition are major challenges for MSME players in maintaining production stability and market share.

Strategy documentation is an important part of ensuring business sustainability. Through proper documentation, MSMEs can evaluate strategy performance, assess whether the chosen strategy is effective, and revise any weak aspects. Strategy evaluation is essential for adapting to market changes and consumer needs (Basuki et al, 2024).

RESEARCH METHOD

This study uses a descriptive qualitative approach with a case study method. This approach was chosen because it provides a deep and comprehensive understanding of the strategic planning process at Lumba-lumba Cassava Chip MSME through a contextual description of the phenomenon. Case studies allow researchers to explore the dynamics of decision-making, the process of situation analysis, and the strategic patterns employed by business owners and employees.

The research location was at the Cap Lumba-lumba Cassava Chip MSME, which operates in Turen Subdistrict, Malang Regency. The research subjects included the business owner as the main decision maker, production employees, packaging employees, and those involved in product marketing and distribution. Informants were selected purposively, based on their roles and experience in strategic and operational business activities.

Data was collected through in-depth interviews, direct observation of production and marketing processes, and documentation in the form of production records, photographs, videos, and other archives. All collected data was analyzed using the Miles and Huberman model, which includes data reduction, data presentation, and conclusion drawing. The researchers coded the findings from the interviews and observations to identify relevant themes such as product strategy, marketing strategy, raw material supply management, and business evaluation processes. The validity of the data was strengthened by triangulating sources and methods, member checking with informants, and presenting thick descriptions to illustrate the research context in depth.

FINDINGS AND DISCUSSION

The findings of this study indicate that strategic planning practices at the Lumba-Lumba Cassava Chips SME develop organically and are strongly experience-based rather than grounded in formalized and documented planning processes. Business strategies are not articulated through written visions, missions, or strategic plans, but instead emerge from the accumulation of daily operational experience, repeated interactions with the market, and continuous responses to both internal and external business dynamics. This condition reflects the typical characteristics of strategic planning in small-scale SMEs, which tend to prioritize intuitive and adaptive approaches over rational-formal planning models commonly applied in large corporations. The business owner acts as the primary strategic actor who controls nearly all decision-making processes, ranging from raw material selection and production management to marketing strategies. This dominant role of the owner positions personal experience as the main source of strategic knowledge, rendering the implemented strategies largely tacit in nature and inseparable from the owner's individual cognition and managerial judgment.

Strategic Planning	Findings from the Field (Based on the	Decision-Making	Form of Practice	Implications for Business
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Component	Study)	Basis		Sustainability
Situation Analysis	Business owners observe internal conditions such as raw material quality, production capacity, equipment condition, and workforce availability. External factors include competition among cassava chip producers in Malang, fluctuations in cassava prices, and changes in consumer preferences for crispy and non-oily snacks.	Owner's experience and continuous observation	Informal and intuitive; no formal analytical tools used	Enables quick response to environmental changes but limits comprehensive strategic assessment
Strategy Formulation	Strategy focuses on maintaining product quality, ensuring stable raw material supply, and expanding marketing networks through souvenir shops and local distributors. Digital marketing and product innovation are recognized but not prioritized.	Learning from past successes and consumer feedback	Implicit and undocumented strategy	Creates business stability but reduces strategic flexibility and innovation potential
Strategy Implementation	Owners directly supervise daily production processes, maintain consistent frying and slicing standards, update packaging gradually, and utilize social media on a limited scale. Expansion decisions are aligned with available capital.	Intuitive managerial judgment	Incremental and owner-centered	Maintains product consistency but constrains scalability and delegation
Strategy Evaluation	Evaluation is conducted through daily sales monitoring, observation of production continuity, and responses to	Informal reflection and experience-based assessment	Reactive and short-term oriented	Supports short-term survival but weakens long-term strategic learning

	consumer complaints or feedback. No formal performance indicators or written evaluations are used.			
Overall Strategic Pattern	Strategic planning emerges from repeated operational practices rather than formal planning documents, reflecting an experience-based and emergent strategy model.	Tacit knowledge and intuition	Flexible but unstructured	Ensures business continuity but limits long-term competitiveness and growth

At the situation analysis stage, the SME owner does not conduct systematic environmental assessments using formal analytical tools such as SWOT analysis or Porter's industry framework. Nevertheless, an understanding of internal and external business conditions is gradually constructed through ongoing observation and empirical experience. Internally, the owner demonstrates a strong awareness of capital limitations, production capacity, workforce quality, and dependence on cassava raw material availability. This awareness significantly influences how strategic boundaries are defined, ensuring that decisions remain realistic and aligned with the firm's actual capabilities. Externally, the owner recognizes that the cassava chips industry in Malang is highly competitive, characterized by numerous similar producers offering comparable products. In addition, fluctuations in cassava prices and changing consumer preferences are continuously monitored informally. Although these considerations are not articulated within a structured analytical framework, they illustrate that the owner engages in strategic sensemaking by interpreting environmental signals through lived experience and iterative learning (Gessa et al, 2023).

Strategy formulation at the Lumba-Lumba Cassava Chips SME centers on product quality differentiation and operational stability. The owner positions taste consistency, crispiness, and overall product quality as the primary sources of competitive advantage. This strategic orientation does not arise from formal market analysis, but rather from direct experiential learning derived from consumer feedback and long-standing relationships with souvenir shop distributors. When complaints regarding product inconsistency arise, immediate adjustments are made to production processes, including stricter raw material selection and modifications to frying techniques. Marketing strategies rely heavily on relational networks built on trust with local distributors and souvenir outlets. Digital marketing remains limited and experimental, largely due to the owner's partial understanding of digital platforms and their perceived risks. Consequently, strategy formulation is shaped more by past successes and proven routines than by systematic opportunity exploration.

Strategy implementation is conducted incrementally and closely aligned with the firm's resource constraints. The owner is directly involved in supervising daily production activities to ensure that informal quality standards are consistently maintained. There is no clear separation between strategic planning and execution, as the owner simultaneously assumes the roles of planner, implementer, and evaluator. Packaging updates are carried out sporadically when the owner perceives that the product's appearance lags behind competitors, while substantial innovation in packaging design or flavor variants is not prioritized due to concerns about sales risk and cost implications. Digital marketing initiatives are occasionally attempted through social media platforms, but these efforts lack strategic consistency and structured content planning. This implementation pattern reflects an exploitative strategic orientation, emphasizing the optimization of established practices rather than an explorative orientation that promotes experimentation and continuous innovation (Fatima et al, 2022).

Strategy evaluation within the SME is performed intuitively and informally, without measurable performance indicators or formal assessment mechanisms. The owner evaluates strategic success based on indicators such as smooth production operations, stable sales volume, and the absence of consumer complaints. When sales decline or feedback becomes negative, adjustments are made reactively at the operational level rather than through structured strategic reviews. This short-term and reactive evaluation approach limits the firm's capacity for long-term strategic learning and planning. Furthermore, the absence of documented evaluations prevents systematic accumulation of strategic knowledge, making the business highly dependent on the owner's personal memory and judgment. Despite these limitations, intuitive evaluation has proven sufficient to sustain the business over time, particularly given the relatively stable local market environment.

These findings reinforce Mintzberg's concept of emergent strategy, wherein strategy is not deliberately formulated in advance but gradually evolves through consistent patterns of action. However, the study also reveals that emergent strategies in micro and small enterprises face structural constraints, especially when confronting rapid environmental changes and increasing market complexity. Reliance on past experience can function both as a strategic asset and a limitation, as experiential knowledge may not always remain relevant in addressing challenges such as digital transformation and shifting consumer behavior among younger generations. In this context, the owner's experience serves as the primary strategic capital, yet it has not been fully leveraged through systematic reflection or documentation.

The discussion further reveals that the sustainability achieved by the Lumba-Lumba Cassava Chips SME is best described as survival-based sustainability, characterized by the ability to maintain operational continuity and business stability rather than growth-oriented or innovation-driven sustainability. This form of sustainability is supported by conservative strategies aimed at minimizing risk and avoiding major structural changes.

While effective in ensuring short-term business survival, such an approach may constrain long-term competitiveness, particularly as competitors increasingly adopt digital marketing strategies and product innovations.

From a theoretical perspective, this study demonstrates that strategic planning in SMEs cannot be fully understood through rational-formal planning frameworks alone. Instead, SME strategy should be conceptualized as a social and cognitive process shaped by experience, risk perception, and local context. The primary theoretical contribution of this research lies in its articulation of experience-based strategy as an alternative form of strategic planning rather than merely an absence of planning. Nevertheless, for experience-based strategies to become more adaptive and resilient, intuitive practices must be complemented by simple and flexible strategic documentation (Williams & Nedović-Budić, 2023).

The practical implications of these findings highlight the importance of SME support programs that do not impose complex formal strategic planning models, but instead assist business owners in translating experiential knowledge into basic and adaptable strategic plans. Even minimal documentation can facilitate reflective evaluation and better preparedness for environmental change. Furthermore, digital literacy and product innovation should be positioned as evolutionary extensions of experience-based strategy rather than disruptive transformations. Through such an approach, SMEs can preserve their contextual strengths while enhancing adaptability and long-term competitiveness.

CONCLUSION

This study concludes that the strategic planning process at Lumba-Lumba Cassava Chips SME is carried out in a simple, flexible manner and is highly dependent on the intuition and experience of the owner. Although not formally documented, this business has implemented the basic elements of strategic planning, namely situation analysis, strategy formulation, implementation, and evaluation. The strategy focused on product quality, raw material stability, and marketing network expansion has proven to be able to maintain business continuity amid high competition in the chip industry in Malang.

However, the study found that the strategies implemented still had several weaknesses, particularly in terms of planning documentation, product innovation, and digital marketing. Strategy evaluation was still informal, making it difficult to measure the effectiveness of strategies in a structured manner. Therefore, a more systematic and adaptive strategic planning approach is needed so that MSMEs can keep up with market dynamics and increase their competitiveness.

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